

NEW PROPORTIONALITY FRAMEWORK UNDER SOLVENCY II

KEYNOTE SPEECH

PROPORTIONALITY, SIMPLIFICATION AND BURDEN REDUCTION: EIOPA'S INITIATIVES

Presenter

- Giovanni Rago, Head of Supervisory Convergence Unit (EIOPA)

EIOPA public event

1 July 2026

PUBLIC



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◆ Number of (re) insurers in the EU in 2017-2025

◆ The review of Solvency II

◆ Overview of the new proportionality framework

◆ Streamlining of reporting and disclosure

◆ EIOPA initiatives on Simplification and Burden reduction

NUMBER OF (RE) INSURERS IN THE EU IN 2017-2025

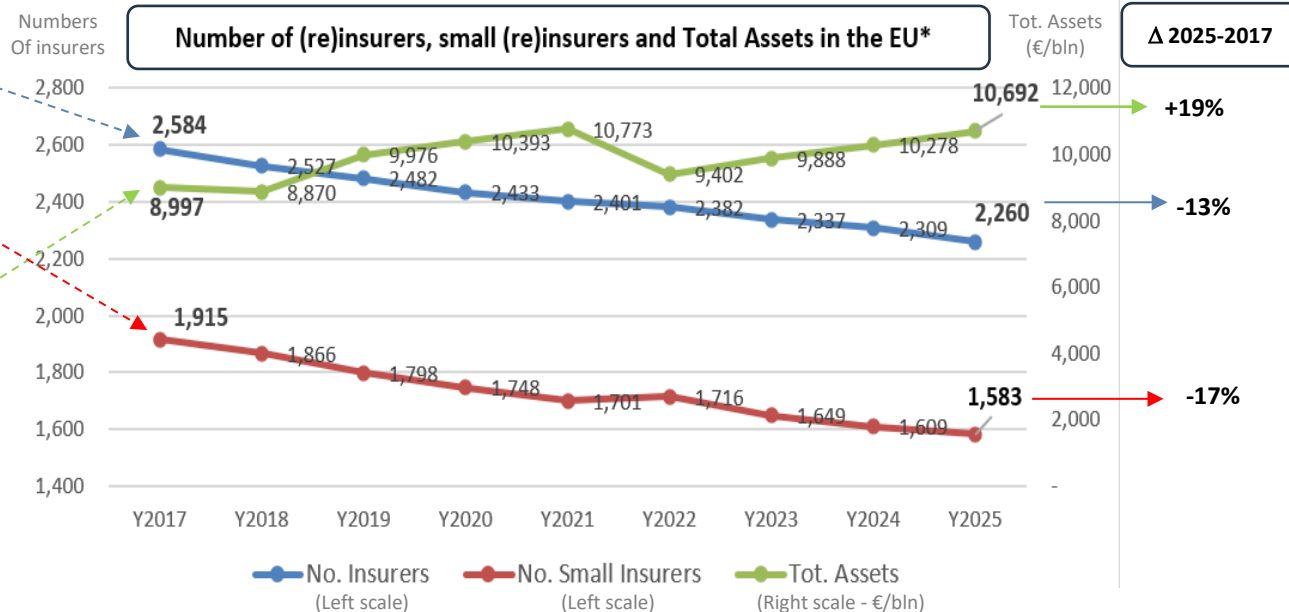
The number of **(re) insurers** (under Solvency II*) in the EU is **steady decreasing** → **-13% (-324)** in 2017-2025

The number of **small (re) insurers** (under Solvency II*), with total assets below 1 billion/€, **decreased even more** → **-17% (-332)** in 2017-2025

However, the **Total** (fair valued) **Assets** managed by all **(re) insurers** **increased** → **+19% (1.7 €/bln)** in 2017-2025

The consolidation trend is even more pronounced in the **banking sector:**

Breakdown of credit institutions in the EU

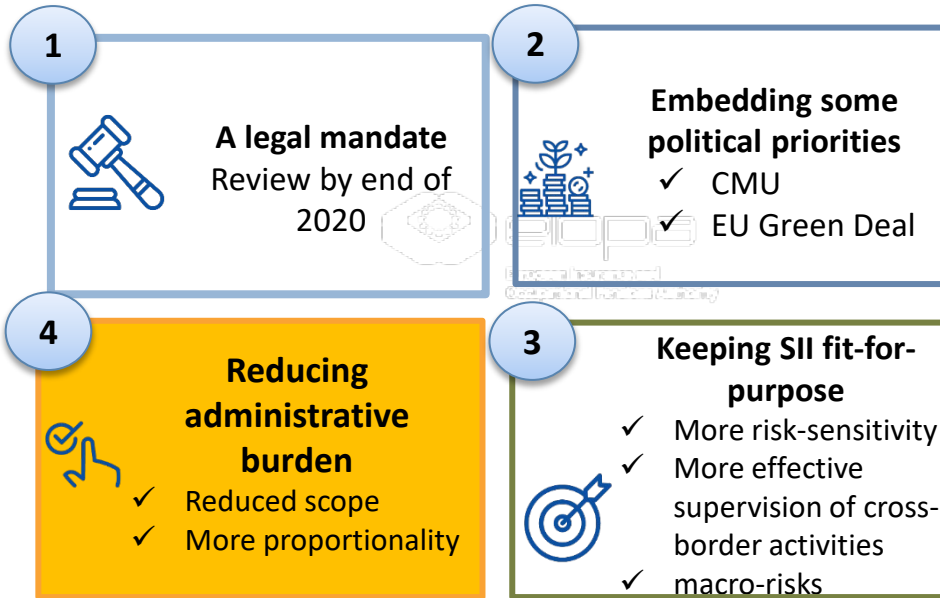


(Source: EIOPA)

