GDV German Insurance Association

FEEDBACK

Feedback

of the German Insurance Association (GDV)
ID-number 6437280268-55

to the Draft Commission Delegated Regulation amending Delegated Regulation (EU) 2015/35 on Solvency II

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Executive Summary

Europe is a global leader in the insurance sector, home to many of the world's largest insurers and reinsurers. It is essential that the Solvency II review delivers outcomes that maintain Europe's competitive edge and support the long-term financing of its economy. While many of the Commission's proposals for the revision of the Delegated Regulation go in the right direction, certain aspects require further adjustments to ensure the review achieves its intended objectives.

The calibration of the **extrapolation of risk-free interest rate curves** is crucial for insurers' ability to offer long-term security to policyholders. A change in the starting point of the extrapolation (FSP) would lead to a tremendous, unintended, and immediate impact on the solvency position of insurers and create artificial volatility.

The Commission's proposal to set the relevant parameter for determining the FSP depending on current market data is welcome. However, the **envisaged "security buffer" of one percentage above the lowest possible value is not sufficient**. The most reasonable choice would be the arithmetic mean of the range of all values leading to an FSP of 20 years. Alternatively, a buffer of **at least 2%** above the lowest possible value must be chosen to safeguard the FSP in the long term. There is no evidence-based justification for choosing an insufficient buffer that would recklessly jeopardize insurers' ability to provide long-term guarantees to their customers.

Regarding the **volatility adjustment**, the clarification that liabilities with profit participation should not be subject to a more disadvantageous treatment in the calculation of the credit spread sensitivity ratio is very positive. Nevertheless, it is important that certain technical and operational issues with the calculation of this new parameter are addressed. Additionally, the proposed calibration for the cap to the risk correction should be substantially lowered.

The proposed conditions under which insurers that are not classified as SNCUs can access **proportionality measures** are overly complex and restrictive. For example, the requirement for undertakings to "withstand any current or future risks" is much too broad. The draft proposals also fail to address cases where a group includes an SNCU subsidiary, but the group itself does not qualify as an SNCG or a non-SNCG seeking to apply proportionality. This major gap in the proportionality framework must be closed. Furthermore, the possibility of combining internal audit function with other key functions should be maintained. It should also be clarified that reinsurance undertakings can be classified as SNCU.

While we welcome the clarifications on exemptions from the deferral of a substantial portion of the **variable remuneration** component, we consider the proposed adoption of restrictions stemming from the banking sector as critical and questionable from a legal perspective.

With respect to **supervisory reporting** under Solvency II, the draft proposals should be better aligned with the Commission's overall objective of significantly reducing the reporting burden on EU businesses. For example, the content of the SFCR would be broadened to include sensitivity analyses for various different scenarios. These requirements go far beyond what is required by the Directive and may – in conjunction with the obligation to publish this information – be interpreted as an additional capital requirement.

Finally, we call on the Commission to include certain **other aspects that are not yet addressed** in its draft proposals. This includes amending Art. 116(5) to clarify the netting of premiums and reviewing the SCR calibrations in order to eliminate undue dependencies on data from the UK, in particular for property risk, in accordance with Recital 104 of Directive (EU) 2025/2.

Detailed comments on the aforementioned and other issues can be found below.

Comments on the Draft Delegated Regulation

Para-graph	Affected Articles	Comments
(2)	16 (1)	We welcome the clarification that SNCU „may value short-term deposits with maturities of less than 1 year at cost or amortised cost" if one of the given conditions is fulfilled.
(7)	37(1)	The introduction of a time-dependent factor of 96% is an improvement from the previously discussed 97.5%. However, this choice would still overestimate the required risk margin, which is why the parameter should be set to 95%. Furthermore, the additional floor of 50% should be removed as it lacks justification and does not align with the amending Directive's intent of a time-dependent adjustment to reduce the risk margin.
(10)	43a	It is positive that the percentage for the residual volume criterion is not set to a specific value but is rather set depending on the current market data. However, the current proposal cannot sufficiently guarantee an FSP of 20 years. First, the addition of one percentage point above the percentage necessary to result in an FSP of 20 years is insufficient compared to the strong historic trend in the corresponding data. Second, the intransparency of EIOPA's DLT assessment does not rule out the possibility of other maturities between 20 and 25 becoming DLT without further notice. In this case, the proposed method would likely lead to an increased FSP within the first few years after the application of the changes. Therefore, we suggest that the percentage should be set to the arithmetic mean of the determined interval that would result in an FSP of 20 years. Otherwise, the added

		buffer in Article 43a (1)(a)(i) should at least be increased to two percentage points.
(11)	44	To ensure transparency in the derivation of the basic risk-free interest rates, EIOPA should publish not only the extrapolated basic risk-free interest curve but also the underlying market data, i.e. the risk-adjusted swap rates or government bond rates, whichever are applicable. To this end, the amended Delegated Regulation should also include corresponding provisions that require EIOPA to publish the required data for all relevant currencies.
(13)	46	In Article 46 (1a) (c) and (d), it should say “annualised discretely compounded” instead of “annualised discreetly compounded”.
(17)	50	We do not support the proposal to remove the zero floors applied to spreads of government and corporate bonds. Bonds that exhibit a negative spread to the risk-free rates are assessed by the market as extremely safe. Therefore, there should either be no further deduction for risk correction or a zero floor for the spread in the VA calculation.
(18)	51 (2) and (3)	The portion of the spreads that is attributed to expected losses and unexpected risks (risk correction) must not exceed a realistic size in order to ensure the effectiveness of the VA in times of crisis. Thus, in its sectional calculation, the respective percentages and the foreseen cap of the risk correction should be set such that they provide for a significant effect in crises comparable to those which have been observed in the last decades, in particular the short-term spread widening at the beginning of the Covid 19 pandemic and in the 2007–2008 Financial Crisis. Thus, the cap on the risk correction on both government and corporate bonds should be substantially lower than the proposed values.
(19)	51a and 51b	**CSSR** It is very positive that in the BEL revaluation for the PVBP(BEL) calculation, no impact of a change in credit spreads on the value of assets held by the undertaking shall be taken into account. Any other specification at this stage would have been surprising and untested. However, there is still need for improvement at a few other points: **Avoidance of unintended cliff effects** Under some circumstances, an increasing volatility adjustment (VA) can lead to higher best estimate liabilities. However, the proposed CSSR formula does not consider adequately such cases in which PVBP(BEL) gets negative. The maximization with zero causes a discontinuity with a large jump of the VA at 0 EUR: While a PVBP(BEL) of just 1 EUR leads to a full VA application (CSSR=1), a PVBP(BEL) of −1 EUR suddenly leads to no VA application at all (CSSR=0).

