

# Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Directive</p> <p>2021/0295(COD)</p>	Awaiting Council's 1st reading position
<p>Amendments to the Solvency II Directive</p> <p>Amending Directive 2009/138 <a href="#">2007/0143(COD)</a></p> <p>Subject</p> <p>2.50.03 Securities and financial markets, stock exchange, CIUTS, investments</p> <p>2.50.05 Insurance, pension funds</p> <p>2.50.10 Financial supervision</p> <p>Legislative priorities</p> <p><a href="#">Joint Declaration 2023-24</a></p> <p><a href="#">Joint Declaration 2022</a></p> <p><a href="#">Joint Declaration 2021</a></p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 <a href="#">Economic and Monetary Affairs</a>	 <a href="#">FERBER Markus</a>	25/10/2021
		Shadow rapporteur	
		 <a href="#">HEINÄLUOMA Eero</a>	
		 <a href="#">YON-COURTIN Stéphanie</a>	
		 <a href="#">HAHN Henrike</a>	
		 <a href="#">ZANNI Marco</a>	
		 <a href="#">VAN OVERTVELDT Johan</a>	
		 <a href="#">MACMANUS Chris</a>	
		Committee for opinion	Rapporteur for opinion
	 <a href="#">Environment, Public Health and Food Safety</a>	The committee decided not to give an opinion.	
	 <a href="#">Legal Affairs</a>	The committee decided not to give an opinion.	
Council of the European Union			

## Key events

23/09/2021	Legislative proposal published	<a href="#">COM(2021)0581</a>	Summary
22/11/2021	Committee referral announced in Parliament, 1st reading		
18/07/2023	Vote in committee, 1st reading		
18/07/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
27/07/2023	Committee report tabled for plenary, 1st reading	<a href="#">A9-0256/2023</a>	Summary
11/09/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
13/09/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
29/01/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	<a href="#">PE758.180</a> GEDA/A/(2024)000532	
23/04/2024	Decision by Parliament, 1st reading	<a href="#">T9-0295/2024</a>	

## Technical information

Procedure reference	2021/0295(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 2009/138 <a href="#">2007/0143(COD)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 062; Treaty on the Functioning of the EU TFEU 053-p1; Treaty on the Functioning of the EU TFEU 114
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	<a href="#">European Economic and Social Committee</a>
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	ECON/9/07226

## Documentation gateway

Document attached to the procedure	<a href="#">SEC(2021)0620</a>	23/09/2021	EC	
Document attached to the procedure	<a href="#">SWD(2021)0260</a>	23/09/2021	EC	
Document attached to the procedure	<a href="#">SWD(2021)0261</a>	23/09/2021	EC	
Legislative proposal	<a href="#">COM(2021)0581</a>	23/09/2021	EC	Summary

Economic and Social Committee: opinion, report	<a href="#">CES5378/2021</a>	23/02/2022	ESC	
Committee draft report	<a href="#">PE732.668</a>	06/06/2022	EP	
Amendments tabled in committee	<a href="#">PE732.669</a>	01/08/2022	EP	
Amendments tabled in committee	<a href="#">PE735.620</a>	01/08/2022	EP	
Amendments tabled in committee	<a href="#">PE735.621</a>	01/08/2022	EP	
Amendments tabled in committee	<a href="#">PE736.375</a>	07/09/2022	EP	
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A9-0256/2023</a>	27/07/2023	EP	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2024)000532	24/01/2024	CSL	
Text agreed during interinstitutional negotiations	<a href="#">PE758.180</a>	24/01/2024	EP	
Text adopted by Parliament, 1st reading/single reading	<a href="#">T9-0295/2024</a>	23/04/2024	EP	

### Additional information

Research document	<a href="#">Briefing</a>	10/04/2024
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## Amendments to the Solvency II Directive

**PURPOSE:** to amend the existing EU insurance rules (Solvency II Directive) to make them more resilient following the global COVID-19 pandemic.

**PROPOSED ACT:** Directive of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** [Directive 2009/138/EC](#) (Solvency II) sets out prudential rules for the insurance sector and aims to enable a single market for insurance services, while also protecting policyholders. The European Commission has a legal mandate to conduct a comprehensive review of pivotal components of the Solvency II Directive, in particular its risk-based capital requirements and rules on valuation of long-term liabilities, and to draw conclusions from the first five years of experience with the framework. This experience has also shown that the proportionality of Solvency II could be improved and has underlined the absence of specific EU-level provisions to address the build-up of systemic risks, to ensure preparedness for crises or to resolve insurers, where necessary.