* Number of undertakings submitting the SII Annual QRT (excluding exemption and UK). The numbers for 2025 are provisional

SOLVENCY II REVIEW (1/4)

Feb 2019 Call for Advice to EIOPA



April 2024
Additional Call for Advice to EIOPA (on proportionality, capital requirements for crypto-assets and exposure to CPP)

December 2020
EIOPA final advice submitted to COM

January 2025
Directive 2025/1 (IRRD) and 2025/2 (SII review)

February 2026
COM Delegated Regulation 2026/269 amending DR 2015/35

30 January 2027
Entry into application

Today

SOLVENCY II REVIEW (2/4)

- **Overview of legal instruments regarding the Solvency II review:**

- **Level 1** → Directive (EU) 2025/2 of 27 November 2024 amending Directive 2009/138/EC (SII) ✓
- **Level 2** → Commission Delegated Regulation (EU) 2026/269 of 29 October 2025 amending Delegated Regulation (EU) 2015/35 ✓
- **Level 3** → about 50 technical standards, Guidelines (new and review) and reports by EIOPA:
 - 3 new advices (re. proportionality, SCR for crypto-assets, SCR for CPP)
 - 13 Technical Standards: 7 new ITS/RTS + 6 reviewed ITS/RTS
 - 29 Guidelines (GL): 25 existing GL reviewed or shortened + 4 new GL
 - 4 new reports (re. sustainability risk, biodiversity, integrated data collection, composites)
 - 1 Opinion on Internal Model to be reviewed
 - 1 Tool for the calculation of the volatility adjustment



SOLVENCY II REVIEW (3/4)

Key features of the Solvency II review

1 **New proportionality framework**

2 Insurance with long-term guarantees

3 Long-term investments

4 Macprudential tools^{New}

5 Strengthening of sustainability risk management

6 Streamlining of reporting and disclosure

7 Enhanced NCAs cooperation on cross-border insurance



Focus on Proportionality

1) Why to amend?

Current approach (i.e. nature/scale/complexity of risks) is considered too wide, judgemental and difficult to predict

2) The new proportionality framework:

- New category of **Small and Non-Complex Undertakings (SNCUs) and Groups**, based on simple quali-quantitative criteria (Annex I)
 - ↳ The **list of proportionality measures** has been defined ex ante (Annex II)
 - ↳ For SNCU/G: New notification process + NCA non-objection
- **Proportionality is possible also for non-SNCU/G** following an **approval process**
 - ↳ Conditions for supervisory approval to apply proportionality to non-SNCUs or groups in L2

3) **Captives undertakings** complying with some (basic) captives-specific conditions are automatically classified as **SNCUs**



- April 2026 → EIOPA paper on Technical Specification for the calculation of criteria for SNCU and SNCG

- 1 July 2026 → EIOPA public event on the implementation of the new proportionality framework

SOLVENCY II REVIEW (4/4)

Key features of the Solvency II review

- 1 New proportionality framework
- 2 Insurance with long-term guarantees
- 3 Long-term investments
- 4 Macprudential tools^{New}
- 5 Strengthening of sustainability risk management
- 6 **Streamlining of reporting and disclosure**
- 7 Enhanced NCAs cooperation on cross-border insurance

Reporting reduction

- **Narrative reporting - annual public disclosure of the SFCR:**
 - Two different SFCR for policyholders (short) and market professionals (long)*
 - External audit of at least the SII balance sheet (except for SNCUs and captives)
- **Quantitative Reporting Templates (QRT) – EIOPA draft ITS on supervisory reporting and public disclosure (March 2026):**
 - Changes stemming out of Level 1 and Level 2 review (LTG measures, Equity investments & LTE, spread risk for securitisation)
 - New limited set of information on pension data (from ECB reporting) and NatCat
 - Several proposal for reporting reduction:
 - Reduced quarterly QRT: S.28 (MCR) only annual, S06.03 (CIU look-through) only in Q1/Q3, SNCU/G to report in Q1/Q3 just 1 QRT
 - Delete annual QRT: 10 annual solo templates (non-life insurance losses, own funds, variation analysis, facultative reinsurance) and 1 group template
 - Simplified different templates

Reduction of **26% in quarterly templates** and a **30% in annual templates** for solo undertakings (**22%** reduction in terms of **data points**). For small and non-complex undertakings (SNCUs): reduction of **36%** for quarterly templates and **44% for annual templates**

EIOPA INITIATIVES ON SIMPLIFICATION & BURDEN REDUCTION (SBR)

■ Solvency II

- Reporting reduction:

- **Financial stability reporting** (Amended GL): increase of the threshold (from 12 to 20 bl/€) leading to a reduction of 24% and 53% in the number of groups and solos, respectively

- **Review & streamlining of Solvency II Guidelines:** 9 Guidelines (batch 1) + additional 13 Guidelines (batch 2): 160 GL proposed for deletion out of 495 (32%). Furthermore, no new GL were issued