		This unreasonable cliff-edge effect brings artificial volatility into Solvency II and is contrary to the intention of the VA. As a simple fix of this technical issue, the CSSR should be set to 1 if PVBP(BEL) is smaller than zero. **Adequate treatment of government bonds and unit-linked business** With respect to unit linked business, the proposed PVBP(MV) calculation excludes the effect of fixed income investments which give rise to no credit spread risk exposure for the undertaking. However, it is important that this exclusion only applies to cases without any credit spread risk and is not inappropriately further extended. (Note, that in EIOPA's impact assessment (2020 complementary information request, margin number 34), except for business valued as a whole, unit- and index-linked assets explicitly should be included in the calculation). Therefore, in the last sentences, the incorrect "or residual" in "give rise to no ~~or residual~~ credit spread risk" must be deleted. A simple alternative could be to exclude only business valued as whole. In any case, it must be avoided that government bond exposures are wrongly excluded from the PVBP(MV) calculation. Therefore, it should be clarified that the wording "give rise to no ~~or residual~~ credit spread risk" does not refer to standard formula spread risk but rather takes an economic view of spread changes in reality. **Consideration of investments in other currencies** In the PVBP(MV) calculation, it should be allowed to include fixed income investments denominated in other currencies if 1) these investments are currencies hedged (FX derivatives) and 2) the undertaking is able to demonstrate that these investments have at least the spread of the given currency. This will not only be important for insurers in Member States which have not yet introduced the euro but generally refers to foreign currency (e.g. USD) investments. **Workable calculation frequency and simplifications** The calculations relating to the VA are very complex. An exact CSSR calculation can only be made once other calculations have been completed. The entire process required for this within the company is very time-consuming. Therefore, it seems reasonable and proportional that the exact calculation only needs to be performed once a year, provided there are no indications of material changes. In the meantime, the calculated value can be carried forward. (Note, that this is also in line with the frequency with which EIOPA, for example, updates the reference portfolio for the VA.) Some other simplifications of the calculations may be sensible, too. To enable a workable implementation, it would be best to add an explicit provision that in the CSSR calculation simplifications are allowed. Permitting the use of a uniform

		(conservative) CSSR factor within an insurance group would also be beneficial, as it would allow for a consistent approach. Moreover, it should be allowed to round the resulting VA value (after CSSR application) to full basis points. **Editorial issues** Art. 51b (1): Wrong position of one bracket in the formula 51a (2) and 51b (2): The wording of the last sentence differs between Art. 51a (2) and Art. 51b (2). 51a (3) and 51b (3): The wording of the second last sentence differs between Art. 51a (3) and Art. 51b (3).
(26)	89a	The newly introduced Article 89a provides for the „Simplified calculation for immaterial risk module or sub-module“. The market risk module or any risk sub-module within the market risk module is exempted from the application. That is contrary to the provisions of Article 109 of Directive 2009/138/EC. We therefore suggest deleting this exemption.
(28)	107a	The newly introduced article provides for the „Simplified calculation of the risk mitigating effect for reinsurance arrangements, derivatives, or securitisations" which can be used when Article 88 is complied with. However, the reference in paragraph 2 should instead refer to 'paragraph 1, point (a) **and (b)**', and the reference in paragraph 3 should refer to 'paragraph 1, point **(c)**'.
(29)	117	The change should refer to Article 117. Furthermore, we object to the change to the adjustment factor for non-proportional reinsurance to the premium risk in paragraph 3, which would prevent the general applicability of this factor. The standard formula should reflect market conditions, which is why the current applicability of this factor is appropriate in complexity and effect. The specificities of a given undertakings are then considered in the ORSA when assessing the adequacy of the standard formula. The proposed addition of further complexity to the standard formula should be avoided. We think there is a sign error in the formula of the adjustment factor in paragraph 4. The maximum of the additional reinsurance premium *Par* should be added, not subtracted. Furthermore, we assume that *V_(net,res,s)* shall be regarded as the **nominal** best estimate, in accordance with the 2020 formula issued by EIOPA. This is consistent with the fact that attachment point and limit are also undiscounted amounts. Applying a discounted best estimate would significantly increase the adjustment factor for the ceding undertaking.
(31)	123(7)	The proposal would increase the flood risk factor for motor business from 1.5 to 10. This change does not follow the EIOPA assessment and was therefore not expected or consulted before. Instead, GDV analyses for the German market show that this factor should rather be decreased. As

