

CONSULTATION  
PAPER

# CONSULTATION PAPER

on the proposal for Regulatory Technical  
Standards on liquidity risk management plans

EIOPA-BoS-24/320  
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eiopa

European Insurance and  
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## RESPONDING TO THIS PAPER

EIOPA welcomes comments on the Consultation Paper on the proposal for Regulatory Technical Standards on liquidity risk management plans.

Comments are most helpful if they:

- ▶ respond to the question stated, where applicable;
- ▶ contain a clear rationale; and
- ▶ describe any alternatives EIOPA should consider.

Please provide your comments to EIOPA via EU Survey ([link](#)) by 2 January 2025 23:59 CET.

Contributions not provided via EU Survey or after the deadline will not be processed. In case you have any questions please contact [Solvencyllreview@eiopa.europa.eu](mailto:Solvencyllreview@eiopa.europa.eu).

### Publication of responses

Your responses will be published on the EIOPA website unless: you request to treat them confidential, or they are unlawful, or they would infringe the rights of any third-party. Please, indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. EIOPA may also publish a summary of the survey input received on its website.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to documents and EIOPA's rules on public access to documents.<sup>1</sup>

### Declaration by the contributor

By sending your contribution to EIOPA you consent to publication of all non-confidential information in your contribution, in whole/in part – as indicated in your responses, including to the publication of the name of your organisation, and you thereby declare that nothing within your response is unlawful or would infringe the rights of any third party in a manner that would prevent the publication.

### Data protection

Please note that personal contact details (such as name of individuals, email addresses and phone numbers) will not be published. EIOPA, as a European Authority, will process any personal data in line with Regulation (EU) 2018/1725. More information on how personal data are treated can be found in the privacy statement at the end of this material.

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<sup>1</sup> [Public Access to Documents.](#)

### Next steps

EIOPA will revise the proposal in view of the stakeholder comments received. EIOPA will publish a report on the consultation including the revised proposal and the resolution of stakeholder comments.

# 1. BACKGROUND AND RATIONALE

## 1.1. AMENDMENTS TO THE SOLVENCY II DIRECTIVE

The European Commission proposed amendments to Directive 2009/138/EC<sup>2</sup> (Solvency II Directive) in September 2021.<sup>3</sup> The provisional agreement of the European co-legislators on the amendments to the Solvency II Directive<sup>4</sup> includes a new Article 144a that requires insurance and reinsurance undertakings to draw up and keep up to date a liquidity risk management plan. The liquidity risk management plan must cover liquidity analysis over the short-term, projecting the incoming and outgoing cash flows in relation to the undertakings' assets and liabilities. When requested by the supervisory authorities, undertakings must extend the liquidity analysis to cover the medium and long term. Insurance and reinsurance undertakings are also required to develop and keep up to date a set of liquidity risk indicators to identify, monitor and address potential liquidity stress.

The aim of the new macroprudential tool is to ensure that insurance and reinsurance undertakings maintain adequate liquidity to settle their financial obligations towards policyholders and other counterparties when they fall due, even under stressed conditions.

The new Article 246a of the Solvency II Directive requires participating insurance and reinsurance undertakings, insurance holding companies and mixed financial holding companies to draw up and keep up to date a liquidity risk management plan at the level of the group.

Insurance and reinsurance undertakings and groups must submit the liquidity risk management plan to the supervisory authorities as part of the information to be provided for supervisory purposes. This will contribute to the monitoring of the liquidity position of the undertakings and groups by supervisory authorities considering the supervisory powers to remedy liquidity vulnerabilities in exceptional circumstances in Article 144b.

Small and non-complex insurance and reinsurance undertakings, and undertakings which have obtained prior approval from the supervisory authority in accordance with Article 29d do not have to draw up a liquidity risk management plan. EIOPA published a consultation paper with draft advice to the Commission on specifying through a delegated act the conditions for supervisors to take into account in their assessment of the application of undertakings, not classified as small and non-complex undertakings, for the exemption from the liquidity risk management plan.<sup>5</sup>

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<sup>2</sup> Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), OJ L 335, 17.12.2009, p. 1–155

<sup>3</sup> [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](#)

<sup>4</sup> See the [corrigendum of the text of the provisional agreement as adopted by the European Parliament on 23 April 2024](#).

<sup>5</sup> EIOPA, [Consultation paper on technical advice on the implementation of the new proportionality framework under Solvency II](#), EIOPA-BoS-24-293, 2 August 2024.

## 1.2. MANDATE FOR DRAFT REGULATORY TECHNICAL STANDARDS

The Solvency II Directive contains three empowerments for EIOPA to develop draft regulatory technical standards to ensure consistent application of the liquidity risk management plan:

- ▶ on the criteria to be taken into account by supervisory authorities when defining the insurance or reinsurance undertakings and groups which shall be requested to draw up and maintain a liquidity risk management plan covering liquidity analysis over the medium and long term in accordance with Article 144a(2) (Article 144d(1)(c));

The criteria shall be proportionate to the nature, scale, and complexity of the risks, and in particular the composition of the asset and liability portfolios, the nature and variability of insurance and reinsurance obligations and the exposure of assets' expected cash-flows to market fluctuations (Article 144d(4));

- ▶ specifying the content and frequency of update of liquidity risk management plans referred to in Article 144a(2), taking into account possible combination of plans as referred to in paragraph 5<sup>6</sup> of that Article (Article 144d(2));
- ▶ further specifying the content and frequency of update of the liquidity risk management plan at group level in Article 246a (Article 246a(4)).

Since these three regulatory technical standards are intricately related, EIOPA decided to combine them in one set of draft regulatory technical standards (RTS). This consultation paper sets out the EIOPA proposal for those draft RTS.

## 1.3. CURRENT REQUIREMENTS ON LIQUIDITY RISK MANAGEMENT

The Solvency II Directive defines 'liquidity risk' as the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due (Article 13(34)). The Directive already requires insurance and reinsurance undertakings to cover liquidity risk in their risk-management system (Article 44(2)). As such, the written policy on risk management approved by the AMSB (Article 41(3)) should comprise a policy on liquidity risk management.

The Solvency II Delegated Regulation (EU) 2015/35 further specifies that – as part of the risk-management system – undertakings need to document the objectives and key principles of their risk management strategy, the approved risk tolerance limits and the assignment of responsibilities across all the activities of the undertaking (Article 259(1)(a)). Moreover, undertakings must dispose of clearly defined procedures on the decision-making process (Article 259(1)(b)).

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<sup>6</sup> Paragraph 5 allows insurance and reinsurance undertakings, where they apply the matching adjustment referred to in Article 77b or the volatility adjustment referred to in Article 77d, to combine the liquidity risk management plan with the liquidity plan projecting the incoming and outgoing cash flows in relation to the assets and liabilities subject to the matching and volatility adjustments, in accordance with Article 44(2) of the Solvency II Directive.

The written policies on risk management are meant to implement the undertaking's risk management strategy (Article 259(1)(c)). These policies effectively ensure the definition and categorisation of the material risks by type to which the undertaking is exposed, and the approved risk tolerance limits for each type of risk.

The risk-management system should include reporting procedures and processes which ensure that information on the material risks faced by the undertaking and the effectiveness of the risk management system are actively monitored and analysed and that appropriate modifications to the system are made where necessary (Article 259(1)(d)). The persons who effectively run the undertaking or have other key functions should take into account the reported information in their decision-making process (Article 259(2)).

The risk-management system should also, where appropriate, include the performance of stress tests and scenario analysis with regard to all relevant risks faced by the undertaking (Article 259(3)).

More specifically, Article 260(1)(d) of the Delegated Regulation requires that the written policy on liquidity risk management should cover:

- ▶ actions to be taken by the insurance or reinsurance undertaking to take into account both short term and long-term liquidity risk;
- ▶ the appropriateness of the composition of the assets in terms of their nature, duration and liquidity in order to meet the undertaking's obligations as they fall due; and
- ▶ a plan to deal with changes in expected cash in-flows and out-flows.

#### 1.4. PRINCIPLE-BASED AND PROPORTIONATE APPROACH

The draft RTS embeds the content of the liquidity risk management plan in the existing risk-management requirements of insurance and reinsurance undertakings. Although Article 144a introduce new elements, strengthening liquidity risk management of undertakings, many of the main elements of the liquidity risk management plan already fit well within the current requirements, i.e.:

- ▶ The analysis to be included in the liquidity risk management plan involves the projection of incoming and outgoing cash flows in relation to undertakings' assets and liabilities. Such projections are already implied by the requirement in Article 260(1)(d) of the Delegated Regulation that undertakings should have "a plan to deal with changes in expected cash in-flows and out-flows";
- ▶ The purpose of the liquidity risk management plan is to ensure that undertakings can settle their financial obligations towards policyholders and other counterparties when they fall due, even under stressed conditions. The latter suggests that undertakings also have to carry out cash flow projections under stressed conditions, in line with the current requirement in Article 259(3) of the Delegated Regulation that undertakings include the performance of stress tests and scenario analysis as part of their risk-management system;
- ▶ The liquidity analysis in the liquidity risk management plan should cover the short term and, when requested by the supervisory authorities, also the medium and long term. Article 260(1)(d) of the

Delegated Regulation already requires undertakings to take into account both short-term and long-term liquidity risk;

- ▶ To ensure that undertakings can settle their financial obligations towards policyholders and other counterparties when they fall due, even under stressed conditions, insurance and reinsurance undertakings should “maintain adequate liquidity”. Article 260(1)(d) of the Delegated Regulation provides that the composition of the assets of the undertaking is appropriate in terms of their nature, duration and liquidity in order to meet the undertakings’ obligations as they fall due. Moreover, undertakings should dispose of a plan to deal with changes in expected cash in-flows and out-flows, which EIOPA expects to include a liquidity buffer.<sup>7</sup> EIOPA also expects that the liquidity risk management policy considers the level and monitoring of liquid assets, including a quantification of potential costs or financial losses arising from an enforced realisation<sup>8</sup> or, put differently, a quantification of haircuts; and
- ▶ The requirement that insurance and reinsurance undertakings develop and keep up to date a set of liquidity risk indicators to identify, monitor and address potential liquidity stress is currently not explicitly required. Still, according to Article 44(1) of the Solvency II Directive, the main goal of the risk-management system is “to identify, measure, monitor, manage and report, on a continuous basis the risks, at an individual and at an aggregated level, to which they are or could be exposed, and their interdependencies.”