- **Supporting the new framework on Proportionality:** EIOPA finalised a paper on [technical specifications for small and non-complex undertakings \(SNCUs\) and groups \(SNCGs\)](#) to ensure a convergent application of the new framework

■ Other policy areas where SBR is systematically considered: IRRD, DORA, sustainability, RIS, AI Act

■ EIOPA Stress test:

- EIOPA will postpone the next EU-wide bottom-up insurance stress test from 2027 to 2028 to allow industry to focus on SII and IRRD implementation
- The upcoming IORP stress test exercise will also be postponed

■ EIOPA internal simplification and efficiency

NEW PROPORTIONALITY FRAMEWORK UNDER SOLVENCY II

INTRODUCTION

EIOPA public event
1 July 2026

PUBLIC




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- ◆ Small and Non-Complex Undertakings (SNCUs) and Groups (SNCGs)

 - ◆ Overview of the regulatory framework



European Investment
Oversight and Proportionality

 - ◆ EIOPA technical specifications for the calculation of SNC criteria

 - ◆ From Review to Readiness: MFSA's SII 2020 Implementation Journey

 - ◆ EIOPA impact assessment on the new proportionality framework

- ◆ Undertakings and groups that do not classify as small and non-complex (non-SNCUs/SNCGs)




 - ◆ Overview of the regulatory framework

 - ◆ Implementation of the new proportionality framework for non-SNC undertakings and groups: ACPR's approach


1. PROPORTIONALITY PRIOR TO THE SOLVENCY II REVIEW

The principle of proportionality ensures that Solvency II requirements are calibrated to the level of risk involved: undertakings with higher risk profiles will apply more sophisticated requirements, whereas those with lower risk profiles can benefit from simplified requirements

Three dimensions of proportionality in Solvency II

- 
 > Exemptions from Solvency II Directive
 Small insurers below certain thresholds are excluded (Art. 4 SII)
- 
 > Proportionate supervision
 Supervisory activities and actions tailored to insurer scale and complexity (Art. 34(6) SII)
- 
 > Softened regulatory requirements
 Requirements throughout the three pillars adjusted based on insurer characteristics (Art. 29(3) SII)

Some concrete examples

	Pillar 1	Pillar 2	Pillar 3
	<ul style="list-style-type: none"> - Valuation of SII balance sheet: possibility to use local GAAP (Art. 9(4) DR) - Simplification in TP calculation (determinist approach, simplification of BE and RM) - Simplification in the calculation of SCR, incl. specific simplifications for captives 	<ul style="list-style-type: none"> - Governance system (including key functions holders and the own risk and solvency assessment) tailored to nature, scale, and complexity (Art. 41(2) SII) 	<ul style="list-style-type: none"> - Limitation of quarterly templates - Exemptions for item-by-item annual templates (Art. 35(6)-(7) SII)

2. THE NEW PROPORTIONALITY FRAMEWORK UNDER SOLVENCY II



The review of Solvency II introduces a new framework for applying and supervising the principle of proportionality measures, and characterised by clarity, predictability, risk sensitiveness, supervisory dialogue and reversal of the burden of proof.

Reasons for modifying

1. Undertakings view the proportionality pre-condition (i.e. nature/scale/complexity of risks) as too broad and unpredictable
2. Little or no application of proportionality
3. Higher compliance costs for SME

1

Further small insurers are **excluded** from the scope of the Solvency II Directive as the **Article 4 thresholds have been increased**

(e.g. GWP from €5 Mio to €15 Mio)

2

A **new category of Small and Non-Complex Undertakings (SNCUs)** has been created based on a limited set of qualitative and quantitative criteria for two consecutive financial years;

3

A new **notification process** has been introduced to ensure that SNCUs automatically benefit from proportionality measures

4

An **approval process for insurers that do not classify as SNCUs** (non-SNCUs) has been introduced, allowing them to access a more limited list of proportionality measures

5

A **monitoring system and enhanced communication between undertakings and supervisors** regarding proportionality measures has been introduced

6

The **list of proportionality measures** in Directive and/or Delegated Act has been **defined ex ante** (Article 13(43))



SMALL AND NON-COMPLEX UNDERTAKINGS (SNCUs) AND GROUPS (SNCGs)

OVERVIEW OF THE REGULATORY FRAMEWORK

INCL. EIOPA TECHNICAL SPECIFICATIONS FOR THE CALCULATION OF SNC CRITERIA

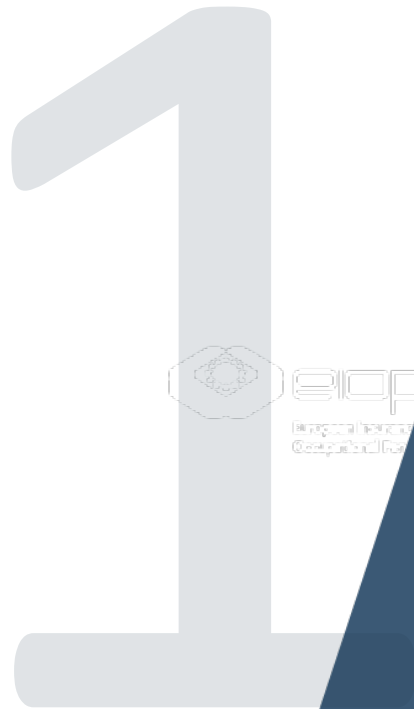
Presenter

- Johannes Backer, Policy and Supervisory Convergence Department (EIOPA)