Moreover, the framework needs to be consistent with the EUs political priorities. In particular, the insurance sector should play a role in financing the post COVID-19 economic recovery, in completing the Capital Markets Union (CMU) and in achieving the targets of the European Green Deal.

**CONTENT:** the proposal aims to amend certain provisions of the Solvency II Directive, in particular those on capital requirements and on valuation of insurance liabilities towards policyholders and on cross-border supervision. It also introduces necessary clarifications and changes to provisions implementing the principle of proportionality. These changes are necessary and proportionate to improve the functioning of the regulatory framework for insurers and to attain the objectives of Solvency II.

More specifically, the proposed comprehensive review of Solvency II seeks to improve regulatory fitness and simplifies the framework as follows:

- excluding more small firms from Solvency II by increasing the size thresholds for the exclusions from the scope of Directive 2009/138/EC;
- making more proportionate rules available automatically to low-risk profile undertakings and, after supervisory approval, to other insurers.

**Strengthening the contribution of European insurers to help financing recovery**

The planned changes aim to encourage insurers to make more long-term capital investments for the benefit of the economy. The Commission proposes releasing up to EUR 90 billion in the short term to help insurers increase their contribution as private investors to Europe's recovery from the crisis.

**Climate and environmental risks**

It is proposed that insurers should identify any material exposure to climate change risks and, where relevant, to assess the impact of long-term climate change scenarios on their business. Insurers classified as low-risk profile undertakings are exempted from scenario analyses.

**Preserving policyholder protection**

Consumers (policyholders) should be better protected when buying insurance products in other Member States. Moreover, consumers should

be better informed about the financial situation of their insurer. Therefore, cooperation between the supervisory authority of the home Member State that granted authorisation to an insurance or reinsurance undertaking and the supervisory authorities of the Member States where that undertaking pursues activities by establishing branches or by providing services, should be strengthened in order to better prevent potential problems and to enhance the protection of policyholders across the EU.

This cooperation should include more information coming from the supervisory authority of the home Member State, in particular regarding the outcome of the supervisory review process related to the cross-border activity.

#### Supervision and financial stability

It is important that insurance and reinsurance undertakings maintain a healthy financial position, therefore the whole sector should be better scrutinised to avoid that its stability is put at risk.

Supervisory authorities should have the necessary powers to preserve the solvency position of specific insurance or reinsurance undertakings during exceptional situations such as adverse economic or market events affecting a large part or the totality of the insurance and reinsurance market, in order to protect policyholders and preserve financial stability. Those powers should include the possibility to restrict or suspend distributions to shareholders and other subordinated lenders of a given insurance or reinsurance undertaking before an actual breach of the Solvency Capital Requirement occurs.

## Amendments to the Solvency II Directive

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The Committee on Economic and Monetary Affairs adopted the report by Markus FERBER (EPP, DE) on the proposal for a directive of the European Parliament and of the Council amending Directive 2009/138/EC as regards proportionality, quality of supervision, reporting, long-term guarantee measures, macro-prudential tools, sustainability risks, group and cross-border supervision.

The further integration of the single market for insurance is a key objective of this amending Directive. The integration of the EU single market for insurance increases competition and the availability of insurance products across Member States to the benefit of businesses and consumers. Insurance failures in the single market for insurance since the application of Solvency II emphasise the need for more consistency and convergence of supervision across the Union. The supervision of insurance and reinsurance undertakings operating under the freedom to provide services and the freedom of establishment should be further improved without undermining the objective of further integrating the single market for insurance to ensure consistent consumer protection and safeguarding fair competition across the single market.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

#### System of governance and risk management

The members of the administrative, management and supervisory bodies of the insurance or reinsurance undertaking should: (i) at all times be of good repute and possess collectively sufficient knowledge, skills and experience to perform their duties; (ii) not have been convicted for offences relating to money laundering or terrorist financing or other offences that would question their good repute.