EIOPA took a principle-based approach to the draft RTS, aiming for an appropriate balance between ensuring a consistent application of the liquidity risk management plan, and recognising the heterogeneity of the business models and liquidity risk exposures of insurance and reinsurance undertakings and groups. Rather than a standardised liquidity risk assessment with harmonised assumptions and templates, the liquidity analysis to be reported in the liquidity risk management plan should be consistent with the undertaking’s own assessment of liquidity risk, considering its own approved risk tolerance limits for liquidity risk, in line with the existing Solvency II requirements and the IAIS’ insurance core principles on liquidity risk management.<sup>9</sup> This ensures a risk-sensitive analysis, taking into account the specificities of undertakings, but also a proportionate implementation of the liquidity risk management plans. Considering the existing requirements and practices<sup>10</sup>, the adjustments that undertakings have to make to their current assessments and reporting of liquidity risks is expected to be small. Moreover, in accordance with Article 144a(4) of the Solvency II Directive, small and non-complex undertakings and undertakings which have obtained prior approval from the supervisory authority pursuant to Article 29d of that Directive are not obliged to draw up a liquidity

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<sup>7</sup> Paragraph 1.63(b) of Guideline 26 (‘Liquidity risk management policy’) of EIOPA’s [Guidelines on system of governance](#) requires “an appropriate liquidity buffer to guard against a liquidity shortfall”.

<sup>8</sup> Paragraph 1.63(c) of Guideline 26 (‘Liquidity risk management policy’) of EIOPA’s [Guidelines on system of governance](#).

<sup>9</sup> See ICP 16.9 in IAIS, [Insurance Core Principles and Common Framework for the Supervision of Internationally Active Insurance Groups](#), 15 November 2019.

<sup>10</sup> CRO Forum ([Managing liquidity risk: Industry practices and recommendations for CROs](#), September 2019) presents the results of survey on current liquidity risk management practices of undertakings.



risk management plan. EIOPA published a consultation paper with draft advice to the Commission on specifying through a delegated act the conditions for supervisors to take into account in their assessment of the application of undertakings, not classified as small and non-complex undertakings, for the exemption from the liquidity risk management plan.<sup>11</sup>

## 1.5. DETAILED EXPLANATION OF THE DRAFT RTS

### Criteria for covering liquidity analysis over the medium and long-term

Article 1 of the draft RTS lays down two types of criteria for undertakings and groups having to cover the liquidity analysis over the medium- and long-term in the liquidity risk management plan:

- ▶ All undertakings and groups exceeding EUR 12bn in assets will have to cover the liquidity analysis over the medium- and long-term;
- ▶ Supervisory authorities should assess whether additional undertakings and groups should carry out a liquidity analysis over the medium- and long-term.

The supervisory assessment should take into account the nature, scale, and complexity of the risks, covering at least liquidity risk in relation to exposures to (a) insurable events, (b) policyholder behaviour, (c) counterparty risk and (d) economic and market developments.

The rationale for the first criterion is that the Solvency II Directive considers the liquidity risk management plan to be a macroprudential tool. Larger undertakings will be more relevant for financial stability, e.g. through their impact on financial markets in the event of forced asset sales to obtain liquidity. The EUR 12 bn. threshold is already established to identify entities in relation to reporting for financial stability purposes<sup>12</sup> and the threshold is also part of the criteria for the other macroprudential tools, i.e. undertakings and groups that have to include macroprudential analysis in ORSA and macroprudential consideration in the prudent person principle.

The rationale for the second, risk-based criterion is that smaller undertakings may also be exposed to considerable medium- and long-term liquidity risk. Article 144d(4) of the empowerment recognises that the criteria shall be proportionate to the nature, scale, and complexity of the risks, and in particular the composition of the asset and liability portfolios, the nature and variability of insurance and reinsurance obligations and the exposure of assets' expected cash-flows to market fluctuations.

Note that all insurance and reinsurance undertakings already must take into account both short-term and long-term liquidity risk. The above criteria are only relevant for reporting the medium- and long-term liquidity analysis in the liquidity risk management plan.

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<sup>11</sup> EIOPA, [Consultation paper on technical advice on the implementation of the new proportionality framework under Solvency II](#), EIOPA-BoS-24-293, 2 August 2024.

<sup>12</sup> Guideline 2 ('General criteria to identify reporting entities') of EIOPA's [Guidelines on reporting for financial stability purposes](#).

## Content and frequency of update of the liquidity risk management plan

### Liquidity analysis over the short term and the medium and long term

Article 2 specifies that the projections of incoming and outgoing cash flows should cover a time period following the starting date of the projections of:

- ▶ up to three months for the short-term liquidity analysis; and
- ▶ as from three months to at least one year for the medium- and long-term liquidity analysis.

The draft RTS does not specify an absolute end date for the projections in the medium- and long-term analysis, as this will depend on the undertaking's business model and liquidity risk exposures. Rather the draft RTS features a closing condition that the projection should extend until when the liquidity risk exposures of the insurance or reinsurance undertaking are no longer material.

To ensure that the projections are up to date, the article also specifies that the starting date of the projections should be the end of the previous quarter relative to the quarter in which the liquidity risk management plan was updated. For example, if the liquidity risk management plan is updated in the second quarter, then the starting date of the projections should be the end of the first quarter.

The time periods are in line with the IAIS monitoring of liquidity risk through the insurance liquidity ratio (ILR), which is based on a short-term time horizon of 3 months and a longer-term horizon of 1 year.<sup>13</sup> The liquidity coverage ratio (LCR) promotes the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient high-quality liquid assets (HQLA) to survive a significant stress scenario lasting 30 calendar days.<sup>14</sup> The IAIS concludes that the longer time horizon "is more in line with the insurer's liquidity risk profile."<sup>15</sup> According to a survey carried out by the CRO Forum, time horizons of 3 months (71% of undertakings) and 1 year (94% of undertakings) are most frequently used by undertakings to assess liquidity risk.<sup>16</sup>

A projection period of a month or less is mostly going to capture liquidity risk linked to margin calls on derivative instruments of insurance and reinsurance undertakings. Liquidity risk in relation to surrenders usually takes more than one month to materialise. As such, a projection horizon of one month or lower will exclude an important source of liquidity risk, also considering that Article 144b of the Solvency II Directive empowers supervisory authorities in exceptional circumstances to suspend to redemption rights of life insurance policy holders. The inclusion of surrenders, including redemptions,

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<sup>13</sup> IAIS, [Liquidity metrics as an ancillary indicator](#), Level 2 Document, 18 November 2022.

<sup>14</sup> Basel Committee on Banking Supervision, [Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools](#), January 2013.

<sup>15</sup> According to IAIS, insurers are relatively less vulnerable to liquidity stresses than banks as many of the products require an event to occur prior to any payment, whereas banks tend to have callable deposits, which can be withdrawn over very short time horizons. Some of the largest drivers of insurers' liquidity needs, such as policyholder surrenders and catastrophe payments, would result in cash flows that are spread over months or years, instead of hours or days.

<sup>16</sup> CRO Forum, [Managing liquidity risk: Industry practices and recommendations for CROs](#), September 2019.

in the liquidity risk management plan contributes to supervisory authorities applying this measure in an informed way.

In addition, a considerable proportion of undertakings do not make use of derivative instruments.<sup>17</sup> This means that a projection period of one month or less may render the short-term analysis less relevant for those type of undertakings (and supervisory authorities), even though they would still have to draw up the liquidity risk management plan.

Still, as also specified in Article 2, undertakings must distinguish, where relevant, multiple time horizons corresponding to their liquidity risk profile. For example, to properly capture exposures to margin calls on derivative positions as well as surrenders, undertakings should – e.g. as part of the short-term liquidity analysis – make cash flow projections with a time horizon of around 1 day (margin calls) as well as projection with a time horizon of 1-3 months (surrenders).

## Structure

Article 3 of the draft RTS provides that undertakings should draw up the liquidity risk management plan following a common structure. According to this structure, the liquidity risk management plan should start with an overall assessment, including the main conclusions of the analysis. Subsequently, the separate elements of the liquidity analysis should be reported: the assumptions underlying the analysis and information on the cash flow projections, buffers of liquid assets and the liquidity risk indicators.