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1 July 2026

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REGULATORY FRAMEWORK

1.1. SNCU qualitative and quantitative criteria

SNCUs is a new category of undertakings that can apply a wide range of proportionality measure upon fulfilling certain qualitative and quantitative criteria

Qualitative criteria



- Undertakings that are not pure reinsurers
- Undertakings that do not calculate the Solvency Capital Requirements using (partial or full) internal model
- Undertakings that are not at the head of a group/FiCo
- Undertakings that do not manage group pensions funds where the total value of assets exceeds EUR 1 bn

Quantitative criteria

(to be met in last 2 financial years)

- **(Gross) life TP ≤ 1 billion EUR [Life] and/or non-life GWP ≤ 100 million EUR [Non-Life]** (both applicable to composites)
- Cross-border business: **Cross-border GWP ≤ 20 million EUR or 10% total GWP [Life & Non-Life]**
- The sum of **market risk, counterparty default risk and intangible assets ≤ 20% of total investments [Life & Non-Life]**
- **Accepted reinsurance ≤ 50% of GWP [Life & Non-Life]**
- **SCR Coverage Ratio > 100 % [Life & Non-Life]**
- **(Gross) SCR for Interest Risk submodule / TP ≤ 5% [Life]**
- Average **combined ratio** in last three years < **100% [Non-Life]**
- **GWP for Marine, Aviation and Transport or Credit and Suretyship line of business ≤ 30% total GWP [Non-Life]**

- Materiality thresholds for life (**life TPs >20% of total TPs**) and non-life (**non-life GWP >40% of total GWP**) business are applied in order to identify the list of SNCU criteria that should be fulfilled;

- **Article 213a** of the Solvency II Directive applies the SNCU framework to groups (**SNCGs**).

Solvency II legend

SCR	⇒	Solvency Capital Requirement
TP	⇒	Technical Provisions
GWP	⇒	Gross Written Premiums

1.2. Captive insurance and reinsurance undertakings



A captive (re)insurance undertaking is an insurance or reinsurance undertaking owned by a financial or non-financial company, whose purpose is to provide (re)insurance **exclusively for the risks of its parent or group entities** (Article 13 (2) and (5) SII)

Captive (re)insurance undertakings will benefit from the proportionality measures introduced for small and non-complex undertakings with a lighter approach, either by:

- not applying certain conditions foreseen for SNCUs



- by applying some captives-specific conditions*

- Cross-border business: **Cross-border GWP ≤ 20 million EUR or 10% total GWP** [Life & Non-Life]
- **Accepted reinsurance ≤ 50% of GWP** [Life & Non-Life]

⋮

- The insured persons and beneficiaries are
 - (i) **legal entities** of the **same group**, OR
 - (ii) **natural persons** eligible covered under that **group's insurance policies** (with business covering the persons ≤ 5% of technical provisions)
- **No compulsory third-party liability insurance**



All captives complying with these conditions **can therefore apply** all proportionality measures for SNCUs

*These conditions are a derogation to the standard regime, where the captives do not comply with the SNCU criteria

1.3. Proportionality measures



SNCUs that comply with all eligibility criteria and have duly notified the supervisory authority are entitled to apply the proportionality measures defined under the framework.



To be noted

The new framework on SNCUs enhances predictability and aims to facilitate the application of a defined set of proportionality measures. However, it does not override the general principle of proportionality under Article 29(3) of Solvency II, which still requires that *supervisory and regulatory requirements should be proportionate to the nature, scale, and complexity of the undertakings' risks*.

Proportionality measures

RSR every three years

Article 35(5a) SII

Exemption from climate change scenario analysis in the ORSA

Article 45a(5) SII

Combination of key functions

Article 41 SII

SFCR every three years, annual disclosure of quantitative information targeted at market professionals

Article 51(6) SII

Update of written policies at least every 5 years

Article 41 SII

Exemption from audit of balance sheet disclosed in SFCR

Article 51a(1) SII

Waiver from macroprudential analysis in the ORSA

Article 45(1b) SII

Prudent deterministic valuation of immaterial options and guarantees

Article 77(8) SII

ORSA every two years

Article 45(5) SII

Exemption from the liquidity risk management plan

Article 144a(4) SII



In addition, SNCUs can apply any measure provided for in the delegated acts adopted pursuant to Solvency II Directive explicitly applicable to small and non-complex undertakings in accordance with Article 29c.



EIOPA TECHNICAL SPECIFICATIONS ON SNC CRITERIA

2.1. General approach and objective of the work

Guiding principles of the work

Legal interpretation of the criteria

EIOPA privileged the legal interpretation of the provisions, also to ensure consistency of calculations for criteria based on same elements.

Practical approach

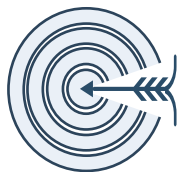
Where the legal interpretation of the criteria allowed for some flexibility, EIOPA adopted a pragmatic approach to ensure that the essence of the criterion was captured.

Consistency with past work

EIOPA capitalized on prior work to accelerate delivery and maintain consistency.



