

To: Solvency II WG, Long Term Investments & Sustainable Finance PG, International Affairs WG  
From: ECOFIN department  
cc:  
Date: 29-09-2023  
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Subject: Notes from discussion with EC Insurance Unit on SII, IRRD and EU taxonomy

## Summary

On 27 September, the secretariat had a meeting with the European Commission (EC) DG Fisma, D4 'Insurance & pensions' unit.

## Key takeaways from the meeting

### ■ Solvency II

- The EC noted that the first trilogue was an introductory meeting and confirmed that there is a shared political ambition to conclude the negotiations by the end of this year. It is however too early to say with certainty whether this would be possible. The first two topics discussed were proportionality and cross-border supervision and the EC has been asked to prepare a contribution.
- The next political trilogue will take place on 10 October. In the meantime, technical trilogues are also held. The agenda for the second trilogue is not available yet, but the EC expects that it will cover several political topics, possibly including the LTG package.
- The EC is still thinking about possible middle ground solutions on the proportionality criteria and the definition of significant cross-border activities and collaboration platforms. The EC considers that the EP proposal on making collaboration platforms automatic, this also includes the practical feasibility, is not clear and the Commission is also not so keen on making platforms automatic. The secretariat noted that while the industry is not aware of significant obstacles currently, some concerns have been raised about the fact that data doesn't always come quickly enough and actions are sometimes not followed through in a timely manner. On the definition of significant cross-border activities, the secretariat reiterated that a combination of quantitative and qualitative elements was needed. Regarding proportionality the secretariat reiterated the importance to make the proportionality criteria work for all markets.
- As regards the Level 2 work, the EC said that no further discussions are planned for the moment and they hope to resume the work next year. However, the timeline for adoption is not clear given the EP election recess period (when EP scrutiny of delegated acts is put on hold).
- With respect to the extension of provisional equivalence, the EC noted that they are currently working on the extension and a consultation with Member States is part of the next steps.

### ■ EU sustainability taxonomy

- The secretariat welcomed the fact that there is a process in place for the preparation of Q&As on the taxonomy, but reiterated that December would be rather late as the first reporting is due in January.
- The EC confirmed that the question on the treatment of Taxonomy aligned premiums is also being discussed and will be part of the Q&As. However, at this stage the EC cannot share anything about the outcome.

■ **ICS**

- The secretariat referred to the comments shared with the EC along with the Insurance Europe response, ahead of the meeting.
- The EC noted that the inclusion of Internal Models in the candidate ICS is positive and the EC will push against output floors.
- The EC reported that the discussions with the US on the Aggregation Method (AM) were still difficult. The IAIS secretariat will contact the US in order to produce a compendium on the provisional AM, which will be made public on their website for transparency and would be a prerequisite for initiating the comparability assessment. In addition, an IAIS comparability team of five members, representing a balanced geographic coverage, has been set up.
- The EC also noted the following dates:
  - 21 November 2023: IAIS workshop
  - 11 January 2024: supervisory roundtable
  - end April 2024 - launch of the last ICS data collection

■ **Upcoming EC initiative on simplifying and reducing reporting obligations**

- The initiative is broadly focused on SMEs but DG FISMA is aware of the political objective.

■ **Microstates**

- DG FISMA shares the concerns expressed by supervisors, and encouraged the industry to voice its concerns.