The objective of the draft RTS is to ensure a common application of the liquidity risk management plan, of which a common structure is an important element. A common structure will enhance the accessibility of the liquidity risk management plan by ensuring continuity and comparability for internal readers, like the undertaking's AMSB, and for the NSAs.

## Information on assumptions underlying the projections

Article 4 specifies that undertakings should provide quantitative and qualitative information in the liquidity risk management plans on the assumptions underlying the projections of incoming and outgoing cash flows on an ongoing basis and under stressed conditions.

The existing requirement in Article 259(3) of the Delegated Regulation already provides that undertakings should include in their risk-management system the performance of stress tests and scenario analysis with regard to all relevant risks faced by the undertaking in their risk-management system. This information should include the material sources of liquidity risk covered in the stress tests and scenario analysis as well as the sizes of the shocks applied. The sources of liquidity risk may include, for example: redemptions by policyholders, natural and man-made catastrophes and a deterioration of the undertaking's own credit standing, which would render it more difficult and expensive for the undertaking to roll over debt or obtain new funding.

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<sup>17</sup> According to the ESRB ([Enhancing the macroprudential dimension of Solvency II](#), February 2020), in December 2018, roughly 80% of notional amounts for derivatives was concentrated in 30 insurance and reinsurance undertakings. In the EEA, around 80% of insurance and reinsurance undertakings have no derivatives exposure, but the 20% who do account for approximately 85% of the total investments.

The reporting of the assumptions underlying the cash flow projections will enhance the understanding of the liquidity analysis, and hence the readability of the liquidity risk management plan, but also force undertakings to duly consider these assumptions in their risk assessment.

### Information on cash flow projections

Article 5 specifies that undertakings should provide in the liquidity risk management plan quantitative and qualitative information on the projections of cash flows on an ongoing basis and under stressed conditions.

The draft RTS does not specify a detailed template of incoming and outgoing cash flows, similar to the one used in EIOPA's liquidity monitoring.<sup>18</sup> Instead, the article specifies the cash flow items that should at least be distinguished in the liquidity risk management plan:

- ▶ The main incoming (gross written premiums, reinsurance recoverables) and outgoing (claims, operating expenses, reinsurance premiums) cash flows of undertakings, often characterising the inverted product cycle of their business model;
- ▶ The outgoing cash flows (surrenders, dividend distributions to shareholders and other subordinated creditors, other payments to shareholders and other subordinated creditors, share buy-backs and repayment or redemption of own fund items, bonuses and other variable remuneration) that can be restricted by supervisory authorities in accordance with Article 144c;
- ▶ Intragroup cash inflows and outflows, where the undertaking belongs to a group;
- ▶ The main financial incoming cash flows (investment income, sales of assets other than those designated liquid assets, unsecured funding) and outgoing cash flows, like margin calls on derivative positions.

Article 5 provides that the net balance between incoming and outgoing cash flows, including the inflows in relation to the transformation of liquid assets into liquidity, should be shown separately. Moreover, a breakdown of the difference between the net and gross balance of incoming and outgoing cash flows should be reported, at least distinguishing sales of liquid assets, funding secured by liquid assets and the posting of liquid assets as collateral. The reason for making the distinction between gross and net balances of incoming and outgoing cash flows is that the net balance is not very informative from a risk management perspective. The net balance would normally be non-negative if the undertaking has sufficient buffers of liquid assets to cover a gross liquidity shortfall. Rather the purpose of the liquidity risk management plan is to assess whether the undertaking has sufficient liquid assets to cover a liquidity shortfall.

The remainder of the article imposes high-level requirements on the granularity of the cash flow reporting. Liquidity risk on parts of the assets and liabilities may be borne by the policyholders (instead of the undertaking) and parts of the assets and liabilities may not be available to provide liquidity to

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<sup>18</sup> See table 2-10 Flow-based template on p. 28 of EIOPA, [Methodological principles of insurance stress testing – liquidity component](#), EIOPA-BoS-20/760, 13 January 2021.

other parts of the undertaking.

Therefore, undertakings must distinguish, where relevant, assets and liabilities in relation to profit-participation and index-linked/unit-linked obligations as well as assets and liabilities within ring-fenced funds and matching adjustment portfolios. Where any liquidity constraints are identified, the liquidity risk management plan should contain an assessment of whether the projections of cash flows on an ongoing basis and under stressed conditions satisfy these constraints.

### **Information on buffers of liquid assets**

According to Article 144a(1) and (2) of the Solvency II Directive, the purpose of the liquidity risk management plan is to ensure that insurance and reinsurance undertakings maintain adequate liquidity to settle their financial obligations towards policyholders and other counterparties when they fall due, even under stressed conditions.

Therefore, Article 6 of the draft RTS specifies that undertakings should provide qualitative and quantitative information on one or more buffers of liquid assets corresponding to the time horizon of the liquidity needs.

EIOPA and IAIS<sup>19</sup> prescribe templates in their liquidity monitoring with a breakdown of liquid assets, including the haircuts to be applied at the 3 month and 1 year horizon. In line with the principle-based approach, the draft RTS does not specify such a template. However, insurance and reinsurance undertakings should report a breakdown of the types of liquid assets, before and after the application of their assumed haircuts. The haircuts are defined as the loss in value when transforming the assets into liquidity under stressed conditions within the relevant time horizon, including the potential costs and financial losses arising from the outright sale of the assets.

The fact that assets are liquid in theory does not mean that they are also liquid in practice. As such, Article 6 of the draft RTS requires undertakings to provide assessments showing that:

- ▶ the assets are unencumbered, of high credit quality and readily marketable;
- ▶ the undertaking has the operational capacity to transform the assets into liquidity; and
- ▶ where the undertaking relies on arrangements with counterparties to provide liquidity, the continuity of these arrangements.

### **Information on liquidity risk indicators**

According to Article 144a(2) of the Solvency II Directive, insurance and reinsurance undertakings develop and keep up to date a set of liquidity risk indicators to identify, monitor and address potential liquidity stress.

Article 7 of the draft RTS specifies that undertakings provide quantitative and qualitative information on these indicators. In addition, undertakings should report a common liquidity coverage indicator

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<sup>19</sup> IAIS, [Liquidity metrics as an ancillary indicator](#), Level 2 Document, 18 November 2022.

defined as the ratio of the value of assets held in the buffer of liquid assets and the projected shortfall between incoming and outgoing cash flows under stressed conditions considering the relevant time horizon.

The liquidity coverage indicator is consistent with the commonly used liquidity metrics for banks (liquidity coverage ratio (LCR)<sup>20</sup>) and insurance (insurance liquidity ratio (ILR)<sup>21</sup>). An important difference is that these indicators are based on standardised liquidity stresses, while the liquidity coverage indicator prescribed by the draft RTS is based on the undertakings' own stress tests and scenario analysis in relation to liquidity risk. According to a survey conducted by the CRO Forum, 88% of undertakings have implemented a liquidity metric based on a ratio between liquidity resources and liquidity requirements (or vice versa).<sup>22</sup>

Insurance and reinsurance undertakings are not required to use the liquidity coverage indicator in their liquidity risk management. Where they do not, Article 12 requires undertakings explanation as to why this indicator is not used.

### Overall assessment of liquidity risk

Article 8 specifies the elements that should be contained in the overall assessment of liquidity risk, which should include an assessment of:

- ▶ whether the undertaking meets its own, approved risk tolerance limits for liquidity risk;
- ▶ any material changes to the liquidity risk profile since the previous liquidity risk management plan, also to facilitate the consideration of the liquidity risk management report by internal users (e.g. AMSB) and the NSAs; and
- ▶ vulnerabilities in the liquidity risk profile and liquidity risk management system and actions undertaken by the undertaking to remedy the situation, mirroring Recital 53 of the Directive amending the Solvency II Directive.

### Frequency of update of the liquidity risk management plan

Article 9 of the draft RTS prescribes that the liquidity risk management plan with the liquidity analysis over the short-term should be updated every three months and without delay following any significant change in the liquidity risk profile of the undertaking. The medium- and long-term liquidity analysis should be included and updated once every year.

The rationale is that short-term liquidity risk poses a more imminent risk to undertakings and the wider financial system than medium- and long-term liquidity risk. In addition, the frequency of updating the liquidity risk management plan every three months fits well with the short-term projection period of

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<sup>20</sup> Basel Committee on Banking Supervision, [Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools](#), January 2013.

<sup>21</sup> IAIS, [Liquidity metrics as an ancillary indicator](#), Level 2 Document, 18 November 2022.

<sup>22</sup> CRO Forum, [Managing liquidity risk: Industry practices and recommendations for CROs](#), September 2019.

three months, ensuring that the subsequent projections cover the whole year. A frequency of update for the short-term analysis of – for example – once every year would leave gaps in the projections for the remaining three quarters of the year. Finally, according to the CRO Forum, quarterly reporting is already the most common frequency for stressed liquidity analysis, and monthly for non-stressed liquidity reporting.<sup>23</sup>

### **Content and frequency of update of the liquidity risk management plan at group level**

Article 10 specifies that the definitions of the short-term liquidity analysis and the medium- and long-term analysis (Article 2), the structure (Article 3), the content of the liquidity risk management plan (Articles 4 to 8) at solo level also apply at group level. This is consistent with Article 246a of the Solvency II Directive which specifies that the requirements relating to liquidity risk management plans at solo level apply “mutatis mutandis” to groups.