		such, the proposed change is disproportionate and should be corrected to the previous risk factor of 1.5.
(39)	148 (4)	All references to the non-life reserve risk should instead be replaced by the NSLT health reserve risk.
(43)	166 (2a)	The proposed methodology to derive the stressed LLFR is still ambiguous. The appropriate method would be to stress the spot rates for the relevant maturities from Article 46 (1c) derived from market data and from those derive the stressed forward rates and consequently the stressed LLFR. This method requires information on swap rates or government bond rates, as applicable, for maturities beyond the first smoothing point. Instead of introducing technical errors by using the extrapolated basic risk-free curve for the calculation of the stressed LLFR, a provision should be added that requires EIOPA to publish the corresponding market data for maturities beyond the first smoothing point where deep, liquid and transparent markets are available. These publications should include data for all material currencies. This would ensure consistent and technically correct calculations and should thus be supported by corresponding provisions in the Delegated Regulation. Moreover, the UFR should not be stressed as it represents a long-term average without unexpected, sudden changes.
(44)	167 (2a)	With the same reasoning as in Article 166 (2a), the UFR should not be stressed as it represents a long-term average without unexpected, sudden changes.
(49) – (50)	171a, 171b, 171c, and 171d	We welcome the fact that insurance companies will have the freedom to choose how they demonstrate their ability to avoid distress sales: either by applying the conditions set out in Article 171b or by applying the forced selling test set out in Article 171c. We expressly welcome the inclusion of the methodology in Article 171a (1) (a), based on the respective EIOPA proposal. In Article 171b (1), the limit for the recognition of illiquid life insurance or reinsurance liabilities should be reduced from a modified duration of ten years to five years (in line with the holding period foreseen in the Directive and the horizon of the forced selling test according to Article 171c). Accordingly, regarding the liquidity buffer for non-life insurance and reinsurance obligations, it should be allowed either to use the (regular) best estimate of technical provisions or to apply another best estimate relating only to the cashflows of the next five years. The forced sale test in Article 171c, though, is over-complex and not practical. In addition, in particular the exclusion of bonds and loans issued by financial institutions in paragraph 3 (a) (iii) is overly restrictive and not justified. Instead, we suggest keeping the liquidity test as simple as possible.

		Otherwise, insurers will probably not use this option to classify equity exposures as LTE. The new Article 171d specifies the types of collective investment undertakings (CIUs) and alternative investment funds which are identified as having a lower risk profile. The proposed list appears to be too narrow. Widely used fund vehicles would be excluded. Therefore, AIF as defined in Article 4(1) of EU 2011/61/EU should be included.
(52)	173	We welcome the intent to reduce risk factors for investments in equity under legislative programmes. However, the proposed change would limit such equity investments to 10% of the undertaking's eligible own funds, which is not appropriate. This limit implies that a reduction in the own funds would also then increase the corresponding SCR, which would add a procyclical effect. To avoid this, we suggest that the limit should be set relative to the total assets of the undertaking instead of the respective own funds.
(53)	176	Defaulted and forborne loans should not be moved to the counterparty default risk module but should stay like non default/forborne loans in the spread risk module. A reclassification of loans from the spread risk to the counterparty default risk modules causes additional complexity. This also means that the proposed insertion of point (ca) in article 189, paragraph 3 should be removed.
(56)	178 (3)	The reduction of risk factors for STS securitisations and non-STS securitisations for which an ECAI credit assessment is available is very positive. This applies in particular to senior and non-senior STS securitisations. The reduced risk factors for senior STS securitisations are risk adequate. However, the risk factors for non-senior STS securitisations still appear to be somewhat too high and should be reduced further. The reduction of risk factors for non-STS securitisations is a step in the right direction, but it is not enough. Currently, they are 8–10 times too high, according to the proposal, they will still be 3–4 times too high. In the study 'How to Calibrate Securitisation Capital Rules' (14 March 2025) by Georges Duponcheele and William Perraudin, lower risk-adequate risk factors are derived scientifically (Link). Generally, the separate calibration for senior and non-senior non-STS securitisations is sensible and very positive.
(61)	189 (2) (g), 189 (3) (ca)	The specification that repurchase transactions, and securities lending or borrowing transactions are subject to the counterparty default risk type 1 is positive. That corresponds to the nature of these exposures. However, reverse repurchase transactions should be explicitly included in this specification, too.

		As mentioned above under paragraph (53), the newly inserted point (ca) to paragraph 3 should be removed since defaulted and forborne loans should remain in the spread risk module.
(63)	192 (2)	We understand that the intention of replacing the formula in Article 192(2), second subparagraph was to correct the applied factor from F' to F''' which we support. However, the proposed formula also includes a change in the sign of the term '50% · RMre', which would now be deducted from the recoverables instead of added as before. There is no technical justification for this change and we assume that this was not the intention of the commission. Therefore, the formula should instead be replaced by the following: *'LGD = max[90% · (Recoverables* ***+*** *50% · RMre) -* ***F'''*** *· Collateral; 0]'*
(63)	192 (3f)	Wrong reference to paragraphs 3e to 3h: There are no paragraphs 3g and 3h. The reference is itself located in paragraph 3f, so that presumably only paragraph 3e should be referenced.
(63)	192 (4)	The current capital requirements for mortgage loans are appropriate and should be retained. The introduction of an artificial floor of 5% for the LGD even for cases where there is no default risk for the insurer at all (small remaining debt, high property value) is not justified and would contradict the risk-oriented and market value-based determination of capital requirements under Solvency II. There are already large safety buffers in the calculation of the LGD for mortgage loans of insurers. A simple comparison with banking regulation is not sensible as the system of capital requirements under Solvency II is completely different and much more sophisticated. Furthermore, the risk profile of insurers differs significantly from that of banks. While banks refinance their loans by borrowing money, insurers are not allowed to borrow money to grant mortgage loans. For this reason and due to their prudent investment approach, insurers lend at low LTVs between 60-80% of the mortgage value with long-term fixed interest rates and amortization. The default risk for insurers is therefore very low compared to banks, and there is no need for action.
(70)	210	Regarding the effective transfer of risk, the proposed amendments are too extensive and detailed. They are also unnecessary as insurers already have methods in use to analyse basis risk. Additional and more complex regulation is not proportionate and may disincentivize the use of proper risk mitigation techniques. This could create significant legal risks and operational issues not only for reinsurers, but for all insurers.
(72)	212	Regarding financial risk mitigating techniques, the proposed amendments are too extensive and detailed. They are also unnecessary as insurers already have methods in use to analyse basis risk. Additional and more complex regulation is not proportionate and may disincentivise the use of proper

