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**WE'LL TAKE YOU  
FURTHER**



**Review of the Solvency II Directive**

July, 2022

**addactis**  
THE RISKTECH FOR INSURANCE

# Solvency II 2020 Review

## Context

The Solvency II Directive came into force on 1 January 2016 and provided for **two review clauses in its texts**:

- **in 2018** concerning only the **delegated regulation**
- **in 2020** on the **Directive** and the **Delegated Regulation**

As part of the 2020 review, the European Commission published on 22 September 2021 draft amendments to the Directive which will be debated and adopted as part of the European legislative process.

### Solvency II Directive (level 1)



### Delegated Regulation (level 2)



*\*Minimum estimated date taking into account the legislative process*

# Solvency II 2020 Review

## Latest publications

What are the latest publications on the subject?

- **22 September 2021:** the **European Commission** has published draft amendments to the Directive
- **6 June 2022:** the **European Parliament** has published draft amendments to the Directive
- **17 June 2022:** the **European Council** published draft amendments to the Directive



*"No connection, single threads?"*

These three texts will represent the three positions of the European Commission, Parliament and Council to start the triologue negotiations...

... but the Parliament's document is still far from being the final position of the Parliament.

# Solvency II 2020 Review

## Triologue negotiation: a long and complex process

### European Commission

Sept. 2021  
Project

### European Council

17 June 2022  
Project

### European Parliament

6 June 2022  
Rapporteur Markus  
Ferber's draft proposed  
to ECON

12 July 2022  
Deadlines for ECON  
members to table their  
amendments

Sept. – oct. 2022 ?  
Negotiations in ECON to  
define compromise  
amendments

Fin nov. 2022  
Vote in ECON on the  
project and report

*At first reading, this draft:*

- appears to be very favourable to the industry
- would include in the directives measures that were covered by the delegated regulation

*300 or 400 amendments are expected, especially from the opposition*

*Possibility to vote in plenary (potential amendments in plenary) Sept. 2021 Draft 17 June 2022*

## TRILOGUE

3 or 4 months to find a compromise between the Commission, the Council and the Parliament conclusion of the negotiations rather opaque  
***Publication of amendments in the OJEU (Official Journal of the EU) in summer 2023?***

2023-2024: Transposition into national Law

Sept. 2023: Commission publishes draft delegated acts

***Entry into force on 1 January 2025?***

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## Examples of positions: risk margin

	European Commission	European Council	Draft report of the Parliament
<b>Project Level 1</b>	None (falls under level 2)	None (falls under level 2)	- Definition of the cost of capital at 4%. - Introduction of a parameter $\lambda$ at 0.9% without floor and
<b>Accompanying text</b>	At level 2, potentially : - reduction of the cost of capital from 6% to 5%. - the setting of the parameter $\lambda$ with a floor	None	None

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## Position examples: yield curve extrapolation

	European Commission	European Council	Draft report of the Parliament
<b>Project Level 1</b>	<ul style="list-style-type: none"><li>- Introduction of the concept of First Smoothing Point</li><li>- New extrapolation method</li><li>- Transitional period</li></ul>	Similar to the Commission	<ul style="list-style-type: none"><li>- For the euro, extrapolation from 20 years</li><li>- Technical parameters for extrapolation (convergence speed at 20%)</li></ul>
<b>Accompanying text</b>	At level 2, definition of technical parameters	None	None

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## Conclusion

There is still a long way to go!



It is difficult to predict the outcome of the negotiations!

# Annex

## Links to resources

- **22 September 2021:** the European Commission has published draft amendments to the directive  
Dedicated page:

Dedicated webpage: [https://ec.europa.eu/info/publications/210922-solvency-2-communication\\_en](https://ec.europa.eu/info/publications/210922-solvency-2-communication_en)  
Project: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0581>

- **6 June 2022:** the **European Parliament** published draft amendments to the Directive Draft:

Project: [https://www.europarl.europa.eu/doceo/document/ECON-PR-732670\\_FR.pdf](https://www.europarl.europa.eu/doceo/document/ECON-PR-732670_FR.pdf)

- **17 juin 2022 :** the **European Council** has published draft amendments to the Directive Press release:

Press Release: [https://www.europarl.europa.eu/doceo/document/ECON-PR-732670\\_FR.pdf](https://www.europarl.europa.eu/doceo/document/ECON-PR-732670_FR.pdf)  
Project: <https://data.consilium.europa.eu/doc/document/ST-9676-2022-INIT/en/pdf>





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