Article 10 specifies also that the frequency of update at group level should be the same as the frequency of update at the solo level (Article 9). This does not imply that the liquidity risk management reports at group level should be submitted at the same point in time as the liquidity risk management report at solo level.

Articles 10 and 11 specify the further information that should be reported at group level, most relating to intragroup liquidity flows/transactions and risk concentrations:

- ▶ a description of the mechanism by which the liquidity is managed, as well as an explanation of the mechanisms to transfer liquidity within the different undertakings of the group;
- ▶ a description of the impacts of intra-group transactions and risk concentrations on liquidity needs and resources;
- ▶ an assessment of the consistency of the treatment of the intragroup transactions; and
- ▶ an assessment of restrictions on liquidity transferability that could limit or delay the use of intra-group transactions.

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<sup>23</sup> CRO Forum, [Managing liquidity risk: Industry practices and recommendations for CROs](#), September 2019.

## 2. DRAFT TECHNICAL STANDARDS



EUROPEAN COMMISSION

Brussels, dd.mm.yyyy  
C(20..) yyy final

**COMMISSION DELEGATED REGULATION (EU) No .../..**

**of [ ]**



**COMMISSION DELEGATED REGULATION (EU) No .../... supplementing Directive  
2009/138/EC of the European Parliament and of the Council with regard to regulatory technical  
standards for liquidity risk management plans**

of [ ]

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)<sup>24</sup>, and in particular Article 144d(1), third subparagraph, Article 144d(2), second subparagraph and Article 246a(4), second subparagraph thereof,

Whereas:

- (1) This Regulation specifies the criteria to identify the insurance or reinsurance undertakings and groups which are to be requested to draw up and maintain a liquidity risk management plan covering liquidity analysis over the medium and long term and the content and update of frequency of the liquidity risk management plans at individual and group level.
- (2) To ensure a proportionate implementation and risk-sensitive approach, the liquidity risk management plan, and the results of the liquidity analysis covered by the plan, should be embedded in and consistent with the governance and risk management requirements in the Solvency II framework, including Article 259 and Article 260(1)(d) of Delegated Regulation (EU) 2015/35, as well as the insurance core principles on liquidity risk management of the International Association of Insurance Supervisors.
- (3) The criteria to identify the insurance or reinsurance undertakings and groups requested to draw up and maintain a liquidity risk management plan covering liquidity analysis over the medium and long term should take into account the nature, scale, and complexity of the risks, and in particular the composition of the asset and liability portfolios, the nature and variability of insurance and reinsurance obligations and the exposure of assets' expected cash-flows to market fluctuations. The selection leverages on the establishment of a set of application criteria based both on a set of quantitative metrics, and also on qualitative aspects which could help supervisory authorities to identify efficiently the set of undertakings that might face liquidity risks on the medium to long term. The quantitative criteria capture large undertakings that are more important from a macroprudential perspective. The qualitative criteria allow supervisory authorities to select additional undertakings that are more prone to liquidity risks on the medium to long term.

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<sup>24</sup> OJ L 335, 17.12.2009, p. 1–155.

- (4) To recognise the specific business model of insurance and reinsurance undertakings compared to other financial institutions, the liquidity analysis over the short term should span a period of up to three months, whereas the analysis over the medium and long term should cover the period from three months to at least one year. Within these periods, the analysis should distinguish relevant time horizons to appropriately capture specific liquidity risk profiles, such as daily margin requirements on derivative positions.
- (5) To foster accessibility, comparability and continuity, the liquidity risk management plan should follow a common structure. The plan should start with an overall assessment to provide its audience, including the undertaking's administrative, management or supervisory body and the supervisory authority, with the main conclusions of the liquidity analysis. This should include an assessment whether the insurance or reinsurance undertaking or group satisfies its own risk tolerance limits.
- (6) Insurance and reinsurance undertakings and groups should report in the liquidity risk management plan the assumptions made in carrying out the cash flow projections. The plan should describe the sources of liquidity risk considered, such as redemptions by policyholders, natural and man-made catastrophes and a deterioration of the credit standing of undertakings, and the size of the shocks applied in the stress tests and scenario analysis.
- (7) The results of the cash flow projections should cover the total incoming and outgoing cash flows of insurance and reinsurance undertakings and groups and a breakdown into appropriate subcategories. The breakdown should include cash flows that potentially affect overall financial stability, such as asset sales, and the outgoing cash flows that can be temporarily restricted to remedy liquidity vulnerabilities in exceptional circumstances. Liquidity risk on parts of the assets and liabilities may be borne by the policyholders and parts of the assets may not be available to provide liquidity to other parts of the undertaking. Therefore, the liquidity risk management plan should distinguish such assets and liabilities and include an assessment of whether internal liquidity restrictions are satisfied.
- (8) Insurance and reinsurance undertakings and groups should maintain adequate liquid assets to settle their financial obligations towards policyholders and other counterparties when they fall due, even under stressed conditions. Therefore, the liquidity risk management plan should contain a breakdown of the buffers of liquid assets together with the assumed haircuts, corresponding to the loss in the value when transforming the assets into liquidity within a certain timeframe and under stressed conditions. The breakdown should be accompanied by an assessment of the reliability of the assets to cover liquidity shortfalls, the operational capacity of the undertaking to convert the assets into liquidity and the continuity of arrangements with liquidity providers.
- (9) Insurance and reinsurance undertakings and groups should have in place and keep up to date a set of liquidity risk indicators to identify, monitor and address potential liquidity stress. A commonly used indicator is the liquidity coverage ratio of the value of liquid assets over the net outgoing cash flows under stressed conditions. Therefore, the liquidity risk management plan should include the updated values of the liquidity risk indicators used by undertakings in their risk management system as well as the liquidity coverage indicator.

- (10) Short-term liquidity risk poses a more imminent threat to undertakings and the wider financial system than medium- and long-term liquidity risk. Therefore, the liquidity risk management plan with the liquidity analysis over the short term should be updated every three months. The liquidity analysis over the medium and long term should be included and updated every year.
- (11) Liquidity risk management plan over medium and long term at group level should not systematically imply requiring liquidity risk management plan over the medium and long term for the subsidiaries of the group but should be assessed in line with the criteria from an individual undertaking's perspective.
- (12) Any significant intragroup transactions and risk concentrations of a group should be identified and monitored to mitigate any threats to the liquidity position of the group.
- (13) Liquidity is not always freely transferable within a group when needed, therefore participating insurance and reinsurance undertakings, insurance holding companies or mixed financial holding companies should ensure that the liquidity risk management plan at group level consider any restrictions of transfer of liquidity within the group on an ongoing basis and in stressed situations. The mechanisms for managing liquidity should be clearly described in the liquidity risk policy of the group.
- (14) Since the empowerments provided for in Article 144d(1)(c), Article 144d(2) and Article 246a(4) of Directive 2009/138/EC all relate to the liquidity risk management plan, it is appropriate to exercise those empowerments within the same regulation.
- (15) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Insurance and Occupational Pensions Authority.
- (16) The European Insurance and Occupational Pensions Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Insurance and Reinsurance Stakeholder Group established by Article 37 of Regulation (EU) No 1094/2010.

HAS ADOPTED THIS REGULATION:

*Article 1*

**Criteria for liquidity risk management plan over the medium and long term**

1. Supervisory authorities shall require insurance and reinsurance undertakings and groups with total assets that exceed EUR 12 000 000 000 to draw up and maintain up to date a liquidity risk management plan covering liquidity analysis over the medium and long term.
2. Supervisory authorities shall assess if additional insurance and reinsurance undertakings and groups shall be required to draw up and maintain a liquidity risk management plan based on their exposures and vulnerabilities to liquidity risk over the medium and long term.
3. For the purposes of paragraph 2, supervisory authorities, considering the nature, scale, and complexity of the risks to which the insurance and reinsurance undertakings and groups are vulnerable, shall assess the exposure of insurance and reinsurance undertakings and groups to:

- (a) liquidity risk stemming from exposure to insurable events;
  - (b) liquidity risk stemming from policyholder behaviour;
  - (c) liquidity risk arising from the structure or composition of assets;
  - (d) liquidity risk stemming from counterparty risk;
  - (e) liquidity risk stemming from economic or market developments with impact on funding.
4. The supervisory authority shall not require an insurance or reinsurance undertaking or group identified in paragraph 1 to draw up and maintain a liquidity risk management plan over the medium and long-term if its assessment of the risks' nature, scale, and complexity reveals that the undertaking or group concerned is not materially vulnerable to the risks specified in paragraph 3.

## *Article 2*

### **Time horizon of the liquidity analysis**

1. The liquidity analysis over the short term shall consist of projections of incoming and outgoing cash flows for the time period of 3 months following the starting date of the projections.
2. The liquidity analysis over the medium and long term shall consist of projections of incoming and outgoing cash flows for the time period from 3 months following the starting date of the projections until the point in time when the liquidity risk exposures of the insurance or reinsurance undertaking are not material. This time period shall not be shorter than 1 year following the starting date of the projections.
3. Where other time horizons for the liquidity analysis over the short term or the medium and long-term are appropriate with regard to the liquidity risk exposures and to the timing of the liquidity needs of the undertaking, the liquidity analysis shall also consider these time horizons.
4. The starting date of the projections shall correspond to the end of the quarter preceding the quarter in which the liquidity risk management plan is drawn up or updated.

