

# **Preliminary industry views on consultations for Solvency II**

**EIOPA virtual event**  
**16 May 2025**

# Agenda

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## 3 Solvency II consultations for discussion

**1**

**Consultation on revised Opinion on Dynamic Volatility Adjustment (DVA)**

**2**

**Consultation on Guidelines on exclusions from scope of group supervision**

**3**

**Consultation on revised Guidelines on the treatment of related undertakings**

**Caveat:** This presentation contains **preliminary** industry views which are subject to change in the official responses to be submitted to EIOPA.

# Consultation on revised Opinion on Dynamic Volatility Adjustment (DVA)

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## Need to ensure proportionality and avoid undue operational burdens

- Insurance Europe welcomes the opportunity to contribute.
- Therefore, it is suggested to explicitly acknowledge in the Opinion that supervisory expectations regarding DVA:
  - Should be implemented in a way that avoids excessive complexity, duplication of work or overly frequent recalculations.
  - Must take into account materiality and existing governance and validation processes of companies.
- In particular:
  - Where an **internal model demonstrably meets the prudency principle and avoids undesirable risk management incentives, additional prescriptive requirements** (such as duplicative or overly frequent VA calculations) should not be imposed.

### ■ Suggested clarification for para 3.10:

*“All **material**, quantifiable risks **related to the application of the VA** should be modelled in Pillar 1 and all non-quantifiable risks should be dealt with in Pillar 2 when applying a DVA in the internal model.”*

***For further suggestions on avoiding unnecessary operational burdens please refer to our paper [here](#).***

# Consultation on Guidelines on exclusions from scope of group supervision

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## Industry is broadly supportive of EIOPA's approach

### ■ One aspect that requires addressing: Guideline 4

→ Refers to Guideline 1(a), which prohibits exclusion of the ultimate parent if material intragroup transactions exist.

### ■ Issue:

- Under QRTs S.36.05 and S.36.01, **dividends, loans, and bonds** are classified as intragroup transactions.

→ These are **standard practices** for any ultimate parent, rendering the exclusion mechanism **inapplicable in practice**.

### ■ Proposal:

- Clarify that **routine financial transactions** (e.g. dividends, loans, bonds) should **not be considered intragroup transactions** for the purpose of this Guideline.

→ Ensures **practical application** and promotes **supervisory convergence**.

# Consultation on revised Guidelines on the treatment of related undertakings

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## Industry is broadly supportive of EIOPA's approach

- Concern:
  - Making the quantitative assessment mandatory in all cases may be disproportionate: Suitable data (e.g. time series, SCR metrics) may not always be available or relevant.
  - Risk of significant burden with limited management value, especially for smaller undertakings.
- Proposal:
  - Quantitative assessment should be recommended, not compulsory.
  - Analysis should be proportional to the participation's nature, size, and complexity.
- This ensures the Guideline remains feasible and proportionate in practice.



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