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Directorate-General for Financial Stability, Financial Services and Capital Markets Union

**Director General**

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Mr Luigi Lubelli  
Chairman  
European Insurance CFO Forum

Sent via email  
[cforum.vpo@uk.pwc.com](mailto:cforum.vpo@uk.pwc.com)

**Subject: Solvency II 2018 review and risk margin**

Dear Mr Lubelli,

Thank you for your letter dated 18 June 2018 on the currently ongoing Solvency II review and the risk margin in particular.

As you are aware, the Commission received EIOPA's extensive report informing the review of the Solvency II delegated act at the end of February. The report contains advice on more than 20 items as well as an assessment on the impact of the advice. We are facing the challenge of judging, on an item-by-item basis, the necessity and feasibility of improvements within the 2018 review.

For this purpose, we are currently analysing the proposals from EIOPA and the cost and benefits elaborated in the impact assessment. We note that EIOPA made efforts to be very thorough in its analysis of the cost of capital rate. However, we are also still listening to the views expressed by stakeholders. In this respect, we welcome the analysis on the cost of capital rate that you submitted with your letter and that we will consider carefully. Note that we may decide to revisit some of the items in current advice, including the risk margin, as part of the 2020 review of the Solvency II Directive.

In case we have any questions on the material you provided to us, we will come back to your offer and contact you.

Yours sincerely,

Olivier Guersent

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