## *Article 3*

### **Structure**

The liquidity risk management plan shall follow the structure set out in Annex I and include the information referred to in Articles 4 to 8 based on the relevant liquidity analysis.

## *Article 4*

### **Assumptions underlying the projections**

1. The liquidity risk management plan shall contain quantitative and qualitative information on the assumptions underlying the projections of incoming and outgoing cash flows on an ongoing basis and under stressed conditions.
2. The information shall contain a description of the stress tests and scenario analysis performed by the insurance or reinsurance undertaking distinguishing at least the following elements:
  - (a) the material sources of liquidity risk;

(b) the size of the shocks applied in relation to the material sources of liquidity risk.

#### *Article 5*

#### **Cash flow projections**

1. The liquidity risk management plan shall contain quantitative and qualitative information on the projections of incoming and outgoing cash flows on an ongoing basis and under stressed conditions for each of the time horizons considered in the liquidity analysis in accordance with Article 2.
2. The quantitative and qualitative information on the incoming and outgoing cash flows shall cover all assets and liabilities of the insurance or reinsurance undertaking, including exposures arising from off-balance sheet positions and the transfer of risk to special purpose vehicles.
3. The quantitative information on incoming cash flows shall cover the total of all incoming cash flows and at least distinguish the following items:
  - (a) gross written premiums;
  - (b) reinsurance cash inflows;
  - (c) cash inflows from intragroup transactions;
  - (d) investment income;
  - (e) sales of assets;
  - (f) unsecured funding, excluding intragroup borrowing.
4. The quantitative information on outgoing cash flows shall cover the total of all outgoing cash flows and at least distinguish the following items:
  - (a) claims, excluding surrenders;
  - (b) surrenders;
  - (c) other technical outflows, including operating expenses;
  - (d) reinsurance cash outflows;
  - (e) cash outflows from intragroup transactions;
  - (f) financial outflows, including margin requirements;
  - (g) dividend distributions to shareholders and other subordinated creditors;
  - (h) other payments to shareholders and other subordinated creditors;
  - (i) share buy-backs and repayment or redemption of own fund items;
  - (j) bonuses and other variable remuneration.
5. The quantitative information on incoming cash flows shall be gross, without including cash flows in relation to the transformation of the assets included in one or more buffers of liquid assets into liquidity. The net balance between incoming and outgoing cash flows shall be shown separately and include a breakdown of the difference between the net and gross balance of incoming and outgoing

cash flows, at least distinguishing the following items:

- (a) sales of liquid assets;
  - (b) funding secured by liquid assets;
  - (c) posting of liquid assets as collateral.
6. The quantitative information on incoming and outgoing cash flows referred to in paragraph 3 and 4 shall be provided separately for the following funds and portfolios of assets and liabilities, where applicable:
- (a) the assets and liabilities in relation to guaranteed benefits for life insurance obligations with profit participation;
  - (b) the assets and liabilities in relation to index-linked and unit-linked life insurance obligations;
  - (c) the assets and liabilities in relation to each ring-fenced fund and matching adjustment portfolio.
7. The qualitative information on the projections of incoming and outgoing cash flows shall identify any liquidity constraints within the undertaking and contain an assessment of whether the projections of cash flows on an ongoing basis and under stressed conditions satisfy those liquidity constraints.

#### *Article 6*

#### **Buffers of liquid assets**

1. The liquidity risk management plan shall contain quantitative and qualitative information on one or more buffers of liquid assets to cover any shortfall of incoming and outgoing cash flows taking into account the time horizon of the liquidity needs.
2. The quantitative information shall contain a breakdown of the types of assets, covering the following information for the total assets and separately for each type of assets:
  - (a) the market value at the starting date of the projections;
  - (b) the haircut applied;
  - (c) the value after the application of the haircut.
3. For the purposes of paragraph 2, the haircuts shall correspond to the loss in value when transforming the assets into liquidity under stressed conditions within the relevant time horizon, including the potential costs and financial losses arising from the sale of the assets.
4. The qualitative information shall contain the following assessments:
  - (a) an assessment of the reliability of the assets to cover liquidity shortfalls under stressed conditions within the relevant time horizon, at least taking into account any encumbrances, credit quality and marketability of the assets;
  - (b) an assessment of the operational capacity of the insurance or reinsurance undertaking to transform the liquid assets into liquidity within relevant time horizons;

- (c) an assessment of the continuity of any arrangements with counterparties to provide unsecured funding and to transform liquid assets into liquidity, including the identification of these counterparties.

#### *Article 7*

##### **Liquidity risk indicators**

1. The liquidity risk management plan shall contain quantitative and qualitative information on the following liquidity risk indicators:
  - (a) the liquidity risk indicators used by the insurance or reinsurance undertaking to identify, monitor and address potential liquidity stress;
  - (b) the liquidity coverage indicator defined as the ratio of the value of assets held in the buffer of liquid assets and the projected shortfall of incoming over outgoing cash flows under stressed conditions.
2. For the purposes of the liquidity coverage indicator, the value of assets shall equal the value after the application of the haircuts referred to in paragraphs (2) and (3) of Article 6. The value of the shortfall of incoming over outgoing cash flows shall be gross, without including cash flows in relation to the transformation of the liquid assets into liquidity.
3. The liquidity coverage indicator shall be calculated and reported for each of the projections of incoming and outgoing cash flows under stressed conditions over the time horizons referred to in Article 2 and the relevant buffer of liquid assets taking into account the time horizon of the liquidity needs. The liquidity coverage indicator shall not be calculated and disclosed in the absence of a shortfall of incoming over outgoing cash flows.
4. The qualitative information on the liquidity risk indicators shall contain a description and explanation of the appropriateness of the liquidity risk indicators used by the insurance or reinsurance undertaking. Where undertakings do not use within their risk management system the liquidity coverage indicator, the qualitative information shall contain an explanation as to why this indicator is not used.

#### *Article 8*

##### **Overall assessment of liquidity risk**

The liquidity risk management plan shall contain an overall assessment containing the following information:

- (a) an assessment of whether the insurance or reinsurance undertaking complies with the risk tolerance limits for liquidity risk and whether the undertaking has adequate liquidity to settle its financial obligations towards policyholders and other counterparties when they fall due, even under stressed conditions;
- (b) an assessment of any material changes to the liquidity risk profile since the previous update of the liquidity risk management plan;
- (c) an assessment of vulnerabilities in the liquidity risk profile and liquidity risk management system and actions undertaken by the undertaking to remedy the situation.

#### *Article 9*

##### **Frequency of update of the liquidity risk management plan**

1. Insurance and reinsurance undertakings shall update the liquidity risk management plan with the liquidity analysis over the short term at least every three months and without delay following any significant change in the liquidity risk profile of the undertaking.
2. Insurance and reinsurance undertakings which are required to carry out the liquidity analysis over the medium and long term shall include and update this liquidity analysis once every year and without delay following any significant change in the liquidity risk profile of the undertaking.

#### *Article 10*

##### **Content and frequency of update of liquidity risk management plans at group level**

1. Articles 2, 3 and 9 shall apply to the liquidity risk management plans at group level.
2. The liquidity risk management plan at group level shall include:
  - (a) the information defined in Articles 4 to 8 for the group;
  - (b) a description of the mechanism for managing liquidity and for identifying and addressing liquidity needs at individual and group level on an ongoing basis and under stressed conditions. This shall contain a description of availability and transferability including in case of simultaneous liquidity needs within the undertakings of the groups.
3. The information provided in the liquidity risk management plan at group level shall take into account transferability restrictions imposed under applicable laws, regulations or supervisory requirements.

#### *Article 11*

##### **Risk concentration and intragroup transactions**

1. The liquidity risk management plan at group level shall describe the impacts of significant risk concentrations and intragroup transactions defined in Articles 376 and 377 of Delegated Regulation (EU) 2015/35 respectively on liquidity management, liquidity needs and resources of the group.

The impacts shall be considered on an ongoing basis and under stressed conditions together with restrictions on liquidity transferability that could limit or delay the use of intragroup transactions.
2. The liquidity risk management plan at group level shall include an assessment of the plausibility and consistency of the assumptions used at individual and group level as regards intragroup transactions.

#### *Article 12*

##### **Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.



Done at Brussels,

*[For the Commission  
The President]*

*[For the Commission  
On behalf of the President]*

*[Position]*

*ANNEX I*

**STRUCTURE OF THE LIQUIDITY RISK MANAGEMENT PLAN**

0. Overall assessment
1. Assumptions underlying the projections
2. Cash flow projections
3. Buffers of liquid assets
4. Liquidity risk indicators
5. Any other information

## ANNEX I: IMPACT ASSESSMENT

### OBJECTIVES

In accordance with Article 29 of the EIOPA Regulation<sup>25</sup>, EIOPA carries out, where relevant, analyses of costs and benefits during the policy development process. The analysis of costs and benefits is undertaken according to an impact assessment methodology.

