

Solvency II/Omnibus II

Agreement and next steps

European Commission 
Internal Market & Services DG

Content

- Political agreement on Omnibus II
- Timing and Planning
- Commission implementing rules (Delegated Act)
- Implementing Technical Standards by EIOPA

Political Agreement – Long-term guarantees

- Volatility adjustment – 65% calibration
- Transitional period – 16 years (for both transitionals, static and dynamic)
- Matching adjustment – floor on fundamental spread 35% for corporates and 30% for sovereigns
- National flexibility: capital add-ons, and authorisation for volatility adjustment

Political Agreement – other aspects

- Transitional equivalence for article 227 (group solvency): 10 years renewable
- Asset charges: review in 5 years;
- Greater powers for EIOPA and European Parliament

Timing and planning

- Application of Solvency II: 1/1/2016
- Transposition deadline: 31/3/2015
- Start of authorisation process for internal models: 1 April 2015
- Commission adoption of Delegated Act : summer 2014 (entry into force beginning of 2015)

Delegated Act (implementing rules) Outline

TITLE I	Rules on pillar I, II and III
CHAPTER 1	General provisions
CHAPTER II	Valuation of assets and liabilities
CHAPTER III	Rules relating to technical provisions
CHAPTER IV	own funds
CHAPTER V	SCR
CHAPTER VI	SCR – full and partial internal models
CHAPTER VII	MCR
CHAPTER VIII	Investment
CHAPTER IX	System of Governance
CHAPTER X	Capital add-on
CHAPTER XI	Extension of the Recovery Period
CHAPTER XII	Public Disclosure
CHAPTER XIII	Supervisory Reporting
CHAPTER XIV	Transparency and Accountability
CHAPTER XV	SPV
TITLE II	Insurance Groups
CHAPTER I	Definitions: transferred to Title I, Chapter 1, Section 1
CHAPTER II	Group Solvency
CHAPTER III	Group Internal Model
CHAPTER IV	Supervision of group solvency of groups with centralised risk management
CHAPTER V	Coordination of group supervision
CHAPTER VI	Public Disclosure
CHAPTER VII	Group Supervisory Reporting
TITLE III	Third Country Equivalence
CHAPTER I	Third Country Equivalence
TITLE IV	Final Provisions
CHAPTER 1	Final Provision

Delegated Act (implementing rules)

- 2011 draft remains the basis, with adaptation to take account of Omnibus II
- LTG package must be incorporated
- Review of asset charge calibrations (to stimulate long-term investment)
- Changes in empowerments (some regulatory technical standards raised to the Delegated Act)

EIOPA technical standards*

	Article Solvency II	Subjet	EIOPA deadline
1	31(4)	Transparency and accountability	x (30.9.2015)
2	35(10)	Supervisory reporting	x (30.6.2015)
3	37(6b)	Capital add-on	x (30.9.2015)
4	44(4a)	Risk management - external credit assessments	x (30.6.2015)
5	56	Public disclosure	x (30.6.2015)
6	86(3)	matchng adjustment approval process	x (30.6.2015)
7	92(2a)	Determination of OF - AOF approval procedure	x (31.10.2014)
8	109a(1)	Rating allocation to credit quality steps	x (30.6.2015)
9	109a(2)(a)	List of regional governments and local authorities	x (30.6.2015)
10	109a(2)(c)	Equity index	x (30.6.2015)
11	109a(2)(d)	Adjustments for pegged currencies	x (30.6.2015)
12	109a(4)	HRES standard deviations	x (30.6.2015)
13	111(1a)	USPs - approval process	x (31.10.2014)
14	114(2a)	IMs - approval process	x (31.10.2014)
15	114(2b)	IMs - change policy	x (31.10.2014)
16	143(1a)	Extension of the recovery period - procedures	x (30.6.2015)
17	211(2a)	Special purpose vehicles - approval process	x (31.10.2014)
18	244(4b)	Risk concentration - templates	x (30.9.2015)
19	249(4)	Colleges - exchange of info (templates)	x (30.9.2015)
20	256(5)	group SFCR - templates, means for disclosure	x (30.6.2015)
21	308b(-9a)	Equity charge transitional - procedures	x (30.6.2015)



EIOPA preparatory guidelines

- Governance
- Forward-looking assessment of own risks (FLAOR)
- Pre-application of internal models
- Information to national authorities