

EIOPA consultations and the Solvency II review

2025 consultation papers: Part 4

Conor Callaghan, FSAI
Seán McCaw, FSAI
Mirakh Modasia, FIA



Introduction

In April 2024, the European Parliament formally adopted the amendments to the Solvency II Directive¹ arising from the Solvency II 2020 review. Subsequently, in October 2025, the European Commission published the finalised amendments to the Delegated Regulation² underpinning the Directive. With the implementation date for the revised Solvency II framework set for 30 January 2027, the European Commission and the European Insurance and Occupational Pensions Authority (EIOPA) have been working on the areas for which they will be providing further detail. Several consultation papers have been published this year, building on the consultations released in 2024 and providing stakeholders with the opportunity to influence the final requirements.

The Solvency II legislation is implemented on three levels:

- Level 1: The Solvency II Directive (the Directive) – this is the framework legislation and is subject to European legislative approval procedures which require agreement by the European Parliament, European Council and European Commission.
- Level 2: The Delegated Regulation, Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS) – these are legislative provisions made by the European Commission on the basis of advice received from EIOPA.
- Level 3: Guidelines – these are issued by EIOPA to ensure consistent supervisory practices and application of the legislation.

Figure 1 shows all consultations launched in 2024 and 2025.

The consultations conducted in 2024 and 2025 are summarised in our briefing note series. This series, including the current briefing note, can be found here: [part 1](#), [part 2](#) and [part 3](#).

FIGURE 1: CONSULTATIONS LAUNCHED IN 2024 AND 2025 TO DATE

CONSULTATION	LAUNCH DATE	CLOSURE DATE	STATUS	INCLUDED IN THIS OR PREVIOUS NOTES
Revised guidelines on ring-fenced funds	09-Oct-25	05-Jan-26	Draft guidelines	✓ This note
RTS on simplified calculation of the risk margin	09-Oct-25	05-Jan-26	Draft Technical Standards	✓ This note
Revised ITS on matching adjustment approval	09-Oct-25	05-Jan-26	Draft Technical Standards	✓ This note
Revised ITS on disclosures templates to supervisory authorities	09-Oct-25	05-Jan-26	Draft Technical Standards	✓ This note
Guidelines on powers to remedy liquidity vulnerabilities	09-Oct-25	05-Jan-26	Draft guidelines	✓ This note
Revised guidelines on valuation of technical provisions	09-Oct-25	05-Jan-26	Draft guidelines	✓ This note
Revised guidelines on exchange of information within colleges	14-Jul-25	14-Oct-25	Draft guidelines	✓ Part 3
Supervisory reporting and public disclosure requirements	10-Jul-25	10-Oct-25	Draft ITS	✓ Part 3
Revised guidelines on supervisory review process	02-Jul-25	24-Sep-25	Draft guidelines	✓ Part 3
Draft guidelines on exclusions from group supervision	03-Apr-25	26-Jun-25	Draft guidelines	✓ Part 3
Draft revised guidelines on the treatment of related undertakings	03-Apr-25	26-Jun-25	Draft guidelines	✓ Part 3

¹ The complete text of the adopted Solvency II Directive can be found at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202500002.

² The finalised text of the Solvency II Delegated Regulation proposed for adoption by the European Commission can be found at https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/solvency-2_en#latest.

CONSULTATION	LAUNCH DATE	CLOSURE DATE	STATUS	INCLUDED IN THIS OR PREVIOUS NOTES
Draft revised opinion on dynamic volatility adjustment	03-Apr-25	26-Jun-25	Draft EIOPA opinion	✓ Part 3
Management of sustainability risks including sustainability risk plans	04-Dec-24	26-Feb-25	Draft RTS	✓ Part 2
Notion of diversity for the selection of the members of the administrative, management or supervisory body	04-Dec-24	26-Feb-25	Draft guidelines	✓ Part 2
Undertaking-specific parameters	04-Dec-24	26-Feb-25	Draft guidelines	✓ Part 2
Exposures to regional governments and local authorities to be treated as exposures to the central government	04-Dec-24	26-Feb-25	Draft ITS	✓ Part 2
Market and counterparty risk exposures in the Standard Formula	04-Dec-24	26-Feb-25	Draft guidelines	✓ Part 2
Biodiversity risk management	04-Dec-24	26-Feb-25	Draft Report to Commission	✓ Part 2
Annexes to the opinion on the use of risk mitigation techniques by insurance undertakings: mass-lapse reinsurance and reinsurance agreements' termination clauses	08-Nov-24	07-Feb-25	Draft annex to EIOPA opinion	✗
Standard Formula capital requirements for investments in crypto assets	24-Oct-24	16-Jan-25	Draft Technical Advice	✗
Applicability criteria for macroprudential analysis in Own Risk and Solvency Assessment (ORSA) and Prudent Person Principle (PPP)	17-Oct-24	09-Jan-25	Draft RTS	✗
Liquidity risk management plans (LRMPs)	01-Oct-24	02-Jan-25	Draft RTS	✓ Part 1
Exceptional sector-wide shocks	01-Oct-24	02-Jan-25	Draft RTS	✓ Part 1
Undertakings under dominant/significant influence or managed on a unified basis	01-Oct-24	02-Jan-25	Draft RTS	✓ Part 1
Enhancing the supervision of cross-border activities	01-Oct-24	02-Jan-25	Draft RTS	✓ Part 1
Scenarios for best-estimate valuations for life insurance obligations	01-Oct-24	02-Jan-25	Draft ITS	✓ Part 1
Supervising the liquidity risk management of institutions for occupational retirement provision (IORPs)	26-Sep-24	20-Dec-24	Draft EIOPA opinion	✓ Part 1
New proportionality framework	02-Aug-24	25-Oct-24	Draft Technical Advice	✓ Part 1
Standard Formula capital requirements for insurers' direct exposures to qualifying central counterparties	31-Jul-24	23-Oct-24	Draft Technical Advice	✓ Part 1
(Re)assessment of natural catastrophe risk in the Standard Formula	31-Jul-24	23-Oct-24	Draft EIOPA opinion	✓ Part 1
Templates for explanations and opinions, and the standardised test for the classification of crypto assets	12-Jul-24	12-Oct-24	Draft guidelines	✓ Part 1
Prudential treatment of sustainability risks	13-Dec-23	22-Mar-24	Draft EIOPA opinion	✓ Part 1