		financial risk mitigation techniques. This could create significant risks and operational issues.
(80)	258	The regular evaluation of the adequacy and effectiveness of the system of governance should include the gender-balance and diversity of the administrative, management or supervisory body. This is not in line with Art. 1 (20) of Directive (EU) 2025/2 according to which the regular evaluation is limited to the assessment of the adequacy of the composition, effectiveness and internal governance of the administrative, management or supervisory body. The diversity and gender balance of the administrative, management or supervisory body is subject to the newly established requirement to put in place a policy promoting diversity. The Directive does not foresee a requirement to regularly evaluate this policy.
(81)	260	Calculating expected profits in future premiums is complex and requires significant resources, yet it is not an adequate tool for supervision. The same applies to the proposed calculation of expected profits in future fees, which creates more bureaucracy but does not indicate any risks for the financial stability or policyholder protection. Therefore, we strongly oppose the introduction of Article 260(2a) and propose its deletion.
(82)	271	The possibility of combining the internal audit function with other key functions is proposed to be deleted. In effect, the current paragraph 2 will be replaced by the current paragraph 3. However, there are no apparent objective reasons for this amendment. The newly introduced Article 41(2a) of the Solvency II Directive wants to simplify matters by allowing small and non-complex undertakings (SNCUs) to automatically combine the three key functions of risk management, compliance, and actuarial function. This automatically permitted combination of the three key functions is intended to ease the burden on SNCUs. For all other companies, or even SNCUs, this change should not mean that the internal audit function may no longer be combined in exceptional cases. This would represent a tightening of the existing regulations and was not intended in the Solvency II review. It contradicts the intended simplifications for small and non-complex companies. In accordance with Art. 41(2a) SII Directive, the simplification for SNCUs should not be granted automatically, but – as before – only upon proof of compliance with the previous requirements of Art. 271(2) of the Delegated Regulation.
(83)	275	While the amendments under letter (b) are welcomed and should be extended to supervisory exceptions from the rule (rather than only from the exception), we strongly oppose the amendments proposed under letter (a) for several reasons: First, the amendments go way beyond the technical advice of EIOPA which was limited to propose a waiver from mandatory deferral of a significant portion of the variable remuneration as part of the implementation of the new proportionality framework under Solvency II.

		The explanatory memorandum solely refers – and merely at a very general level without specifying any details – to the intention of aligning the rules on remuneration with those set out under Directive 2013/36. However, neither the recitals nor the legal amendments make the regulatory objectives of the EU commission transparent. Recital 40 only offers an explanation on the amendments under letter (b). In order to also make the amendments referred to under letter (a) comprehensible, it is essential to provide detailed explanations for all of them, not only for the amendments under letter (b). This is even more important as we do not consider the objective of aligning banking and insurance rules on remuneration as self-explanatory or comprehensive. Moreover, while acknowledging that supervisory requirements may not be in line with labor law, the new requirements do not leave any proper solution to such conflict, thus placing insurance undertakings in a difficult situation. Generally, apart from scenarios of extreme financial distress as well as compliance issues, it does not seem justified (nor always legally possible) to retroactively adjust earned and allocated compensation for later period's individual or collective performance in all cases. Right now, the draft proposal thus adds a great deal of complexity and legal uncertainty to the remuneration regulation instead. The amendments introduce many undefined legal terms, thus granting NCAs too much discretion in applying the rules. For instance, making the payment or vesting of the variable remuneration, including the deferred portion, contingent on the "sustainability of the financial situation of the undertaking as a whole" would give supervisors an instrument to intervene in existing contractual agreements without being bound by clear and measurable criteria. The same applies to the requirement to considerably contract the variable remuneration where "subdued or negative financial performance of the undertaking" occurs and the reference to the "performance of the undertaking, the business unit and the individual concerned. " In addition to that, the requirement that the variable remuneration needs to be (cumulatively) justified on the basis of the performance of the undertaking, the business unit and the individual concerned also contradicts Art. 275 (2) (b) which does not necessarily require a variable remuneration that measures individual performance but also allows for a sole collective performance measurement. Ultimately, we also believe that the proposed restrictions are not consistent with the Solvency II Directive and exceed the mandate given by that Directive. Directive (EU) 2025/2 only allows for the suspension or restriction of variable remuneration if the solvency position of the insurer deteriorates (Art. 136a (2) (d)), the insurer is exposed to liquidity vulnerabilities in exceptional circumstances (Art. 144b (3) (d)) or during exceptional sector-wide shocks (Art. 144c (2) (d)). Any such provisions would be ineffective if there was already

		cancellation or even claw-back of variable remuneration in case of “subdued financial performance”. The Directive does not provide the EU Commission with a mandate under the Delegated Regulation to extend these limited and clearly defined circumstances according to which a restriction or suspension would be appropriate. If the amendments are upheld anyway, we strongly suggest, as mentioned above, amending the recitals with the regulatory objectives for all amendments under letter (a), combined with the intention to ensure a level playing field by choosing the Delegated Regulation as the legal instrument for aligning the remuneration rules with those of the banking sector. This would at least mitigate the risk of gold plating as experienced with the transposition of Directive 2013/36 in the past.
(85)	290 - 294	We welcome that Article 290 (3) allows the use of links in the SFCR part targeted at market professionals and that the SFCR part targeted at policy holders and beneficiaries is limited to 5 pages according to Article 292 (5). Overall, the requirements for the SFCR are still burdensome, especially the language requirements of Article 292 (1) are extensive – cf. our remark on paragraph (89). We welcome the standardized definition of SCR and MCR. At the same time we would like to highlight that the expanded scope regarding sustainability risks in the part for policyholders and beneficiaries and the expanded scope of sustainability disclosures in the narrative reports contradict the (Omnibus) activities at the European level to reduce the burden on companies with regard to sustainability reporting. This means that sustainability information is now required for all insurance companies subject to SII reporting requirements, even though they may be exempt from their own CSRD reporting obligations under the German Commercial Code (HGB) due to their size (fewer than 1,000 employees) or as part of a group of companies under the group clause. In this context, in Article 292(4) a clarifying note should be included, stating that only undertakings falling within the scope of Directive 2013/34/EU are required to disclose this information. Regarding the link to transition plans under the CSRD it should be clarified that this only applies to undertakings falling within the scope of Directive 2013/34/EU. Regarding the SFCR for market professionals we welcome that there is no requirement to publish a summary. However, the reference to Regulation (EU) 2023/2859 in article 291 paragraph 1 (a) is critical as it correlates to the development and implementation of ESAP. Regarding the requirements relating to sustainability in article 296 paragraph 1 (a), (b) we refer to our comment relating to the SFCR part addressed to policyholders and beneficiaries.
(86)	295	The article on “Risk profile” is deleted and the requirements on the risk profile are included in Article 297. While we welcome the deletion it should be noted that in this way the requirements laid down in Article 297 are increased by exactly the amount of the deleted Article. Thus, this does not reduce