Objective - Technical document



Publicly available



Provides additional guidance on the application of the Solvency II Directive



Does not place undue regulatory burden on supervisors and the industry



Ultimately approved by the EIOPA BoS

2.2. Approach to the categorization of insurance activities

The applicability of the SNC quantitative criteria is based on the type of business written by undertakings and the nature of the risks affecting their business.

- Article 29a of Solvency II Directive generally refers to undertakings pursuing life and/or non-life activities as a precondition to identify and select the relevant life or non-life SNC criteria to be assessed for the SNC status.
- It is therefore necessary to define an approach to identify life and non-life undertakings, and categorise life and non-life activities
- For the purpose of classifying groups as small and non-complex, the application of the quantitative criteria depends on the type of insurance activities carried out by individual undertakings belonging to the group

1

Authorisation

As a general rule, undertakings should be categorized by reference to the **authorization they hold to pursue business in life or non-life**, or both, insurance classes as defined in Annex I and II of the Solvency II Directive.

Under Articles 14 and 15 of the Solvency II Directive, insurance undertakings may pursue insurance activities only if they have received prior authorization, which is granted for specific classes of direct insurance as listed in Annex I (non-life) and Annex II (life)

In certain situations, the authorization approach may ignore the actual risks of an undertaking

2

Materiality assessment of insurance activities

In certain situations, undertakings may have a risk profile that differs from their legal classification. Hence, the **materiality of the life obligations vis-à-vis the non-life obligations** of the undertakings shall be assessed.

Article 80 SII requires that insurers shall segment their obligations into homogeneous risk groups, and as a minimum by lines of business

Article 55 DR establishes that the assignment of an obligation to a line of business shall reflect the nature of the risks relating to the obligation

Consistency with the principles of prospective and risk-based supervision and of substance over form

2.3. Overview of technical specifications



For each criterion, the technical document specifies the formula for the calculation of the indicator and the different data sources based on the QRTs

Criterion	Applicability	Formula	Reference templates
1 • Interest rate risk	Life	$\frac{\text{Net SCR}_{\text{interest rate risk}}}{\text{Total Gross TP}} \leq 5\%$	<ul style="list-style-type: none"> S.26.01 (Solvency Capital Requirement - Market risk) S.02.01 (Balance sheet)
2 • Combined ratio	Non-life	$\frac{1}{3} \sum_{\text{year}=1,2,3} \frac{\text{Net Claims Incurred}_{\text{year}} + \text{Net Expenses Incurred}_{\text{year}}}{\text{Net Earned Premiums}_{\text{year}}} \leq 100\%$	<ul style="list-style-type: none"> S.05.01 (Premiums, claims and expenses by line of business)
3 • Cross border	Both	$\frac{\text{GWP}_{\text{NL EEA Host}} + \text{GWP}_{\text{Life EEA Host}}}{\text{Total GWP}_{\text{NL}} + \text{Total GWP}_{\text{Life}}} \leq 10\%$ OR $\frac{\text{GWP}_{\text{NL EEA Host Country}} + \text{EEA GWP}_{\text{Life Host Country}}}{\text{Total GWP}_{\text{NL}} + \text{Total GWP}_{\text{Life}}} \leq \text{EUR 20 million}$	<ul style="list-style-type: none"> S.04.04.01.01 (By underwriting entity) combined with S.04.03 S.04.05.01.02 (Activity by country - location of risk) combined with S.04.03 S.05.01 (Premiums, claims and expenses by line of business)
4 • Life TP	Life	Gross Life TP ≤ EUR 1 billion	<ul style="list-style-type: none"> S.02.01 (Balance sheet)
5 • Non-life GWP	Non-life	Non-life GWP ≤ EUR 100 million	<ul style="list-style-type: none"> S.05.01 (Premiums, claims and expenses by line of business)
6 • MAT business	Non-life	$\frac{\text{GWP}_{\text{MAT-DIR}} + \text{GWP}_{\text{MAT-REP}} + \text{GWP}_{\text{MAT-RENP}} + \text{GWP}_{\text{CS-DIR}} + \text{GWP}_{\text{CS-REP}}}{\text{GWP}_{\text{NL-DIR}} + \text{GWP}_{\text{NL-REP}} + \text{GWP}_{\text{NL-RENP}}} \leq 30\%$	<ul style="list-style-type: none"> S.05.01 (Premiums, claims and expenses by line of business)
7 • Investments	Both	$\frac{\text{Net SCR}_{\text{Market risk}} + \text{Gross SCR}_{\text{CDR Type 2}} + \text{Net SCR}_{\text{Investments in intangible assets}}}{\text{Total investments}} \leq 20\%$	<ul style="list-style-type: none"> S.02.01 (Balance sheet) S.26.01 (SCR - Market risk) S.25.01 (SCR - for undertakings on Standard Formula) S.26.02 (SCR - Counterparty default risk)
8 • Reinsurance	Both	$\frac{\text{Total REINS GWP}_{\text{NL}} + \text{Total REINS GWP}_{\text{Life}} + \text{Total REINS GWP}_{\text{Health}}}{\text{Total GWP}_{\text{NL}} + \text{Total GWP}_{\text{Life}} + \text{Total GWP}_{\text{Health}}} \leq 50\%$	<ul style="list-style-type: none"> S.05.01 (Premiums, claims and expenses by line of business)
9 • SCR compliance	Both	Ratio of Eligible own funds to SCR > 100% OR Total eligible own funds to meet the SCR > SCR	<ul style="list-style-type: none"> S.23.01 (Own funds)

2.4. The notification process for SNCUs



Undertakings that intend to apply proportionality measures and fulfil all qualitative and quantitative criteria need to follow the process established under Article 29b of Solvency II Directive

Undertaking's notification

- **Notify** the supervisory authority of the Member State that authorized the insurance business.
- Include **evidence of compliance** with SNCU criteria and declaration on no planned strategic changes affecting compliance within next 3 years.
- Identify proportionality measures the undertaking expects to implement.

