

To: Solvency II WG, International Affairs & Reinsurance WG, Public Affairs & Communications Committee
From: Prudential Team
cc:
Date: 16-05-2025
Reference: ECO-SLV-25-167

Subject: Meeting Summary EC-IE exchange on SII and International topics

Summary

Members will find below the key takeaways from the secretariat's recent exchange on 15 May with the European Commission on the Solvency II review and international topics.

The meeting covered the latest status and key political and technical developments, including extrapolation, LTE, ICS, and provisional equivalence.

Should members have any questions please contact prudential@insurancееurope.eu

Meeting details

General Takeaways

- The EC was open and transparent in the exchange.
- File is close to landing; exposure draft expected in July 2025.
- No insights were shared on calibrations.
- EGBPI input is considered "vetted" expert feedback but remains divergent.
- EIOPA's analysis is considered the benchmark, with limited appetite at EGBPI to alter it.

Core Policy Topics and Proposals

- **DA Consultation:** Only one consultation will be launched (no distinction between core/extended DAs).
- **EPIFP:** Likely included under group topics, but still to be confirmed.
- **Group Topics:** A balanced approach taken, ensuring both competitiveness and prudential soundness, even if not all subtopics are addressed in EGBPI.

Extrapolation (Residual Volume Criterion)

- There is confusion over datasets/approach at EIOPA (Bloomberg vs Refinitiv vs IBOXX).
- Changing datasets could shift outcomes.
- An 8% rate seems reasonable but 9% is also being discussed.

LTE (Long-Term Equity) – Key Challenges

- Strong political interest from certain Member States
- No convergence in the EGBPI expert group; following options being considered:

- FR/NL proposal
- Initial (February) COM proposal
- A potential compromise between both
- Tilman's view: Difficult topic, political decision in favour of the liquidity approach seems to be taken, unless strong EGBPI pushback (unlikely)
- No joint industry position to date.
 - **Commission would welcome input on this.**

Foreseeable Dividends

- A proposal will be adopted in Level 2 (expected to be similar to industry proposal)

SRP (Sustainability Risk Plans)

- No update from FISMA.
- EIOPA BoS minutes confirm delays in RTS delivery.

Reporting and Proportionality

- Tilman noted that UK dropped the RSR requirement.
- Secretariat highlighted that SF reporting for IM is also removed in UK, whereas it is being introduced in L1.
- Some streamlining of proportionality criteria for non-SNCUs is expected but will remain close to EIOPA advice.

ICS (Insurance Capital Standard)

- Secretariat noted a general frustration: Why should EU insurers be "supercompliant" when others are not?
- Secretariat reiterated: Solvency II is the EU implementation of ICS;
- EC remarked: SII LTE submodule diverges from ICS requirements.
- EC confirmed: No EC statement on ICS adoption is foreseen.
- ICS full assessment (2027): Uncertainty remains over who will go first.

Provisional Equivalence

- Industry reiterated support for provisional equivalence.
- Equivalence decisions for Brazil, Mexico, and Japan are agreed and in the pipeline.
- Australia and Canada: Equivalence will lapse due to lack of concrete "use case" examples. Only one tentative project was received from these jurisdictions.

Sustainability and Climate

- CLIMA ECO: EC is preparing a disaster preparedness strategy chapter (PPP, gaps, mutualisation).
 - **Industry input is needed.**