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eiopa
EUROPEAN INSURANCE
AND OCCUPATIONAL PENSIONS AUTHORITY

Solvency II 2020 review

EIOPA-IRSG-19/025

EIOPA Reinsurance and Reinsurance Stakeholder Group meeting
Frankfurt, 19 June 2019

Call for Advice of the European Commission

Advice requested on ...

- Long-term guarantees (LTG) measures
- Transitional measures
- Risk margin
- Capital Markets Union
- Dynamic volatility adjustment
- SCR standard formula
- Risk-mitigation techniques
- MCR
- Macro-prudential issues
- Recovery and resolution
- Insurance guarantee schemes
- FoS and FoE insurance
- Group supervision
- Reporting and disclosure
- Proportionality
- Best estimate
- Own funds
- Reducing reliance on external ratings

Deadline: 30 June 2020

EIOPA deliverables for 2020 review:

- Annual LTG reports 2016 to 2020
- Response to COM's Call for Information of April 2018
- Opinion on 2020 review (will cover LTG review and COM's Call for Advice)

Evolution not revolution

- 2020 review is broad, but will leave the fundamentals of Solvency II unchanged.
- European Commission: *"the fundamental principles of the Solvency II Directive should not be questioned in the review (including the confidence level underlying the calibration of capital requirements and the market consistent valuation)"*.
- In line with our perception that introduction of Solvency II has largely been a success:
 - Insurance industry has better aligned capital to the risks it runs.
 - Risk-based approach to assess and mitigate risks.
 - Governance models and their risk management capacity significantly strengthened.
 - Insurers throughout Europe use harmonised templates for supervisory reporting, instead of a patchwork of national templates.

EIOPA can base the review on previous work

- Annual LTG reports 2016-2018
- SCR review 2018
- Three papers on macro-prudential policy in insurance 2017-2018
- Opinion on recovery and resolution 2017
- Discussion paper on guarantee schemes 2018
- Report on group supervision and capital management 2018

2020 review of Solvency II



Timeline

April 2018	EIOPA receives Call for Information on asset-liability management from the European Commission
Nov 2018	Publication of LTG report 2018
Feb 2019	EIOPA receives Call for Advice on the 2020 review from the European Commission
Mid-July to mid-Oct 2019	Public consultation on draft advice on reporting and disclosure and insurance guarantee schemes
Nov 2019 to Jan 2020	Public consultation on draft Opinion (covering all advice other than on reporting and disclosure)
Dec 2019	Publication of LTG report 2019 EIOPA response to Call for Information on asset-liability management
June 2020	Publication of Opinion on 2020 review
December 2020	Publication of LTG report 2020

Stakeholder involvement in addition to public consultation

- Request for feedback on illiquid liabilities Nov 2018
- Call for input on reporting and disclosure Jan/Feb 2019
- Discussion paper on macroprudential policy April 2019
- Workshops with stakeholders
 - 5-6 June 2019 - LTG measures, equity risk measures, MPI, IGS, recovery and resolution
 - 15-16 July 2019 - Reporting, disclosure, groups, FoS and FoE, proportionality
 - First half of Dec 2019: topics to be decided