Supervisory Authority's role

- May oppose classification **within two months** in cases of (i) non-compliance with SNCU criteria, (ii) non-compliance with SCR, excluding transitional measures, (iii) market share exceeding 5% in life or non-life market of the home Member State.
- Decision **with adequate reasons** required if opposing to SNCU classification
- If no opposition within two months or decision confirming the compliance with SNCU criteria, the undertaking is classified as small and non-complex.
- May request SNCU to refrain using certain proportionality measures **in case of serious concerns in relation to the risk profile**, in cases of (i) (risk of) non-compliance with SCR, (ii) ineffective governance system, (iii) material changes in the risk profile that could lead to non-compliance with SNCU criteria.

Duration of classification

- Undertakings remain classified as SNCUs unless non-compliance persists for two consecutive years or falls under specified categories.
- Undertakings must inform supervisory authority promptly to cease classification if criteria are no longer met.

Transitional measures

For applications received within the first 6 months from 30 January 2027, supervisors will have four months to confirm or oppose to the SNCU status.

SMALL AND NON-COMPLEX UNDERTAKINGS (SNCUs) AND GROUPS (SNCGs)

EIOPA IMPACT ASSESSMENT ON THE NEW PROPORTIONALITY FRAMEWORK

Presenters

- Jacopo Coccoli, Policy and Supervisory Convergence Department (EIOPA)
- Sebastiano Russo, Risk and Financial Stability Department (EIOPA)

EIOPA public event

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1. KEY ASSUMPTIONS



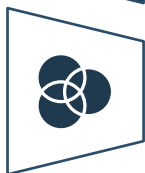
Data references

The results of the impact assessment are calculated on the basis of the combination of data from **2023 and 2024 financial years**



Methodology

The impact assessment **distinguishes between (re)insurance undertakings and captive** undertakings to give account of the different proportionality treatment



Approach to captives

The estimated total number of **captive** undertakings is based on **EIOPA expert judgement** as comprehensive reporting data on captives is not available



Results

The results were produced solely by EIOPA for analytical purposes and **should not be regarded as a prediction of the outcomes** resulting from the implementation of the framework



Country-level analysis

Country-level figures are based on EIOPA's assessment and **should not be interpreted as reflecting the views, national considerations, or supervisory judgement of the relevant National Competent Authorities**

2. SNCUs AGGREGATED AT EEA LEVEL

KEY RESULTS

> 660

(Re)insurance undertakings, including captives, may classify as **small and non-complex**

> 28,4%

Of the undertakings in the European Economic Area could be in scope of the framework

> 369

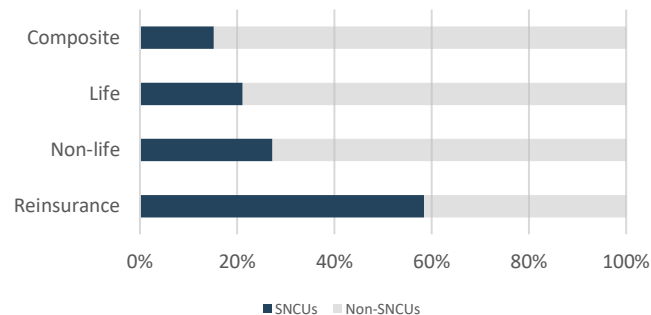
Insurance undertakings (only) are eligible as small and non-complex

> 122

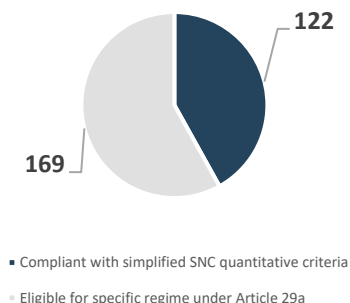
Captives fulfill the simplified quantitative criteria set out in Article 29a of Solvency II Directive

Type of business	Insurance & reinsurance undertakings	Captives	SNCUs	EEA undertakings (2024 ye)
Composite	54	2	56	369
Life	80	-	80	379
Non-Life	235	108	343	1,261
Reinsurance	-	181	181	310
Total	369	291	660	2,319