In this briefing note we discuss the fourth batch of consultation papers in relation to the Solvency II review, covering the following:

- Draft revised guidelines on valuation of technical provisions (primarily focusing on changes to the risk margin calculation methodology)
- Draft RTS on simplified calculation of the risk margin
- Draft revised guidelines on ring-fenced funds
- Draft revised ITS on matching adjustment (MA) approval
- Draft revised ITS on disclosures templates to supervisory authorities
- Draft guidelines on supervisory powers to remedy liquidity vulnerabilities

Questions to stakeholders

Many of the EIOPA consultation papers include questions to stakeholders and are looking for comments and feedback. Respondents are asked to provide comments on the various policy issues outlined in the consultation papers.

The deadline for submitting responses for each paper is shown in Figure 1 above.

Draft revised guidelines on valuation of technical provisions

This consultation³ focuses on revising the guidelines and technical annexes governing the calculation of the risk margin. The overall objective is to align the guidance with the amended framework resulting from the Solvency II review, while streamlining and providing further clarity.

Whereas previously only implied, the revised guidelines now explicitly state that (re)insurance undertakings should base their choice of risk margin calculation method on the hierarchy set out in the guidelines. Although the hierarchy itself remains unchanged, it is specified here for clarity regarding the updated guidance.

- Method 1: projection by individual risks/sub-risks
- Method 2: proportional method by best estimate
- Method 3: modified duration approach
- Method 4: percentage of best estimate

A key driver of the changes is the introduction of the exponential, time-dependent element (the 'lambda factor') into the risk margin calculation under the amended Solvency II Directive. The guidance stipulates that methods 3 and 4 of the hierarchy are not permitted to utilise this factor.

The updated guidance also reflects that undertakings should assess whether the risk profile and main risk drivers are expected to remain stable over time when using method 2 or method 3.

Within the technical annexes, for method 1, relating to non-life underwriting risk, non-life lapse risk is now explicitly referenced alongside catastrophe risk as being considered only for insurance contracts that exist at time zero.

For method 3, the calculation of the risk margin has been revised, with the one-year discount factor ($1+r_1$), which was previously included in error, now removed from the formula.

Consultation on the draft RTS on simplified calculation of the risk margin

This consultation⁴ presents draft RTS text amending Article 58 of the Delegated Regulation to ensure that the simplified risk margin methods remain aligned with the revised formula incorporating the lambda factor methodology. The update is procedural and does not introduce any material changes.

Draft revised guidelines on ring-fenced funds

This consultation⁵ outlines proposed revisions to the guidelines on ring-fenced funds, focusing primarily on the removal of provisions previously related to the MA, as well as on simplifying and streamlining the overall guidance.

The amending Directive specifies that undertakings using the MA should be permitted to calculate their Solvency Capital Requirement (SCR) on the basis of full diversification between the assets and liabilities of the MA portfolio and those of the rest of the undertaking, unless the asset portfolios constitute a ring-fenced fund. To align with this position, EIOPA has removed the text that previously extended ring-fenced fund guidance to MA portfolios.

3 EIOPA. (9 October 2025). Consultation on revised guidelines on valuation of technical provisions – Solvency II review. Retrieved December 9, 2025, from https://www.eiopa.europa.eu/consultations/consultation-revised-guidelines-valuation-technical-provisions-solvency-ii-review_en.