		the burden of reporting. To effectively reduce the burden, it should be reconsidered if all the information required in Article 297 is truly necessary.
(87)	296 - 297	The content of the SFCR part targeted at market professionals has been broadened to include information, e.g. on sensitivities, LTE and sustainability related information. This contradicts the aim of reducing the reporting burden, especially the expansion of requirements for companies subject to reporting for financial stability purposes to provide sensitivity analyses (Art. 297(2)). These requirements go far beyond Level 1. A separate quantitative analysis must be conducted for each individual scenario (a) through (h). In practice, implementing this requirement will lead to very high effort. Additionally, in conjunction with the publication obligation, it implies an additional capital requirement. Thus, we propose to delete this requirement. If a deletion is not foreseen, at least the volatility adjustment and the symmetric adjustment should be adjusted adequately in the scenarios. To ensure a level playing field and consistent calculations, EIOPA should publish the required interest rate term structures for the scenarios prescribed in article 297 paragraph 2, third subparagraph, point (c) and (d). The Delegated Regulation should include a provision that such publications are required. The experience in recent years shows that particularly the effort involved in preparing Solvency and Financial Condition Reports is disproportionate to the public interest, which is fairly low. We see significant room for further streamlining and simplifying the SFCR targeted at market professionals without reducing the value of the information provided. In particular, Level 2 should not introduce reporting requirements that exceed the scope of Level 1 obligations. Moreover, the current SFCR contains redundant information for professional audiences that is already available in other publications. This particularly applies to chapters on business performance and the system of governance. Public QRTs have proven to provide the most relevant information for market professionals. Therefore, the SFCR section for this audience should primarily focus on quantitative data, with narrative descriptions reduced to the essential minimum. Regarding article 297 paragraph 2 (h) the requirement should be refined, clarifying that the split refers to the total contributions of Standard Formula modules and Internal Model categories to the diversified SCR and does not refer to showing stand-alone SCR figures for all single elements. Further, as part of the amendment of the ITS on reporting, QRT 25.05 should be amended to also reflect this information there, i.e., two items to be added: one reflecting the total contribution of SF modules to the diversified SCR, the other reflecting the total contribution of IM categories to the diversified SCR. In view of article 297 paragraph 5 the wording of the requirements on both on liquidity risk and risk concentrations

		should be defined better, as they are currently very unclear. Questions are for example: Shall liquidity risk be included in D.6 (risk-mitigation techniques) and D.7 (material risks not captured by SCR)? It might be more straightforward to move liquidity risk from D.5 to D.7 instead of addressing it in multiple sections. Regarding article 297 paragraph 6 on risk mitigation the previous structure is more appropriate for audience in terms of readability. The wording of article 297 paragraph 7 needs to be refined. It is not clear whether qualitative and quantitative information regarding (risk?) exposure shall be provided. The draft requirement that the SFCR "shall contain ... the exposure arising from off-balance sheet positions and the transfer of risk to special purpose vehicles." is too imprecise. as it could be interpreted as a requirement to show the respective quantitative risk exposures. This would be too much detail for SFCR. We propose to amend the wording as follows: "shall contain both quantitative (…) period, as well as information regarding the risk exposure arising from off-balance sheet positions and the transfer of risk to special purpose vehicles." The reference in Art. 297 paragraph 1(i) to the transitional measure in Art. 111(1) of Directive 2009/138/EC should be deleted because this measure is not applicable.
(88)	297a	This new article includes sustainability-related information in the SFCR part targeted at market professionals in line with the requirements of Level 1. In view of the Omnibus proposals, we would like to encourage a critical assessment of how sustainability information is integrated into the Solvency II legislation. In our view, it is of particular importance to ensure a clear distinction between sustainability reporting obligations and the disclosure of information relating to sustainability risks. Although Solvency II is not part of the Omnibus initiative, it should be considered whether a kind of a "stop-the-clock" mechanism could be introduced, given its reference to Directive 2013/34/EU and the fact that the requirements under the CSRD remain under revision. Specifically in this context, a clarifying note should be included in Article 297a (2), stating that only undertakings falling within the scope of Directive 2013/34/EU are required to disclose this information. Furthermore, any new sustainability requirements within Solvency II should be aligned with the revised ESRS in terms of granularity and depth. Another goal of the Omnibus initiative is to enhance consistency across sustainable finance regulations. While Solvency II is not a sustainable finance regulation, sustainability-related rules should be fully consistent and aligned with other frameworks. Although sustainability risk plans and transition plans, as defined by the CSDDD and the CSRD, have different focuses, they are

		closely connected and interlinked. Efforts should be made to simplify these connections as much as possible. Consistency and overlap with other directives, such as the CSRD and CSDDD, as well as the current Omnibus process, should be considered more closely and duplications should be avoided. In this context, we would also like to draw the attention to the fact that the draft RTS developed by EIOPA also requires disclosures on sustainability risks. It is essential to ensure that there are no overlapping reporting requirements between the SFCR and the future RTS developed by EIOPA. A careful assessment should therefore be conducted to determine whether additional requirements in the SFCR are justified, and new or additional obligations should be introduced only where they are strictly necessary.
(89)	298a	The language requirements of Article 298a (1) in connection with Article 292 paragraph 1 are too onerous and should be restricted to a language commonly understood in the international context.
(90)	299	We welcome that a title is added for Article 299.
(91)	300	The reference to Article 51 (7) of Directive 2009/138/EC provides clarity and is supported.
(92)	301	While we welcome that printed copies of the SFCR no longer have to be sent on request the newly introduced requirements of paragraph 6 2nd sentence are too strict. Paragraph 6 stipulates that undertakings have to submit the exact location of the SFCR on the website together with the information referred to in Article 304 (1) (d). Article 304 (1) (d) refers to the submission of annual and quarterly quantitative templates. It is unclear why the link should be submitted together with the quarterly QRT. Hence, it should be clarified that the link has to be submitted together with the annual quantitative templates. Further, the deadlines for SFCR disclosure and submission of quantitative templates differ. Hence, it will regularly be the case that if a link is provided, the SFCR will be published under this link later. The last sentence of paragraph 7 is seen critical as it could be understood as if undertakings have to take responsibility for the information disclosed by EIOPA / supervisory authority. It should be clarified that undertakings are responsible for data disclosed or reported by themselves. Further, paragraph 5 raises questions regarding format and search function.
(93)	302 (2)	The German supervisory authority already requires that changes to the SFCR need to be identified. Therefore, the proposal appears feasible.
(94)	303	The deletion of the transitional arrangements is comprehensible.