This impact assessment covers the EIOPA applicability criteria for the liquidity risk management plan over the medium and long term (policy issue A) and the prescriptiveness of the content of the liquidity risk management plan (policy issue B). It is based on a qualitative assessment done by EIOPA.

In drafting these RTS, EIOPA sticks to the general objectives of the Solvency II Directive, as agreed by the legislators in 2009. These general objectives are:

- ▶ adequate protection of policyholders and beneficiaries, being the main objective of supervision;
- ▶ financial stability;
- ▶ proper functioning of the internal market.

In view of the specific purpose of these technical standards, the following more specific objectives were identified:

- ▶ promoting good risk management;
- ▶ discourage excessive levels of direct and indirect exposure concentration;
- ▶ discouraging risky behaviour ;
- ▶ discouraging excessive involvement in products and activities with greater potential to pose systemic risk;
- ▶ improving transparency and better comparability.

### POLICY ISSUES

#### POLICY ISSUE A: HYBRID APPROACH ON CRITERIA FOR LRMP

This Policy Issue leverages on the establishment of a set of application criteria based both on a set of quantitative metrics, but also leveraging on qualitative aspects which could help NCAs further refine

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<sup>25</sup> Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC; OJ L 331, 15.12.2010, p. 48–83.

the set of undertakings identified as being in scope of the draft RTS. This approach should ideally lead to identifying efficiently the set of undertakings that might face liquidity issues on the medium to long term.

## **POLICY ISSUE B: PRESCRIPTIVENESS OF THE LIQUIDITY RISK MANAGEMENT PLAN'S CONTENT**

EIOPA is empowered to develop draft regulatory technical standards specifying the content of the liquidity risk management plans in order to ensure consistent application. This policy issue considers the prescriptiveness of the content.

## **POLICY OPTIONS**

This option means that no RTS are in place. It is a hypothetical baseline that is only introduced as a benchmark against which the impact of the other policy options is compared.

### **POLICY ISSUE A: HYBRID APPROACH ON CRITERIA FOR LRMP**

#### **Policy option A.0: No change**

This policy option leverages on an approach that keeps the status quo and relies on the sole principles of Solvency II and on already existing provisions set out at directive level. If assumed that introducing medium to long term criteria for LRMP can work effectively, failing to identify a relevant set of undertakings in scope of the draft RTS may result in less protection for policyholders and higher risk to financial stability. Furthermore, from a supervisory point of view, NCAs would not be able to make use of an instrument that may be relevant to address the sources of liquidity risk on medium to long term.

This option is not considered as a viable option given the specific mandate given to EIOPA in the context of article 144d of the reviewed Solvency II Directive.

#### **Policy option A.1: RTS application criteria based on both qualitative and quantitative information**

From a financial stability perspective, expanding the requirement of LRMPs on the medium to long term is crucial to anticipate and withstand market shocks, maintain confidence and trust, comply with regulatory requirements, preserve stability, and ensure business continuity in the financial sector. It could help mitigating four main sources of liquidity risk which could potentially generate indirect macroprudential outcomes.

In relation to the possible impact of the implementation of this draft RTS on undertakings' behaviour, the major impact of this tool on undertakings' behaviour which can be foreseen is related to the raising awareness with respect to macroprudential outcomes and the impact that undertakings themselves can generate with their risk assessment and investment behaviour. Identifying the most relevant set of undertakings which are deemed to have an indirect macroprudential impact is key to make the new tool useful for both NCAs and the undertakings.

The aim of the new macroprudential tool is to ensure that insurance and reinsurance undertakings maintain adequate liquidity to settle their financial obligations towards policyholders and other counterparties when they fall due, even under stressed conditions.

Regarding the impact of the implementation of this RTS, insurance and reinsurance undertakings and groups must submit the liquidity risk management plan to the supervisory authorities as part of the information to be provided for supervisory purposes. This will contribute to the monitoring of the liquidity position of the undertakings and groups by supervisory authorities considering the supervisory powers to remedy liquidity vulnerabilities in exceptional circumstances in Article 144b.

Small and non-complex insurance and reinsurance undertakings, and undertakings which have obtained prior approval from the supervisory authority in accordance with Article 29d do not have to draw up a liquidity risk management plan.

The quantitative application criteria rely on a double layer threshold based on:

- ▶ The Financial Stability Reporting threshold of EUR 12 000 000 000 in total assets valued according to Article 75 of Directive 2009/138/EC of the insurance and reinsurance undertakings and groups established in the Member State;

Regarding the qualitative criteria, supervisory authorities, considering the nature, scale, and complexity of the risks to which the insurance and reinsurance undertakings and groups are vulnerable, shall assess at a minimum:

- ▶ the exposure to liquidity risk stemming from exposure to insurable events;
- ▶ liquidity risk stemming from policyholder behaviour;
- ▶ liquidity risk stemming from counterparty risk;
- ▶ liquidity risk stemming from economic or market developments with impact on funding.

#### **Policy option A.2: RTS application criteria based on both qualitative and quantitative information also including undertakings which apply the matching adjustment or the volatility adjustment or long-term equity.**

From a financial stability perspective, expanding the requirement of LRMPs on the medium to long term is crucial to anticipate and withstand market shocks, maintain confidence and trust, comply with regulatory requirements, preserve stability, and ensure business continuity in the financial sector. It could help mitigating four main sources of liquidity risk which could potentially generate indirect macroprudential outcomes.

In relation to the possible impact of the implementation of this draft RTS on undertakings' behaviour, the major impact of this tool on undertakings' behaviour which can be foreseen is related to the raising awareness with respect to macroprudential outcomes and the impact that undertakings themselves can generate with their risk assessment and investment behaviour. Identifying the most relevant set of undertakings which are deemed to have an indirect macroprudential impact is key to make the new tool useful for both NCAs and the undertakings.

The aim of the new macroprudential tool is to ensure that insurance and reinsurance undertakings maintain adequate liquidity to settle their financial obligations towards policyholders and other counterparties when they fall due, even under stressed conditions.

Regarding the impact of the implementation of this RTS, insurance and reinsurance undertakings and groups must submit the liquidity risk management plan to the supervisory authorities as part of the information to be provided for supervisory purposes. This will contribute to the monitoring of the liquidity position of the undertakings and groups by supervisory authorities considering the supervisory powers to remedy liquidity vulnerabilities in exceptional circumstances in Article 144b.

The quantitative application criteria rely on a double layer threshold based on:

- ▶ The Financial Stability Reporting threshold of EUR 12 000 000 000 in total assets valued according to Article 75 of Directive 2009/138/EC of the insurance and reinsurance undertakings and groups established in the Member State;
- ▶ Supervisory authorities shall require insurance and reinsurance undertakings which apply the matching adjustment referred to in Article 77b or the volatility adjustment referred to in Article 77d or treat a sub-set of equity investments as long-term equity investments in accordance with Article 105a of Directive 2009/138/EC to draw up and maintain up to date a liquidity risk management plan covering liquidity analysis over the medium and long term.

Regarding the qualitative criteria, supervisory authorities, considering the nature, scale, and complexity of the risks to which the insurance and reinsurance undertakings and groups are vulnerable, shall assess at a minimum:

- ▶ the exposure to liquidity risk stemming from exposure to insurable events;
- ▶ liquidity risk stemming from policyholder behaviour;
- ▶ liquidity risk stemming from counterparty risk;
- ▶ liquidity risk stemming from economic or market developments with impact on funding.

Regarding the second quantitative criteria, according to the latest information for Solo Quarterly 2023 Q4, there are 13 undertakings using Matching Adjustment and 623 the volatility adjustment. Then, according to the Group Quarterly 2023 Q3 (last available data), there are 8 groups using MA and 135 groups using VA. This means that the sample of companies required to have long-term LRMP according to this criterion will increase substantially.

This Policy Option, although very much aligned with Policy Option A.1 differs in the extent of application of strict metrics to define the RTS applicability criteria. This option includes another quantitative criterion regarding the mandatory inclusion of all the insurance and reinsurance undertakings and groups which apply the matching adjustment or the volatility adjustment or treat a sub-set of equity investments as long-term equity investments. This approach significantly increases the sample of the entities that would need to have a LRMP on medium to long term focusing more on the hard criteria and less on the risk exposure or the macroprudential implications. This approach will assume the inclusion of smaller entities as well.

## POLICY ISSUE B: PRESCRIPTIVENESS OF THE LIQUIDITY RISK MANAGEMENT PLAN'S CONTENT

### Policy option B.0: Structure with high-level description of content

This policy option keeps the status quo and relies on the sole principles of Solvency II and on already existing provisions set out at Level 1. This option is not considered as a viable option given the specific mandate given to EIOPA in the context of article 144d of the reviewed Solvency II Directive.

### Policy option B.1: Structure with high-level description of content

Under this policy option, the draft RTS prescribes the structure of the liquidity risk management plans and a high-level description of its contents, such as:

- ▶ section on cash flow projections: quantitative and qualitative information on the projections of incoming and outgoing cash flows on an ongoing basis and under stressed conditions;
- ▶ section on liquid assets: quantitative and qualitative information on one or more buffers with liquid assets;
- ▶ section on liquidity risk indicators: quantitative and qualitative information on liquidity risk indicators used by undertakings to identify, monitor and address potential liquidity stress.

