



# IMPLEMENTATION OF THE NEW PROPORTIONALITY FRAMEWORK FOR NON-SNC UNDERTAKINGS AND GROUPS

*EIOPA webinar on the new proportionality framework under Solvency 2  
July 1<sup>st</sup> 2026*

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# IMPACT ASSESSMENT FOLLOWING TECHNICAL SPECIFICATION ON SNCU AND SNGG (APPROXIMATES)

<i>Estimations</i>	SNC	Non-SNC eligible to proportionality	Not eligible to proportionality measures
Undertakings	80	300	50
Groups	5	40	25

In France, the main category is entities that are not classified as small- and non-complex but are eligible to proportionality measures with the prior approval of the supervisory authority (Article 29d)

*A survey realized in October revealed market expectations, with nearly 2/3 of non-SNC respondents planning to ask for use of proportionality measures*

# ACPR APPROACH

Due to the high number of applications expected, the ACPR will issue several “instructions” (for procedural aspects) and guidance related to proportionality

Provide entities with transparency regarding the ACPR's expectations

While leaving room for expert judgment in specific cases

Ensure consistent handling of applications

The ACPR defined several criteria (**deterministic** or **expert-based**) to address potential issues.

- ➔ Those criteria have been consulted with the industry and will be published in July (pending approval by the ACPR Board) in order to give predictability to the French market.
- ➔ ACPR objective is to support undertakings and groups in making good use of the proportionality measures from the Solvency 2 review.



# DETERMINISTIC / EXPERT JUDGMENT CRITERIA

## For SNCUs and SNCGs:

- ➔ Definition of “system of governance of the undertaking is not effective within the meaning of Article 41” that allows ACPR to reject some proportionality measures to entities with the status of SNC (disclosed criteria)

## For Non-SNCU and non-SNCGs eligible to proportionality measures:

- ➔ Deterministic criteria leading to the automatic rejection of all or certain proportionality measures
- ➔ Expert judgment criteria, applications would be reviewed on a case-by-case basis, drawing upon—but not limited to—the set of defined indicators considered jointly
- ➔ ACPR does not consider, in light of the elements of the supervisory review process, that entities exceeding the delegated regulation thresholds (12 bn€ TP for life / 2 bn€ GWP for non-life) have a sufficiently low risk profile to be eligible for proportionality measures.

# SUPERVISORY REVIEW PROCESS

## DECISION TREE BASED ON THE SRP RATING

Based on the criterion « *on the basis of the supervisory review process, that the undertaking: is able to withstand any current or future risks* »: ACPR assesses an entity's ability to overcome any current and future risks in light of its assessment of the risks borne by the entity, including solvency and profitability

Medium-High



To reject all measures of proportionality based on ACPR's assessment of the risks borne by the entity, including solvency and profitability

For the specific ORSA/RSR criterion regarding the frequency of supervisory assessment

High



Automatic rejection of all proportionality measures based on verifiable evidence on ACPR's assessment of the risks borne by the entity, including solvency and profitability



# COMPLEX BUSINESS MODEL

The proposed definition of a complex business model aims, on the one hand, to make it clear that certain undertakings will not be eligible for proportionality measures due to the nature of their activities and, on the other hand, to provide a degree of predictability for specific cases

✓ **3 complex activities for which proportionality measures are not possible:**

- Construction general liability and construction defect liability** with thresholds based on an amount of provisions and representativeness of this activity within their portfolio
- Medical professional liability** with a threshold based on an amount of premiums
- Insurance for credit rating upgrade**

✓ **A set of factors (not exhaustive) to be considered in determining whether the entity is eligible for proportionality measures:**

- Reinsurance business**
- International activities**
- Ownership of complex entities**
- Internal model and GSP/USP**
- A complex organizational model** (example: widespread use of outsourcing)
- Professional liability insurance covering long-term commitments**



# UNRESOLVED MATERIAL CONCERNS ARISING FROM THE SYSTEM OF GOVERNANCE OF THE UNDERTAKING

## Criteria (not exhaustive) :

- ✓ In the event of **ongoing administrative police measures**
- ✓ In the event of a **disciplinary sanction** within the past two years
- ✓ **Governance capital add-on**
- ✓ « **Fit and proper** » - if, during the term of office, an issue regarding honorability and competence is discovered
- ✓ Following an on-site inspection, a follow-up letter detailing substantive governance issues



# TIMELINE

- ❑ **October 2025:** Webinar on the new proportionality regime (over 500 participants)
- ❑ **Novembre 2025:** Survey of insurers and reinsurers regarding their intentions (~270 responses)
- ❑ **September 2025 – February 2026:** Development within the ACPR of the procedures and criteria for proportionality
- ❑ **March:** Approval by the ACPR Board of the main principles and the approach
- ❑ **April:** Publication of EIOPA technical specifications for the calculation of criteria for SNC
- ❑ **April – June:** Discussion with industry associations and market consultation on the proposed procedures and criteria
- ❑ **July:** Publication of all instructions and guidance
- ❑ **September:** Submission of dry run applications by undertakings and groups
- ❑ **As of January 30, 2027:** Submission of formal applications by undertakings and groups



# DRY RUN APPLICATIONS

**ACPR gives the possibility of dry run applications in September 2026 to prepare the implementation of the new S2 proportionality framework**



**Submission of the dry run applications by early September 2026**



**Exercise addressed to non-SNCUs and non-SNCGs**  
*SNCUs and SNCGs are naturally able to exchange with the supervisor to prepare*



- 1. Improve the completeness of applications for formal proportionality measures**
- 2. Alert undertakings and groups regarding potential obstacles to obtain proportionality measures so that these can be addressed**