(95)	304 - 305	We welcome that the requirement to include a summary in the RSR is deleted. While the Own Risk and Solvency Assessment (ORSA) Report is part of the supervisory reporting framework, we propose that Article 304(c) be supplemented to explicitly clarify that this is an undertaking-specific report. Accordingly, the undertaking itself should retain discretion regarding the report's structure and emphasis, in line with its individual risk profile and business priorities. Such a clarification would also help to avoid overlaps with the RSR and ensure a clearer distinction between the two reporting formats. The adjustment to Article 305 to also include "changes to any information submitted to supervisors" appears reasonable.
(96)	307 - 308	The amended requirements for the RSR chapters on „Business and performance" and „System of governance" seem feasible, we welcome that the requirements have been slightly streamlined. Regarding article 307 paragraph 1 (b) it should be noted that the reference to Regulation (EU) 2023/2859 in article 291 paragraph 1 (a) is critical as it correlates to the development and implementation of ESAP. While we welcome that the comparison of the underwriting performance (planned vs. actual) and information on the reinsurance scheme is no longer required, the projections of the underwriting performance by material line of business and geographical areas is very burdensome and significantly increases the reporting burden. We propose not to change this reporting requirement and keep it as it currently is under 307 (2d): "projections of the undertaking's underwriting performance, with information on significant factors that might affect such underwriting performance, over its business planning time period". If a change is absolutely necessary, explicit clarification should be added, that not a SII line of business view is required here. This could be done by adding a clarification as follows: "2. The regular supervisory report shall include all of the following qualitative and quantitative information regarding the underwriting performance of the insurance or reinsurance undertaking, as shown in the undertaking's financial statements: […] (b) projections of the undertaking's underwriting performance by material line of business (not by SII lines of business) and material geographical areas (...). Although the requirement specifies that information should be reported "as shown in the undertaking's financial statements", local regulators may go beyond SII legislation and request the use of SII lines of business, as currently done in Germany for the existing requirements, leading to an inconsistent reporting landscape. Planning processes are not equipped to provide data and qualitative information over the business planning time period at the granular level required for SII lines of business. This would involve an unreasonable amount of effort.

		Regarding article 308 paragraph 6 (a) (iii) the wording of the requirement "any information on outstanding material issues" needs to be clarified. There is a distinction between "material issues" and "material findings," making it unclear what specific information is expected. Please clarify the meaning of "material issues" as opposed to "material findings." Additionally, bullet C is struck. We expect a formatting error, as there are references to the audit plan reporting requirements elsewhere in the delegated act. Besides this, to effectively reduce the reporting burden of the RSR, the requirements could be limited to material changes where possible.
(97)	309	Article 309 on „Risk profile“ has been deleted and the requirements have been included in Article 311. In parallel to our comment on this change for the SFCR, while we welcome the deletion it has to be noted that the requirements laid down in Article 311is increased. To effectively reduce the reporting burden of the RSR, the requirements could be limited to material changes where possible.
(98)	310 (2), (3)	The expansion of the scope of reporting in paragraph 2 to include sensitivity analyses and backtesting should be deleted.
(99)	311	The requirements on Capital management and risk profile have been reshuffled and slightly streamlined, this is also due to the inclusion of risk profile requirements in this article. However, the requirements remain comprehensive and burdensome. While we acknowledge the efforts to streamline the Regular Supervisory Report and appreciate the intention to minimise duplication with information reported under the ORSA we believe there is further potential to enhance efficiency and alleviate reporting burdens, i.e the requirements could be limited to material changes where possible.
(101)	312 - 313	Article 312 contains the requirement to report on material changes in years without RSR submission. It should be clarified that no information is necessary, if no material changes occurred since the last RSR submission. The requirements of Article 313 on „Means of communication“ raises question regarding the form and search function. Moreover, the reference to article 304 paragraph 1 should be specified to article 304 paragraph 1 (b) as otherwise the SFCR, ORSA and QRT are also encompassed which is clearly not desired as e. g. the SFCR has separate requirements regarding means of disclosure in article 301. If this was not clarified the question would arise whether the SFCR can continue to be prepared in the same electronic format as before (as Article 301 stipulates), or whether it is necessary for it to be submitted in a different format alongside the RSR to the supervisor? Or does this requirement refer solely to the specific PDF format (e.g., A-3A Iso) mandated by the regulators' submission portals? Working with various and specialized formats, particularly if it necessitates preparing the