Member States should require all insurance and reinsurance undertakings to have in place an effective system of governance which provides for sound and prudent management of the business. For environmental, social and governance risks, undertakings should explicitly take into account the short-term, medium-term and long-term horizon when assessing the possible materialisation of those risks.

Supervisory authorities should ensure that undertakings, as part of their risk management, have strategies, policies, processes and systems for the identification, measurement, management and monitoring of environmental, social and governance risks over an appropriate set of time horizons.

Insurance and reinsurance undertakings should develop specific plans, quantifiable targets and processes to monitor and address ESG risks in the short, medium and long term.

#### Reporting requirements

The amended text stipulated that small and medium-sized undertakings, small and non-complex institutions, captive reinsurance undertakings and low-risk profile undertakings may limit their sustainability reporting to the following information:

- a brief description of the undertakings business model and strategy;
- a description of the undertakings policies in relation to sustainability matters;
- the principal actual or potential adverse impacts of the undertaking on sustainability matters, and any actions taken to identify, monitor, prevent, mitigate or remediate such actual or potential adverse impacts;
- the principal risks to the undertaking related to sustainability matters and how the undertaking manages those risks.

#### Protection of policy holders

The amended text seeks to improve the protection of insurance policyholders through enhanced cooperation between supervisory authorities, and continues to prevent insurer failure, thus contributing to stability in the financial sector. Cooperation between the supervisory authority of the home Member State that granted authorisation to an insurance or reinsurance undertaking and the supervisory authorities of the Member States where that undertaking pursues activities by establishing branches or by providing services, should be strengthened in order to better prevent potential problems affecting consumer rights and to enhance the protection of policyholders across the Union. This cooperation should increase transparency and the regular exchange of information between concerned supervisory authorities and include more information coming from the supervisory authority of the home Member State, in particular regarding the outcome of the supervisory review process related to the cross-border activity, the financial condition of the undertaking, and market conditions which might impact the provision of services.

#### Role of the European Insurance and Occupational Pensions Authority

As regards the role of the European Insurance and Occupational Pensions Authority (EIOPA), new tasks should be assigned to EIOPA:

- preparing a report on the assessment of risks related to biodiversity loss by insurers, along with natural disasters and climate related risks, consistently with the European Green Deal;

- defining consistent guidelines for national rules followed by insurers when assessing their macroprudential risks, i.e. risks impacting an entire sector or the economy as a whole.

Moreover, EIOPA should set up and coordinate a collaboration platform to strengthen the exchange of information and to enhance collaboration between the relevant supervisory authorities of the home Member State and the host Member States where an insurance or reinsurance undertaking carries out, or intends to carry out, significant cross-border activities.

Transparency				
ZANNI Marco	Shadow rapporteur	ECON	04/03/2024	Unipol Gruppo
ZANNI Marco	Shadow rapporteur	ECON	19/02/2024	Associazione Nazionale fra le Imprese Assicuratrici
YON-COURTIN Stéphanie	Shadow rapporteur	ECON	16/11/2023	Finance Watch
ZANNI Marco	Shadow rapporteur	ECON	13/11/2023	Assicurazioni Generali S.p.A
MACMANUS Chris	Shadow rapporteur	ECON	21/09/2023	ShareAction Europe
ZANNI Marco	Shadow rapporteur	ECON	06/09/2023	Assicurazioni Generali S.p.A
ZANNI Marco	Shadow rapporteur	ECON	11/07/2023	Unipol Gruppo
FERBER Markus	Rapporteur	ECON	10/07/2023	Muenchener Rueckversicherungs-Gesellschaft Aktiengesellschaft in Muenchen
FERBER Markus	Rapporteur	ECON	05/07/2023	Verband Öffentlicher Versicherer
FERBER Markus	Rapporteur	ECON	04/07/2023	Insure our Future
BOYER Gilles	Member	13/04/2023	France Assureurs	
GUALMINI Elisabetta	Member	28/03/2023	Unipol Gruppo	
LALUCQ Aurore	Member	29/11/2022	ROAM	
LALUCQ Aurore	Member	17/11/2022	France Assureurs	
YON-COURTIN Stéphanie	Member	07/09/2022	International Association of Insurance Supervisors	
YON-COURTIN Stéphanie	Member	07/09/2022	Allianz SE Generali	