

14 May 2026

Circular Providing Clarifications on the Consultation on the Salient Amendments Proposed by the Solvency II 2020 Review

Introduction

Reference is made to the Consultation Document entitled [Consultation on the salient amendments proposed by the Solvency II 2020 Review](#) published on the Government Portal on 15 April 2026 and to Directive 2025/2 published on 8 January 2025 on the Official Journal. The purpose of this Circular is to provide the market with certain minor clarifications of a minor nature in relation to the Consultation Document issued, as well as to remind stakeholders of the forthcoming closure of the Consultation period.

Proportionality Measures

The definition of proportionality measures set out in Article 13(43) of the Solvency II Directive identifies a number of proportionality measures from which authorised insurance undertakings classified as small and non-complex undertakings may benefit. These measures are set out in Articles 35(5a), 41, 45(1b), 45(5), 45a(5), 51(6), 51a(1), 77(8), and 144a(4) of the Solvency II Directive or any measure provided for in the delegated acts adopted pursuant to this Directive explicitly applicable to small and non-complex undertakings.

Article 29d of the Solvency II Directive, on the other hand, identifies the proportionality measures for which undertakings that do not qualify as small and non-complex undertakings, may apply. These are limited to the measures set out in Articles 35(5a), 41, 45(1b), 45(5), 77(8), and 144a(4) of the Solvency II Directive.

Accordingly it follows that undertakings which do not qualify as small and non-complex undertakings would not be eligible to benefit from the proportionality measures that are not expressly identified under Article 29d of the Solvency II Directive.

Clarifications

The MFSA has received a number of queries in relation to paragraphs 2.2.13 and 2.2.14 of the Consultation Document, which set out the proportionality measures that undertakings may apply for. Following further analysis, the MFSA would like to clarify that incorrect wording was inadvertently used when referring to Article 45a(5) of the Solvency II Directive.

In order to clarify the matter, the MFSA wishes to draw the attention of the market to the fact that, in place of paragraphs 2.2.13 and 2.2.14 of the Consultation Document, reference should instead be made to the following paragraphs:

“2.2.13 In line with paragraph 2.2.12, SNCUs may benefit from:

(a) a reduced frequency of the regular supervisory report (submitted every five years rather than yearly) as referred to in Article 35(5a) of the Solvency II Directive;

(b) a waiver from the consideration and analysis of the macro-prudential concerns in the Own Risk and Solvency Assessment referred to in Article 45(1)(e) of the Solvency II Directive, as provided for under Article 45(1b) of the Solvency II Directive;

(c) a reduced frequency of the Own Risk and Solvency Assessment (submitted every two years rather than yearly) referred to in Article 45(5) of the Solvency II Directive;

(d) a reduced frequency of the Solvency Financial Condition Report (submitted every three years rather than yearly) as referred to in Article 51(6) of the Solvency II Directive;

(e) a combination of key functions in line with Article 41(2a) of the Solvency II Directive and a less frequent update of policies every five years as referred to in Article 41(3) of the Solvency II Directive;

(f) an exemption from the audit requirement for the balance sheet as referred to in Article 51a(1) of the Solvency II Directive;

(g) an exemption from specifying and assessing the impact of climate change scenario on the business of the undertaking referred to in Article 45a(5) of the Solvency II Directive;

(h) the use of a prudent deterministic valuation of the best estimate for long term business with options and guarantees that are not deemed material, as referred to in Article 77(8) of the Solvency II Directive; and

(i) an exemption from the obligation to draw up and submit a liquidity risk management plan as referred to in Article 144a(4) of the Solvency II Directive.

2.2.14 Authorised insurance and reinsurance undertakings that do not qualify as SNCUs may only benefit from a more limited set of proportionality measures. The said undertakings may apply for the proportionality measures identified in the previous paragraph, except for:

(a) a reduced frequency of the Solvency and Financial Condition reporting as referred to in Article 51(6) of the Solvency II Directive;

(b) an exemption from the audit requirement applicable to the balance sheet disclosed in the Solvency and Financial Condition Report as referred to in Article 51a(1) of the Solvency II Directive; and

(c) an exemption from specifying and assessing the impact of climate change scenario on the business of the undertaking referred to in Article 45a(5) of the Solvency II Directive.”

The clarifications carried out above will be also featured in the [Proportionality Engagement Questionnaire](#).

Finally, the MFSA would like to remind the market that the Consultation will close on 22 May 2026. As outlined during the Insurance Conference, a number of workshops with industry stakeholders will be held. Such workshops will now be held in June. In this regard, the MFSA would appreciate receiving feedback from the market at the earliest opportunity to ensure that the workshops are appropriately tailored to address any concerns and provide any necessary clarifications in relation to the Solvency II 2020 Review.