		SFCR in two distinct ways, would significantly increase the reporting burden.
(102)	314	The deletion of „Transitional information requirements“ is comprehensible.
(103)	327a – 327g	The newly introduced chapter XVI on „Proportionality measures“ defines the criteria for the application of proportionality measures by non-SNCU. The concept is very complex and encompasses up to eight criteria for each proportionality measure, in total there are 37 criteria to be met for all six proportionality measures. One of the general criteria which applies to all measures is that the undertaking needs to be able to “withstand any current or future risks” which is too broad. It should be limited to the undertakings’ current and future risks as proposed in EIOPAs’ Technical advice. Besides this, in Articles 327c, 327f, and 327g, the criterion that the company does not require more frequent supervision has been omitted from paragraph 1(a) respectively—it is unclear whether this is intentional. It should also be clarified that Article 29a (1) (a) (v), Article 29a (1) (b) (vi) and Article 29a (1) (c) (viii) of the Solvency II Directive do not apply to reinsurance undertakings. This criterion excludes reinsurance undertakings from being classified as SNCU, which is clearly not intended as reinsurance undertakings are not mentioned in Article 29a paragraph 3.
(106)	330 (1)	The proposed changes to Article 330(1) explicitly refer to expected profits in future premiums (EPIFP, Art. 70(2)) in the context of own funds that require availability justification at group level. However, the reconciliation reserve, of which EPIFP is a typical component, is not otherwise included in the list. There is no objective justification for treating EPIFP differently from other elements of the reconciliation reserve. Singling out EPIFP for availability testing imposes an additional burden on undertakings, even though EPIFP are already subject to the same prudential treatment as other own funds within the reconciliation reserve. Due to the inherently model-based and forward-looking nature of EPIFP, it is particularly difficult to provide concrete proof of availability at group level — making the proposed requirement both disproportionate and impractical. We therefore suggest the removal of the specific reference to EPIFP in Article 330 (1). At least, a supervisory assessment should only be required if the group supervisor can substantiate well-grounded doubts and underlying evidence regarding the actual transferability.
(106)	330 (4a)	The newly introduced paragraph 4a to Article 330 specifies the calculation of minority interests in a subsidiary exceeding the contribution of that subsidiary to the group solvency but incorrectly reflects the available own funds at group level in

		nested group structures. The difference calculated in point (a) refers to the “**total** eligible own funds of the subsidiary”, which does not exclude further minority interests by this subsidiary undertaking. With this calculation, the amount deducted due to minority interest would overestimate the amount that exceeds the contribution to the group SCR since the total eligible own funds are larger than the consolidated own funds contributed by this subsidiary. In other words, if the parent undertaking has a minority interest in a subsidiary undertaking (direct subsidiary), which in turn has a minority interest in a second undertaking (indirect subsidiary), the new paragraph would require individual calculations of the minority interests for both of these subsidiaries and would deduct both resulting amounts from the group own funds. However, since the **total** eligible own funds of the direct subsidiary are considered in point (a), this also includes the participation in the indirect subsidiary. Thus, the minority interest in the indirect subsidiary would be included in both calculations and thus lead to a deduction twice, which overestimates the amount of unavailable own funds at group level. We propose that the eligible own funds considered in point (a) should correspond to the own funds that subsidiary contributes to the group own funds on a consolidated basis, net of any further intra-group participations. This would avoid the double-counting of minority interests and accurately reflect the available own funds due to the group structure.
(107)	331	The title of the new article should be “Article 331” instead of “Article 333”.
(111)	336 (c)	The proposed change to Article 336 (c) would mean that the contributions of reference undertakings (credit institutions, investment firms, financial institutions, AIFMs, UCITS management companies, IORPs, non-regulated undertakings carrying out financial activities) to the group SCR would need to be calculated in accordance with article 336 (c) (revised), rather than in accordance with the provisions of the revised article 228 of the Solvency II Directive. Therefore, there appears to be an inconsistency between the Directive and the Delegated Regulation.
(112)	336a, 336b	The newly introduced Article 336b severely restricts the application of Article 229a added in the amending Directive. The narrow scope that is proposed essentially limits any simplified approach to just using the Standard Formula equity module mechanism, complemented by market risk and currency risk modules. If this had been the political intention, it could have been already worded in the Directive and not left for further specification in the Delegated Regulation. We therefore suggest remaining open for a range of simplification approaches, that ideally also do not exclude diversification.
(115)	359	There is ambiguity regarding whether the Group SFCR should include information intended solely for market professionals or

		also for policyholders and beneficiaries. Article 359, which addresses the structure of the Group SFCR, references only Articles 293-298, which outline content requirements for market professionals. Notably, Article 292, which includes reporting requirements for policyholder and beneficiary information, is not mentioned. However, Article 290 is cited, stating that information from Articles 292 to 298 should be disclosed. Please clarify that only information for market professionals must be disclosed in the Group SFCR – by specifying that Article 290 applies with the exception of Article 292. The Level 1 legislation is similarly perplexing: Article 256: 1. Member States shall require participating insurance and reinsurance undertakings, insurance holding companies and mixed financial holding companies to disclose publicly, on an annual basis, a report on solvency and financial condition at the level of the group. That report shall contain information about the group addressed to other market professionals, as referred to in Article 51(1b). Articles 51, 53, 54 and 55 shall apply mutatis mutandis.
(116)	360 (3)	The deletion of this language requirement is welcome.
(118)	363 (2)	This reflects the amendment of paragraph (93) for solo SFCRs. Hence, our comment on paragraph (93) applies for paragraph (118) as well.
(123)	369 (2)	This reflects the amendment of paragraph (93) for solo SFCRs. Hence, our comment on paragraph (93) applies for paragraph (118) as well.
(125)	372	The changes to „Elements and contents“ of the group RSR are feasible, but overall the reporting requirements remain extensive and burdensome. To effectively reduce the reporting burden, the information required could be limited to material changes since the last group RSR where possible.
(126)	372a	We welcome that the newly introduced article allows for a single RSR. Unfortunately, it is not sufficiently clear whether companies with material changes can be included in the single RSR, as Art. 372a (2) does not refer to Art. 312 (only refers to Art. 307-311)
(129)	377a – 377b	The newly introduced chapter on „proportionality measures at group level“ mirrors the conditions of proportionality measures for individual undertakings, therefore our comments on paragraph (103) apply accordingly. The additional factors to be taken into account by the group supervisor according to Article 377b (2) seem to be reasonable. Unfortunately, the draft does not resolve a key proportionality gap at group level. Specifically, it fails to address cases where a group includes an SNCU subsidiary, but the group itself does not qualify as an SNCG or a non-SNCU seeking to apply proportionality according to Article 377b. In such cases, proportionality measures granted to the SNCU at solo level are