### Policy option B.2: Structure with minimum requirements on content

Under this policy option, the draft RTS prescribes the structure of the liquidity risk management plans and minimum requirements on the contents, such as:

- ▶ section on cash flow projections: quantitative and qualitative information on the projections of incoming and outgoing cash flows on an ongoing basis and under stressed conditions, including:
  - minimum cash flows to be reported that are relevant from insurance and macroprudential perspective;
  - distinction between gross and net cash flows, i.e. without and with cash flows linked to the transformation of liquid assets into liquidity;
  - granularity of the projections to distinguish assets and liabilities where liquidity risks are borne by policyholders or which are subject to liquidity constraints;
  - an assessment of compliance with any internal liquidity constraints.
- ▶ section on liquid assets: quantitative and qualitative information on one or more buffers with liquid assets, including:
  - breakdown into types of liquid assets with values before and after applying haircuts;
  - assessments of reliability of liquid assets, operational readiness of undertakings and continuity of arrangements with liquidity providers.
- ▶ section on liquidity risk indicators: quantitative and qualitative information on liquidity risk indicators used by undertakings to identify, monitor and address potential liquidity stress, including:

- liquidity risk indicators used by undertakings and common liquidity coverage indicator, including definition;
- assessment of appropriateness of common indicator if not used in liquidity risk management.

### Policy option B.3: Structure with prescriptive requirements on content

Under this policy option, the draft RTS prescribes the structure of the liquidity risk management plans and prescriptive requirements on the contents, such as:

- ▶ section on cash flow projections: quantitative and qualitative information on the projections of incoming and outgoing cash flows on an ongoing basis and under stressed conditions, including:
  - detailed cash flows template, like the one used in EIOPA’s liquidity monitoring<sup>26</sup>;
  - an assessment of compliance with any internal liquidity constraints.
- ▶ section on liquid assets: quantitative and qualitative information on one or more buffers with liquid assets, including:
  - detailed liquid assets template, like the one used in IAIS liquidity monitoring<sup>27</sup>, including prescribed haircuts;
  - assessments of reliability of liquid assets, operational readiness of undertakings and continuity of arrangements with liquidity providers.
- ▶ section on liquidity risk indicators: quantitative and qualitative information on liquidity risk indicators used by undertakings to identify, monitor and address potential liquidity stress, including:
  - common liquidity coverage indicator, including definition.

## IMPACT OF THE POLICY OPTIONS

### POLICY ISSUE A: HYBRID APPROACH ON CRITERIA FOR LRMP

#### Policy option A.0: No change

Policy option A.0		
<b>Costs</b>	Policyholders	If assumed that the measure can work effectively, the lack thereof may result in less protection for policyholders and higher risk to financial stability.

<sup>26</sup> See Table 2-10 on page 28 of EIOPA, [Methodological principles of insurance stress testing – Liquidity component](#), EIOPA-BoS-20/760, 13 January 2021.

<sup>27</sup> See Table 2 on page 25 of IAIS, [Liquidity metrics as an ancillary indicator](#), Level 2 Document, 18 November 2022.



	Industry	No material impact.
	Supervisors	No material impact.
	Other	No material impact.
<b>Benefits</b>	Policyholders	No material impact.
	Industry	No material impact.
	Supervisors	No additional resources need to be devoted.
	Other	No material impact.

### Policy option A.1: RTS application criteria based on both qualitative and quantitative information

Policy option A.1		
<b>Costs</b>	Policyholders	No material impact.
	Industry	Affected undertakings may face one-off costs in terms of fees to externals and time devoted by staff involved in the drafting process. Additionally, keeping the plans updated would also require certain resources on an ongoing basis, although these are not deemed high.
	Supervisors	Methodology for the identification of the undertakings subject to the LRMPs for medium to long term has to be defined. Additional resources needed to analyse the LRMPs provided by undertakings.
	Other	No material impact.
<b>Benefits</b>	Policyholders	A clear and structured liquidity risk management process and procedure is expected to ultimately result in better managed undertakings in the benefit of policyholders. Policyholders would ultimately benefit from a more stable financial system (see also "other" below).
	Industry	The analysis carried out as part of the drafting process could yield relevant lessons for affected undertakings (e.g., by identifying potential liquidity gaps), which could react accordingly if needed.
	Supervisors	LRMPs create an obligation to explain in a single document how liquidity risks are managed (knowing that liquidity risk is one of the risks included in Article 260(1)(d) of the delegated regulation. This would raise awareness of potential liquidity risks at undertakings' level and overall at sectoral level in a structural way. By being able to have only a certain undertaking number, supervisors would strike a balance between having relevant information about the management of liquidity risk by undertakings without an unnecessary burden.

	Other	To the extent that the tool is able to achieve its objectives, it will contribute to mitigate systemic risk and reduce its potential harm to consumers and taxpayers.
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**Policy option A.2: RTS application criteria based on both qualitative and quantitative information also including undertakings which apply the matching adjustment or the volatility adjustment or long-term equity.**

Policy option A.2		
<b>Costs</b>	Policyholders	No material impact.
	Industry	Affected undertakings may face one-off costs in terms of fees to externals and time devoted by staff involved in the drafting process. Additionally, keeping the plans updated would also require certain resources on an ongoing basis, although these are not deemed high. The impact of cost might be more significant on smaller entities that will be requested the medium to long term LRMP due to their inclusion based on the criteria that requires undertakings which apply the matching adjustment or the volatility adjustment or long-term equity to be selected.
	Supervisors	Additional resources needed to analyse the LRMPs provided by undertakings. Depending on the number of undertakings operating in the market, this ongoing resource consumption could be much higher than expected.
	Other	No material impact.
<b>Benefits</b>	Policyholders	A clear and structured liquidity risk management process and procedure is expected to ultimately result in better managed undertakings in the benefit of policyholders. Policyholders would ultimately benefit from a more stable financial system (see also "other" below).
	Industry	The analysis carried out as part of the drafting process could yield relevant lessons for affected undertakings (e.g., by identifying potential liquidity gaps), which could react accordingly if needed.
	Supervisors	LRMPs create an obligation to explain in a single document how liquidity risks are managed (knowing that liquidity risk is one of the risks included in Article 260(1)(d) of the delegated regulation. This would raise awareness of potential liquidity risks at undertakings' level and overall at sectoral level in a structural way. By being able to have only a certain undertaking number, supervisors would strike a balance between having relevant information about the management of liquidity risk by undertakings without an unnecessary burden.

	Other	To the extent that the tool is able to achieve its objectives, it will contribute to mitigate systemic risk and reduce its potential harm to consumers and taxpayers.
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## POLICY ISSUE B: PRESCRIPTIVENESS OF THE LIQUIDITY RISK MANAGEMENT PLAN'S CONTENT

### Policy option B.0: No change

### Policy option B.1: Structure with high-level description of content

The benefits to policyholders and supervisors will be limited under this option. The reason is that the high-level description of the content does not ensure that supervisors receive the relevant information from macroprudential perspective. Moreover, the high-level descriptions do not encourage adequate liquidity risk assessment and management. The high-level requirements on content may be beneficial for the industry since little adjustments are needed to liquidity risk assessment and reporting. However, it will be very costly for supervisors to assess the heterogenous content of liquidity risk management plans.

Policy option B.1		
<b>Costs</b>	Policyholders	The content will likely not contain all information relevant from a macroprudential perspective, jeopardising financial stability. The lack of minimum requirements on content will not ensure adequate liquidity risk management, jeopardising that obligations towards policyholders are met.
	Industry	The content will likely not contain all information relevant from a macroprudential perspective, jeopardising financial stability.
	Supervisors	The content will likely be very heterogeneous, difficult to compare and, hence, costly to assess. The content will likely not contain all information relevant from a macroprudential perspective, jeopardising financial stability. The lack of minimum requirements on content will not ensure adequate liquidity risk assessment and management.
	Other	No material impact
<b>Benefits</b>	Policyholders	No material impact
	Industry	Industry will have to make very little adjustments to current approach to liquidity risk assessment and reporting.
	Supervisors	No material impact
	Other	No material impact

**Policy option B.2: Structure with minimum requirements on content**

There are clear benefits for policyholders, industry and supervisors under this option. The minimum requirements on the content ensure that supervisors receive relevant information from macroprudential perspective, enhancing financial stability. Moreover, the minimum requirements will encourage adequate liquidity risk assessment and management. The minimum requirements will require adjustments by the industry to liquidity risk assessment and reporting. However, the more comparable information will make it less costly for supervisors to assess the content of liquidity risk management plans.

Policy option B.2		
<b>Costs</b>	Policyholders	No material impact
	Industry	The minimum requirements on content will likely result in industry having to adjust liquidity risk management practices and reporting.
	Supervisors	The minimum requirements leave room for heterogeneity in the content, reflecting differences in business models and liquidity risk profiles.
	Other	No material impact
<b>Benefits</b>	Policyholders	The minimum requirements on content provide relevant information from a macroprudential perspective, enhancing financial stability. The minimum requirement on content will foster adequate liquidity risk management, contributing to ensuring that obligations towards policyholders are met.
	Industry	The minimum requirements on content provide relevant information from a macroprudential perspective, enhancing financial stability. The minimum requirement on content will foster adequate liquidity risk management
	Supervisors	The minimum requirements on content provide relevant information from a macroprudential perspective, enhancing financial stability. The minimum requirement on content will foster adequate liquidity risk management.
	Other	No material impact

**Policy option B.3: Structure with prescriptive requirements on content**

The costs and benefits for policyholders, industry and supervisors are more ambiguous under this option. The prescriptive requirements on the content ensure on the one hand that supervisors receive relevant information from macroprudential perspective, enhancing financial stability. Moreover, the prescriptive requirements may encourage adequate liquidity risk assessment and management. On the other hand, there is scope of overshooting in the sense that the requirements are not appropriate in view of the business model and liquidity risk profile of the undertakings. For example, the prescribed

haircuts may not be relevant for time horizon analysed by the undertaking or harmonised liquidity risk indicator may be inappropriate. This could imply that the requirements would reduce the adequacy of liquidity risk management of undertakings.

