

# BNP Paribas Cardif's feedback on the review of the Solvency II Delegated Regulation

Direction des Affaires Institutionnelles

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**BNP PARIBAS  
CARDIF**

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## Eléments de contexte

Après plusieurs années de travaux, la Directive Solvabilité II révisée a été publiée au journal officiel de l'UE le 8 janvier 2025. Cela place son entrée en vigueur au 28 janvier 2025, et son entrée en application à partir du 30 janvier 2027. Voici les principales étapes de ce long processus de révision :

- Proposition de EIOPA (2020) après sollicitation de la Commission : [2020 review of Solvency II - EIOPA](#)
- Proposition de la Commission (2021) à partir des travaux de EIOPA : [Insurance rules' review: encouraging solid and reliable insurers to invest in Europe's recovery - European Commission](#)
- Procédure législative ordinaire (2021-2024) : [Procedure File: 2021/0295\(COD\) | Legislative Observatory | European Parliament](#)
- Publication de la Directive revue : [Directive - EU - 2025/2 - EN - EUR-Lex](#)

Désormais, les travaux portent sur les textes d'application de Solvabilité 2, qui sont pour l'essentiel réunis dans un Règlement Délégué, le Règlement Délégué 2015/35. Après plusieurs réunions d'experts (Expert Group on Banking, Payments and Insurance, EGBPI, [ici](#)), la Commission propose une version du Règlement Délégué qui tient compte des évolutions de la Directive. Cette proposition est soumise au marché et aux parties prenantes dans un processus appelé « Have Your Say » :

- [European Commission Have Your Say Solvency 2](#)

# Réponse de Cardif

We would like to thank the Commission for its work and for the opportunity given to the industry to send its feedback. We would like to insist on 2 topics: Long Term Equity Investments (LTEI) and Securitisation.

## 1. LTEI

### 1.a. Methodologies to avoid forced sales (article 171b)

We do welcome the inclusion in the Consultation of this option to allow LTEI implementation, based on the EIOPA proposed conditions. These conditions, for the life approach, were initially based on the illiquidity of the liabilities, measured with the sensibility to the mortality risk and the lapse risk described in Solvency 2, and on a Macaulay duration of 10 years.

**A 5-year modified duration was introduced in the EGBPIs' discussions. In the proposed draft, it is now 10 years.**

We consider that the Delegated Regulation should be consistent with the Directive and **keep a 5-year period as a reference. We therefore propose:**

- **To use the 5-year modified duration.**
- **Should that not be possible, to use again the 10-year Macaulay duration.**

### 1.b. Eligible funds (article 171d)

Additionally, the current drafting of Article 171d appears to establish a dual approach:

- For funds not listed under paragraph 2, a look-through analysis of the underlying assets is required to determine compliance with LTEI criteria.
- For funds listed under paragraph 2, paragraph 3 suggests that either a look-through analysis may be conducted, or the LTEI criteria may be applied directly at the level of the fund units.

However, the wording of paragraph 3 introduces ambiguity. It may be interpreted as requiring a look-through analysis for funds listed under paragraph 2, with the application of criteria at the unit level permitted only where look-through is not feasible. This seems to contradict Article 105a(2) of the directive, and such an interpretation would imply that funds not listed in paragraph 2 cannot be included in the LTEI submodule, whether a look approach can be performed.

Furthermore, imposing a look-through requirement on funds explicitly listed under paragraph 2 undermines the rationale for their inclusion. The purpose of listing such funds is precisely to allow for assessment at the unit level without necessitating transparency of underlying holdings. If look-through remains mandatory, the added value of inclusion in the list is effectively nullified.

Clarification is therefore requested to confirm that funds not listed under paragraph 2 are not automatically excluded from the LTEI framework, and that for listed funds, the application of LTEI criteria at the unit level constitutes a valid and sufficient approach.

In light of those observations, we propose to delete point 3 of article 171d

## 2. Securitisation

We do welcome the efforts made by the Commission on the subject. Securitisation is indeed an efficient asset to improve insurers' financing of the real economy while ensuring a diversification of their portfolios. We notice an improvement of the due diligence process in the Securitisation Regulation along with the proposal of reducing Solvency 2's prudential shocks.

On that latter front, we do welcome:

- the new shocks proposed for the senior tranches of the STS products.
- the distinction between senior and non-senior tranches for non-STS products.

However, to incentivize insurers to invest in securitisation, the proposal needs to be further improved regarding:

- the level of the shocks for non-senior tranches of the STS products,
- the level of the shocks for non-STS products.

In both cases, the shocks should be adjusted taking into account the robust demonstration made by Perraudin&Duponcheele (2025). The calibration proposed by the Commission remains dissuasive, with (i) little progress in the Non-Senior STS category, which is limited to good ratings, and (ii) little progress limited to the highest-quality tranches of non-STS securitisation whereas insurers need a deep and liquid market to have access to a wide range of products, with an interesting risk return profile.