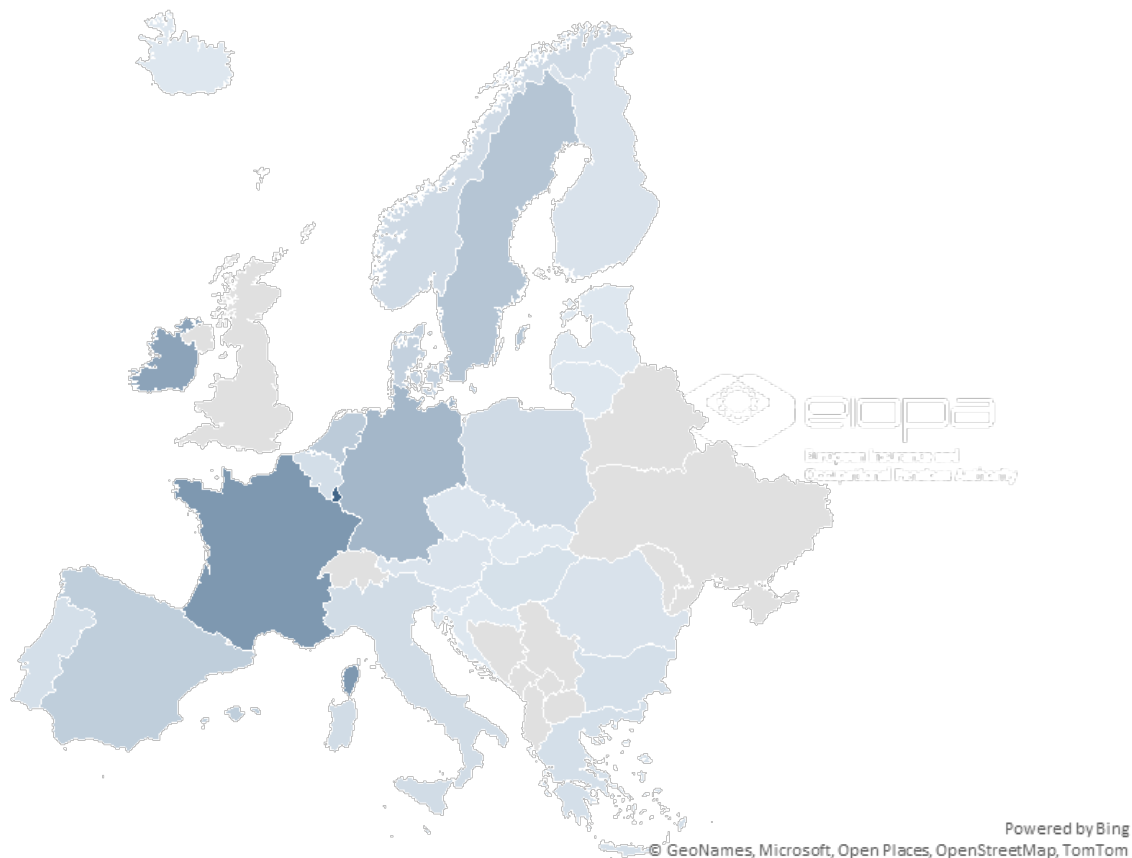
Incidence by type of business



Captives



3. SNCUs AGGREGATED AT COUNTRY LEVEL



Country	SNCUs	Total number of undertakings
AT	5	31
BE	11	58
BG	10	35
CY	18	33
CZ	3	22
DE	54	327
DK	25	68
EE	1	9
EL	10	31
ES	29	136
FI	6	43
FR	89	444
HR	1	14
HU	8	23
IE	76	169
IS	1	8
IT	13	83
LI	10	31
LT	1	8
LU	145	257
LV	1	6
MT	22	65
NL	32	110
NO	15	59
PL	15	48
PT	10	39
RO	6	24
SE	39	117
SI	3	12
SK	1	9
EEA	660	2,319

UNDERTAKINGS & GROUPS THAT DO NOT CLASSIFY AS SMALL AND NON-COMPLEX

OVERVIEW OF THE FRAMEWORK

Presenter

- Jacopo Coccoli, Policy and Supervisory Convergence Department (EIOPA)

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1. THE REGIME FOR NON-SNCUs



Article 29d of Solvency II Directive envisages for undertakings not fulfilling the SNCU criteria (non-SNCUs) the possibility to apply a more limited list of proportionality measures, following the prior approval of the supervisory authority.



Proportionality measures

are limited in comparison to those applicable by SNCUs

- Articles 35(5a), 41, 45(1b), 45(5), 77(8), 144a(4)
- Those defined in Delegated Acts

Original Document
 Prepared For Publicity

Supervisory decision

is needed to approve, reject or conditionally approve the measures

- Decision within two months from receipt of request
- Further information may be requested (two-month period suspended)
- For requests received before 31 July 2027, decision within four months

Written request

has to be submitted to the supervisory authority, including:

- List of proportionality measures and justification (nature, scale, complexity of risks)
- Relevant information on risk profile
- Declaration of no strategic changes affecting risk profile in next 3 years

Amendment or withdrawal

can occur at any point in time if the risk profile has changed

- Any decision of the supervisor should state the reasons therefore and be communicated to the undertaking in writing

2. THE REGULATORY JOURNEY



Supervisors are expected to apply their expert and supervisory judgement, taking into account the materiality of the risks at stake. This is an essential part of the supervisory review process and the risk assessments that supervisors are required to conduct.