The prescriptive requirements may require substantial adjustments by the industry to liquidity risk assessment and reporting. The harmonised and comparable information will reduce the costs for supervisors to assess the content of liquidity risk management plans.

Policy option B.3		
<b>Costs</b>	Policyholders	Requirements may be inappropriate to the liquidity risk profile of undertakings, reducing the adequacy of liquidity risk management and potentially jeopardising financial stability and that obligations towards policyholders are met.
	Industry	The prescriptiveness of content will likely result in industry having to make substantial adjustments to liquidity risk management practices and reporting. Requirements may be inappropriate to the liquidity risk profile of undertaking, reducing the adequacy liquidity risk management.
	Supervisors	Requirements may be inappropriate to the liquidity risk profile of undertakings, reducing the adequacy of liquidity risk management and potentially jeopardising financial stability.
	Other	No material impact
<b>Benefits</b>	Policyholders	The prescriptive requirements on content may provide relevant information from a macroprudential perspective, enhancing financial stability. The prescriptive requirements on content may enhance adequate liquidity risk management, contributing to ensuring that obligations towards policyholders are met.
	Industry	The prescriptive requirements on content may provide relevant information from a macroprudential perspective, enhancing financial stability. The prescriptive requirements on content may enhance adequate liquidity risk management.
	Supervisors	The prescriptive requirements on the content will enhance comparability and facilitate the assessment of the liquidity risk management plans. The prescriptive requirements on content may provide relevant information from a macroprudential perspective, enhancing financial stability. The prescriptive requirements on content may enhance adequate liquidity risk management of undertakings.

	Other	No material impact
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## COMPARISON OF POLICY OPTIONS

### POLICY Issue A

EFFECTIVENESS (0,+,,++)			
	Discouraging excessive involvement in products and activities with greater potential to pose systemic risk	Discourage excessive levels of direct and indirect exposure concentrations	Promoting good risk management
<b>Policy option A.0</b>	0	0	0
<b>Policy option A.1</b>	++	++	++
<b>Policy option A.2</b>	++	++	++

EFFICIENCY (0,+,,++)			
	Discouraging excessive involvement in products and activities with greater potential to pose systemic risk	Discourage excessive levels of direct and indirect exposure concentrations	Promoting good risk management
<b>Policy option A.0</b>	0	0	0
<b>Policy option A.1</b>	++	++	++
<b>Policy option A.2</b>	+	+	++

### POLICY Issue B

The policy option B.2 is most effective in promoting good risk management and discouraging risk behaviour. Although policy option B.3 is most effective in improving transparency and comparability, the drawback is that the prescriptive requirements may be inappropriate to business model and liquidity risk profile of the undertaking, thereby discouraging good risk management. Policy option B.1 achieves little in terms all three objectives.

EFFECTIVENESS (0,+,,++)			
	Promoting good risk management	Discouraging risky behaviour	Improving transparency and better comparability
<b>Policy option B.0</b>	0	0	0

Policy option B.1	0	0	0
Policy option B.2	++	++	+
Policy option B.3	+	+	++

The policy option B.2 scores best in terms of efficiency for reaching all three objectives. Policy option B.1 requires insurers to draw up and supervisors to assess liquidity risk management plans, while there is little scope of achieving the operational objectives. Policy option B.3 may contribute to achieving the objectives. However, the prescriptive approach will be more costly in terms of the adjustments that industry will have to make to their liquidity risk management and reporting, which in turn may also be counterproductive.

EFFICIENCY (0,+,++)			
	Promoting good risk management	Discouraging risky behaviour	Improving transparency and better comparability
Policy option B.0	0	0	0
Policy option B.1	0	0	0
Policy option B.2	++	++	++
Policy option B.3	+	+	+

## PREFERRED OPTIONS

Based on the evidence provided in the assessment above, Policy Option A.1 has been indicated as the preferred option. Besides the efficiency and effectiveness and cost benefit analysis, this option is also the one that provides National Supervisory Authorities with the right tools to enhance and apply proportionality while creating a level playing field.

With respect to the quantitative criteria and risk-based thresholds proposed in the draft RTS, no additional burden is put on undertakings and groups in terms of increased reporting burden, because the information can be derived through the use of the data already contained in the QRTs and information provided by undertakings to supervisors during the regular supervisory dialogue and exchange of information.

The combination of quantitative criteria and risk-based thresholds ultimately gives supervisors the option to further refine the sample of undertakings and groups identified under the scope of the RTS and leads to an efficient and effective outcome in terms of balancing the application of the proportionality principle while still keeping a minimum baseline for supervisory convergence.

Policy option B.2 ('Structure with minimum requirements on content') is the preferred option for policy issue B. It provides a good balance between, on the one hand, ensuring consistency of the liquidity risk management plans and, on the other hand, preventing substantial adjustments to the current liquidity risk management and reporting of undertakings. A such this policy option achieves a proportionate approach by providing the users of the liquidity risk management plans with consistent information,

while minimising the additional costs for undertakings to prepare the plans. Furthermore, in accordance with Article 144a(4) of the Solvency II Directive, small and non-complex undertakings and undertakings which have obtained prior approval from the supervisory authority pursuant to Article 29d of that Directive are not obliged to draw up a liquidity risk management plan. EIOPA published a consultation paper with draft advice to the Commission on specifying through a delegated act the conditions for supervisors to take into account in their assessment of the application of undertakings, not classified as small and non-complex undertakings, for the exemption from the liquidity risk management plan.<sup>28</sup>

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<sup>28</sup> EIOPA, [Consultation paper on technical advice on the implementation of the new proportionality framework under Solvency II](#), EIOPA-BoS-24-293, 2 August 2024.



## ANNEX II: OVERVIEW OF QUESTIONS FOR CONSULTATION

The survey for collecting the consultation feedback ask for comments on each section of the consultation paper and in addition this particular question:

Q4. Do you agree that the draft RTS achieves a proportionate implementation of the liquidity risk management plans? If not, please explain and provide suggestions to achieve a more proportionate approach.

## Privacy statement related to Public (online) Consultations

### Introduction

1. EIOPA, as a European Authority, is committed to protect individuals with regard to the processing of their personal data in accordance with Regulation (EU) No 2018/1725 (further referred as the Regulation).<sup>29</sup>

### Controller of the data processing

2. The controller responsible for processing your data is EIOPA's Executive Director.  
Address and email address of the controller:
3. Westhafenplatz 1, 60327 Frankfurt am Main, Germany  
**fausto.parente@eiopa.europa.eu**

### Contact details of EIOPA's Data Protection Officer

4. Westhafenplatz 1, 60327 Frankfurt am Main, Germany  
**dpo@eiopa.europa.eu**

### Purpose of processing your personal data

5. The purpose of processing personal data is to manage public consultations EIOPA launches and facilitate further communication with participating stakeholders (in particular when clarifications are needed on the information supplied).
6. Your data will not be used for any purposes other than the performance of the activities specified above. Otherwise you will be informed accordingly.

### Legal basis of the processing and/or contractual or other obligation imposing it

7. EIOPA Regulation, and more precisely Article 10, 15 and 16 thereof.
8. EIOPA's Public Statement on Public Consultations.

### Personal data collected

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<sup>29</sup> Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC.

9. The personal data processed might include:

- Personal details (e.g. name, email address, phone number);
- Employment details.

#### **Recipients of your personal data**

10. The personal data collected are disclosed to designated EIOPA staff members.

#### **Transfer of personal data to a third country or international organisation**

11. No personal data will be transferred to a third country or international organization.

#### **Retention period**

12. Personal data collected are kept until the finalisation of the project the public consultation relates to.

#### **Profiling**

13. No decision is taken in the context of this processing operation solely on the basis of automated means.

#### **Your rights**

14. You have the right to access your personal data, receive a copy of them in a structured and machine-readable format or have them directly transmitted to another controller, as well as request their rectification or update in case they are not accurate.

15. You have the right to request the erasure of your personal data, as well as object to or obtain the restriction of their processing.

16. For the protection of your privacy and security, every reasonable step shall be taken to ensure that your identity is verified before granting access, or rectification, or deletion.

17. Should you wish to access/rectify/delete your personal data, or receive a copy of them/have it transmitted to another controller, or object to/restrict their processing, please contact [legal@eiopa.europa.eu]

18. Any complaint concerning the processing of your personal data can be addressed to EIOPA's Data Protection Officer (DPO@eiopa.europa.eu). Alternatively you can also have at any time recourse to the **European Data Protection Supervisor (www.edps.europa.eu)**.