

IN BRIEF

2020 REVIEW OF SOLVENCY II

The introduction of Solvency II in January 2016 was a milestone. The Directive signalled a shift to a more risk-based approach to insurance supervision. Since its implementation, the insurance industry has better aligned its capital to the risks it runs. Insurers use a risk-based approach to assess and mitigate risks, so they can better price risk. Insurers have also significantly strengthened their governance models and their

THE REVIEW

The European Commission requested a broad-based review across 19 different areas.

These areas can be broadly divided into three parts:

- 1. Long-term guarantee measures and measures on equity risk
- The introduction of new regulatory tools to Solvency II on macroprudential issues, recovery and resolution, and insurance guarantee schemes
- Revisions to the existing Solvency II framework based on the supervisory experience during the first years of its application, in particular to improve on the proportionate and consistent application of its requirements.

EIOPA'S APPROACH

The proposed approach is that of evolution rather than revolution. The fundamentals of Solvency II are not in question. Instead, EIOPA's approach will be both evidence-based and consultative, taking into consideration the financial and economic environment and the insurance market landscape.

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 Print
 ISBN 978-92-9473-148-7
 doi:10.2854/644290
 EI-01-19-314-EN-C

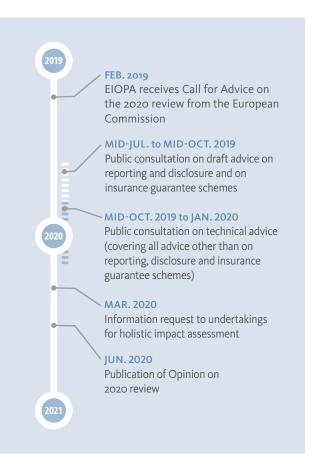
 PDF
 ISBN 978-92-9473-149-4
 doi:10.2854/793329
 EI-01-19-314-EN-N

risk management capacity putting a number of key functions in place and ensuring that boards consider risk and capital factors in strategic decision-making.

European Insurance and Occupational Pensions Authority

Furthermore, Solvency II increases significantly the information provided by the insurance sector both to supervisors and the market.

TIMELINE



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