30 April 2024



European Commission launched a Call for Advice on proportionality

27 November 2024

Adoption of amendments to Solvency II Directive

30 January 2025



EIOPA issued technical advice on proportionality

18 July 2025

European Commission launched public consultation on Solvency II Delegated Regulation

29 October 2025

European Commission adopted the Regulation amending Delegated Regulation 2015/35



Policy mandate

Articles 29(5) and 213a(6) provides that the Commission adopts Delegated Acts specifying the **conditions** for granting or withdrawing supervisory approval for proportionality measures to be used by undertakings (resp. groups) **not classified as small and non-complex undertakings** (resp. small and non-complex groups)

Technical advice



- EIOPA proposed a **set of conditions (18)** on granting or withdrawing the approval to use proportionality measures
- **Some of the conditions (5) should be of a more general nature**, aiming to ensure that the nature, scale and complexity of undertakings' risk justify a proportionate application of a certain requirement
- **Other conditions (13) should be tailored to the specific proportionality measure** the undertaking intends to apply

3. GENERAL CONDITIONS FOR NON-SNCUs

The general conditions apply horizontally to all proportionality measures, ensuring any requested proportionality measure is appropriately tailored to the overall risk profile of the undertaking.

Stability (supervisory review process)

Undertaking is able to withstand current and future risks, does not require more frequent supervisory assessment and is not subject to on-going supervisory measures

Capital adequacy*

The Solvency Capital Requirement is met with an appropriate margin, reflecting a sound financial position and capital management plan



Low complexity of business model

The undertaking has a straightforward and stable business model (stability products mix, complexity of investments, change of policies)

Size of the undertaking

All quantitative conditions need to be met:
 Life TP < EUR 12 billion
 Non-life GWP < EUR 2 billion
 Market share < 5%

Governance

No significant governance issues have been identified in the last 3 years

4. SPECIFIC CONDITIONS FOR NON-SNCUs



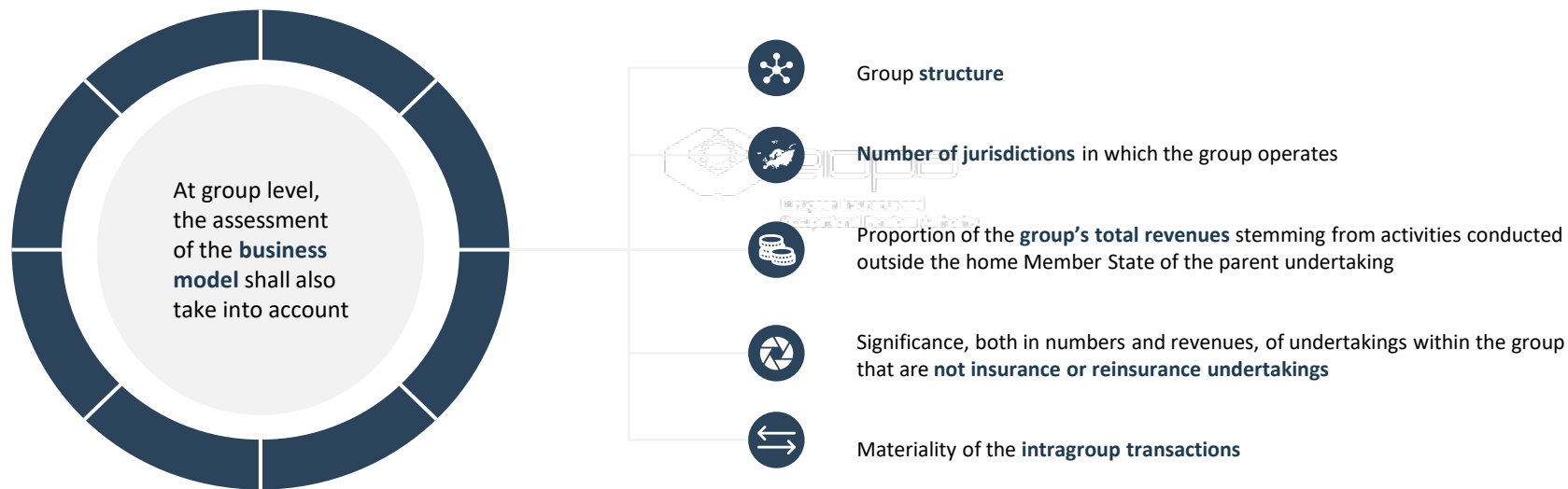
In addition to the more general risk-based conditions, specific conditions are defined for each individual measure, ensuring that they are tailored to the particular features and objectives of the proportionality measure concerned.

Proportionality measure		Overall stability (as result of SRP)	Low complexity of business model	Size of the undertaking	No governance concerns	Solid capital adequacy	Measure-specific conditions
Reduction of frequency of RSR	Article 327b DR	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> No concerns with last RSR Adequate information in SFCR, annual and quarterly QRTs
Combination of key functions	Article 327c DR	✓		✓	✓		<ul style="list-style-type: none"> Skills and experience Cost efficiency of combination
Reduction of frequency of written policies' review	Article 327d DR	✓	✓	✓	✓		-
Reduction of frequency of ORSA	Article 327e DR	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> Adequate information in ORSA No impact on risk management Process to run <i>ad hoc</i> ORSA
Prudent deterministic valuation of immaterial options and guarantees	Article 327f DR	✓	✓	✓	✓		<ul style="list-style-type: none"> Proportionality to risks from obligations Time value of O&G < 5% of SCR
Waiver from liquidity risk management plan	Article 327g DR	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> No material liquidity risk from A&L No concerns from economic trends

5. NON-SNCUs AT GROUP LEVEL



Article 377b of the revised Delegated Regulation extends the application of the general and specific conditions at solo level to those groups that do not classify as small and non-complex, but intend to apply for individual proportionality measures.



Questions?





THANK YOU!

For more information visit:
<https://www.eiopa.europa.eu>