4 EIOPA. (9 October 2025). Consultation on RTS on simplified calculation of the risk margin – Solvency II review. Retrieved December 9, 2025, from https://www.eiopa.europa.eu/consultations/consultation-rt-simplified-calculation-risk-margin-solvency-ii-review_en.

5 EIOPA. (9 October 2025). Consultation on revised guidelines on ring-fenced funds – Solvency II review. Retrieved December 9, 2025, from https://www.eiopa.europa.eu/consultations/consultation-revised-guidelines-ring-fenced-funds-solvency-ii-review_en.

Consultation on the revised ITS on MA approval

This consultation⁶ proposes amendments to the ITS on supervisory approval of the MA to align with the revised requirements of the Directive and Delegated Regulation. The ITS has been expanded to require evidence that the conditions for including restructured assets are met, where applicable. Additionally, the undertaking's liquidity plan for the MA may now be combined with its LRMP, streamlining the overall approach to liquidity.

Consultation on ITS on disclosures templates to supervisory authorities

This consultation⁷ proposes amendments to the ITS that set out the templates and structure for information disclosure by supervisory authorities, ensuring alignment with the revised Solvency II Directive and Delegated Regulation requirements. The changes also update the templates to reflect modifications in disclosure requirements since the ITS was first released in 2015.

The amendments include the incorporation of disclosure templates related to the principal loss-absorbency mechanism (PLAM), disclosures for small and non-complex undertakings or groups (SNCUs or SNCGs) and the new proportionality framework, as well as disclosures on group supervision exemptions.

Consultation on guidelines on powers to remedy liquidity vulnerabilities

This consultation⁸ proposes new guidelines specifying measures for addressing deficiencies in liquidity risk management, the supervisory powers to reinforce liquidity, the criteria for temporarily suspending redemption rights in exceptional circumstances and the conditions for consistent application of such suspensions to protect policyholders in all jurisdictions subject to Solvency II.

The guidance specifies that when material liquidity risks are identified, undertakings must submit formal remedial plans aligned with their LRMPs and ORSAs; if timely and effective action is not taken, supervisory authorities may require improvements to governance, controls, stress-testing, liquidity buffers, training and key staff reassessment. Interventions should be time-bound, reviewed at least every six months, and applied promptly and proportionately to prevent escalation into financial distress.

Guidance is also provided on the criteria for activating supervisory powers, with a non-exhaustive list that includes persistent breaches of liquidity risk limits, failure to comply with LRMP provisions or buffer requirements and significant mismatches in cash flow projections.

The guidance also outlines the 'exceptional circumstances' in which a temporary suspension of redemption rights may be imposed as a last resort. Relevant triggers include both market-wide shocks (such as abrupt interest rate movements, mass lapses or catastrophic loss events) and undertaking-specific weaknesses (such as an imminent SCR breach without a realistic and executable recovery plan). Additionally, the home supervisory authority should give the host supervisory authority at least five working days' notice before any suspension, and should include details of the solvency and liquidity assessment, proposed timing and expected duration of the suspension.

The consultation assesses policy options for four key supervisory issues – powers to reinforce liquidity, activation criteria, definition of exceptional circumstances and cross-border cooperation – clearly indicating EIOPA's preferred approach for each.

QUESTIONS TO STAKEHOLDERS

In the questions to stakeholders, EIOPA requests feedback on whether the guidelines should provide further specifications on three areas beyond what is set out in the proposal:

1. Should the guidelines provide specifications, further to what is set out in the consultation proposal, on the existence of exceptional circumstances that justify the temporary suspension of redemption rights?
2. Should the guidelines provide specifications, further to what is set out in the consultation proposal, on the conditions for ensuring the consistent application of the temporary suspension of redemption rights as a last resort measure across the European Union?
3. Should the guidelines provide specifications, further to what is set out in the consultation proposal, on the aspects to consider for equally and adequately protecting policyholders in all home and host jurisdictions?

6 EIOPA. (9 October 2025). Consultation on the revised ITS on matching adjustment approval – Solvency II review. Retrieved December 9, 2025, from https://www.eiopa.europa.eu/consultations/consultation-revised-its-matching-adjustment-approval-solvency-ii-review_en.

7 EIOPA. (9 October 2025). Consultation on revised ITS on disclosures templates to supervisory authorities – Solvency II review. Retrieved December 9, 2025, from https://www.eiopa.europa.eu/consultations/consultation-revised-its-disclosures-templates-supervisory-authorities-solvency-ii-review_en.

8 EIOPA. (9 October 2025). Consultation on guidelines on powers to remedy liquidity vulnerabilities – Solvency II review. Retrieved December 9, 2025, from https://www.eiopa.europa.eu/consultations/consultation-guidelines-powers-remedy-liquidity-vulnerabilities-solvency-ii-review_en.

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milliman.com



CONTACT

Conor Callaghan
conor.callaghan@milliman.com

Seán McCaw
sean.mccaw@milliman.com

Mirakh Modasia
Mirakh.Modasia@milliman.com