		effectively nullified at group level — for example, when group reporting requires consolidated data that includes figures from the SNCU, even if it is exempt from reporting under solo-level. This oversight undermines the effectiveness of proportionality and creates barriers for SNCUs within larger groups. To address these issues effectively, it should be allowed at the group level to use historical data for exempted companies or exclude them from consolidation in reports or plans.
Comments without reference to the Draft Delegated Regulation		
Missing	116 (5)	Article 116 (5) should be amended to clarify the netting of premiums. When deducting the premiums for reinsurance contracts, reimbursements such as provisions paid by the reinsurer to the cedent should not be considered. This means that premiums for reinsurance contracts should be considered gross of any such deductions. Otherwise, the volume measure for the premium risk would increase by the amount of these reimbursements, which would in turn increase the respective SCR. This would apply the same risk factors to the reimbursements as to the premiums remaining with the cedant, which would greatly overestimate the risk at hand. Even if the reimbursements represent risk in cost volatility, this volatility is much smaller than the claims volatility that is mainly described by the risk factors in the standard formula. Thus, a clarification should be included by replacing the first subparagraph of Article 116 (5) by the following: '*For the purposes of the calculations set out in paragraphs 3 and 4, premiums shall be net, after deduction of premiums for reinsurance contracts.* ***Payments other than premiums between the reinsurance undertaking and the ceding undertaking should not be considered in the calculation of premiums for reinsurance contracts.*** *The following premiums for reinsurance contracts shall not be deducted:*'
Missing	140 and 157	A provision is still missing that acquisition expenses and other contractually irrevocably fixed expenses are excluded from the life and health expense shocks.
Missing	142 (6) and 159 (6)	The risk factors for the life and health mass lapse scenarios are unreasonably high. Even in extreme situations of individual insurers, lapse rates of 40% (or 70%) have not occurred. The mass lapse risk factors should therefore be recalibrated (or at least be re-placeable by an undertaking-specific parameter). This is shown in some studies, e.g. Biagini, F., Huber, T., Jaspersen, J. G., Mazzon, A. (2020). Estimating extreme cancellation rates in life insurance. https://doi.org/10.1111/jori.12336.
Missing	174	According to recital 104 of Directive (EU) 2025/2, the SCR calibrations should be reviewed in order to eliminate undue dependencies on data from the UK. This applies in particular to property risk, for which the risk factor is determined purely on the basis of UK data (commercial property market in the Greater London area). The current 25% risk factor for property risk in the

		standard formula is clearly too high for property exposures in the Union and should therefore finally be reduced.
Missing	274 (4) (b) and (f)	Both requirements on the written agreement between an insurance undertaking and a service provider for critical or important operational functions or activities should only be mandatory “where appropriate” <u>Rationale:</u> Article 274 (4) (b) and (f) impedes compliance with regulatory requirements if an outsourcing agreement qualifies both as a critical or important operational function or activity and an ICT service supporting critical or important functions pursuant to Regulation (EU) 2022/2554 (DORA). The latter provides for requirements for the management of third-party risks in the area of information and communication technologies which are not only equivalent but partly more comprehensive than the outsourcing requirements under Solvency II except the commitment of the service provider to comply with the policies of the insurance undertaking (Article 274 (4) (b)) and the right to issue general guidelines and individual instructions towards the service provider (Article 274(4)(f)). Therefore, insurance undertakings are ultimately subject to two supervisory regimes with negligible differences. It would contribute to simplification and less bureaucracy if compliance with DORA-requirements is regularly sufficient in these cases. The de-prioritization of Article 274 (4) (b) and (f) is also justified because detailed service level agreements make the right to issue instructions and the obligation to comply with the insurance company's policies obsolete in many cases.
Missing	335 (1) (c)	Recital 51 of these Draft Amendments of the Delegated Acts indicate a change of the DA permitting a consolidation of joint ventures via the equity method. However, the Draft Amendments of the Delegated Acts do not foresee this change in Art. 335 (1) (c). We recommend including this change.
Missing	341a	We suggest including a new Article 341a in order to specify the application of Article 230 of the Directive. This clarification is essential to eliminate non-economic double counting of risks in intermediate insurance (holding) companies and third-country entities, which disproportionately impacts EU-based international groups due to their vertical structures. In detail, local requirements of third-country entities should not be double counted if undertakings can demonstrate that these risks are already fully reflected in the minimum capital requirements of an EEA parent, to the satisfaction of supervisory authorities. To avoid such double-counting of risks, the following Article 341a should be introduced: *“Where applicable, the minimum consolidated group Solvency Capital Requirement determined in accordance with the requirements set out in the second subparagraph of Article 230(2) of Directive 2009/138/EC shall be the sum of amounts referred to in points (a), (b) and (c), unless the participating*

		undertaking can demonstrate to the satisfaction of the supervisory authority that the risks borne by related third-country insurance and reinsurance undertakings are already taken into account in the contribution of another insurance and reinsurance undertaking established in the EEA for an equivalent amount in (a) or (b).”
Missing	Annex I and Annex XII	Pet health insurance is a strongly growing segment in the insurance industry. Currently, Annex I does not specify its assignment to a line of business (lob). We recommend clarifying that pet health insurance should be assigned to lob 7 (Fire and other damage to property insurance). This assignment is risk-appropriate: it would correctly lead to no consideration of cat risks and conservatively reflect premium and reserve risk. The volatility of claims is even lower than in other property insurances. If this clarification should not be foreseen at this stage of the review of the delegated act, it should be taken into account that no significant catastrophe risk exists. In this case, if pet health insurance is settled in line of business 12, we suggest that Annex XII should be adapted such that pet health insurance is exempt from non-life catastrophe risk. This would include changing group 3 in Annex XII to: *‘Insurance and reinsurance obligations included in lines of business 12 and 24 as set out in Annex I, other than pet health insurance obligations and other than extended warranty insurance and reinsurance obligations provided that the portfolio of these obligations is highly diversified and these obligations do not cover the costs of product recalls’* Furthermore, the following paragraph should be added to Annex XII: *'For the purpose of group 3, 'pet health insurance obligation' means insurance obligations which cover the cost of pet health measures that exclude costs of animal epidemics.'*

Berlin, 5 September 2025