

Insurance Europe views on European Commission review of Securitisation Framework (2026 update)

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Introduction

In this paper, Insurance Europe sets out its views on the review of the EU securitisations package, namely:

- Due diligence requirements (under the securitisation regulation (SECR));
- Unfunded credit protection eligibility (under the SECR);
- Solvency II capital and rating requirements (under Solvency II Delegated Regulation).

Some of these items were already highlighted in the Insurance Europe [response](#) to the EC consultation of December 2024.

Overall, the industry welcomes the EC intention to help revive the EU securitisations market by expanding the pool of protection providers, increasing risk-transfer capacity for banks, spreading credit risk beyond the banking sector and lowering due diligence costs.

From an investment perspective, the insurance sector's current allocation in securitisations is small. Yet, securitisation can be a relevant channel for insurers, as it provides access to exposures that would otherwise be difficult to reach. In addition, given the large size of European insurers' total balance sheets (c. €9.5 trillion), even relatively small percentage increases can represent significant amounts and make a meaningful impact. Against this background, improvements to the securitisation framework regarding both due diligence and capital calibrations could potentially enable broader and more effective insurer participation.

From a protection provider perspective, the unfunded credit protection (UFCP) provided by (re)insurers, while limited to non-simple, transparent and standardised (non-STIS) securitisations, has been significant. It has helped banks achieve significant risk transfer and free up capital to support new lending, with around €6bn of credit protection covered by (re)insurers, according to the International Association of Credit Portfolio Managers (IACPM). The review of the securitisation package provides an opportunity for (re)insurers to enhance their support for this market. The industry welcomes the co-legislators' intention to allow robust and sophisticated (re)insurers be eligible for STS securitisations when providing UFCP. For this intention to materialise, the eligibility criteria need to strike the right balance between potential financial stability concerns and the reality of the current market structuring and offer.

The industry supports a diversified market with a diverse set of market players. In the current market reality, this can only be achieved by:

- A set of eligibility criteria for EU undertakings that reflects lower size thresholds (lower than those proposed by the Commission for example) and allows parent support for both EU groups and Solvency II equivalent non-EU groups;
- Maintaining the existing access of (re)insurers to the non-STS market, under both the proposed new resilient category and the non-resilient one.

Insurance Europe outlines below key points emerging from the co-legislators' discussions to date, as well as suggested approaches to address them.

1. **SECR due diligence requirements**

Reference: Proposed EC [amendment](#) of **Article 5** Regulation 2017/2402 (Securitisation Regulation).

The industry acknowledges that several of their suggestions to reduce the burden associated with due diligence are included in the proposal. These include the following paragraphs of Article 5:

- (1) and (3)(c): Removal of some verification requirements.
- (3)(a) and (3)(b): More principles-based risk assessment.
- (4): More principles-based written procedures.
- (4)(g): An extra 15 days for secondary market documentation.
- (4b): Waiving verification and documentation requirements where the first loss tranche, guaranteed by a defined list of public entities, represents at least 15% of exposure.

Further targeted changes to the securitisation regulation will simplify due diligence rules and transparency requirements. This will make it easier for investors to comply with their obligations in a timely and efficient manner and will reduce the reporting burden on issuers of securitisation.

The industry notes that both the Council and the European Parliament broadly support a move towards a more principles-based and proportionate due diligence regime, confirming strong institutional convergence on the need to reduce unnecessary operational burden while preserving investor responsibility.

Industry concern: Some of the EC proposed changes risk introducing new barriers to entry or legal uncertainty for investors. For example, Article 5(5) proposes removing the transfer of legal liability through delegation of responsibility and Article 32 proposes extending the sanctions regime to institutional investors.

In addition, it should be highlighted that the SECR due diligence requirements that need to be fulfilled by an insurance investor are in addition to the Solvency II due diligence requirements (e.g. the Prudent Person Principle) that apply to all investments. Simplification of the SECR due diligence requirements is welcome but it should be stressed that they remain an additional barrier relative to other asset classes.

Insurance Europe proposal: Insurance Europe supports the move towards a more principles-based and proportionate due diligence framework, as reflected in the Council and European Parliament positions. In particular, the industry supports the removal of duplicative verification requirements, the use of simplified due diligence for repeat transactions, and reliance on authorised third-party STS verification. At the same time, the industry calls for delegation and sanctions rules to remain workable and proportionate, avoiding duplicative liability or enforcement alongside existing Solvency II requirements.

2. **Unfunded credit protection eligibility**

Reference: Proposed [amendment](#) to **Article 26e** of Regulation 2017/2402 (Securitisation Regulation).

The proposals allow for credit (re)insurers to participate in the STS synthetic securitisation market, noting that (re)insurers have been welcome participants in the non-STS securitisation market since 2018.

The eligibility under the proposal is subject to new requirements, under Article 26e(8)(aa). These requirements include criteria for:

- **Internal model:** Using an approved internal model to calculate capital requirements for such credit protection agreements.
- **Solvency:** Compliance with capital requirements under Solvency II (SCR and MCR) and credit quality step 3 or better.
- **Diversification:** Operating in at least two classes of non-life insurance business.
- **Minimum size:** Required assets under management exceeding €20 billion.

The industry notes positively that both the Council and the European Parliament recognise the role of (re)insurers as credit protection providers, with the European Parliament in particular proposing a more workable and proportionate eligibility framework.

Industry concern: The Commission's proposed criteria on internal models and minimum size are too restrictive and unlikely to be workable in practice - even for EU Solvency II firms - as they do not align with the specific business models of insurers. Evidence from market participants suggests that overly restrictive eligibility criteria would result in only a very limited number of insurers qualifying, increasing counterparty concentration risk rather than mitigating it.

A [survey](#) (published September 2025) by the International Association of Credit Portfolio Managers (IACPM) of 23 (re)insurance groups actively participating or planning to participate found only two insurance groups (with one undertaking each) are eligible under the proposed safeguards, and specifically in the criteria of minimum size and internal model.

Requirement for internal model

Industry concern

- The requirement for use of an approved internal model is too onerous, excluding the vast majority of current and potential EU Solvency II credit protection providers.
- The IACPM survey indicates that restricting eligible entities to carriers using regulatory approved internal models under the SII regime would exclude 76% of carriers in the EU, most of them currently active in underwriting EU Significant Risk Transfer (SRT). The restriction would create a major barrier to entry into the market for further (re)insurance companies, EU and non-EU, and drive non-EU based (re)insurers to focus on other markets, benefiting non-EU banks.
- The ORSA is capable of being leveraged to include an assessment of deviations between the risks arising from synthetic securitisations and the standard formula, and the materiality of the deviations on the capital requirements and solvency of the undertaking.

Insurance Europe proposal: The industry welcomes the proposals in the draft European Parliament ECON report, which allows for alternative supervisory authorisation routes instead of an exclusive internal model requirement. This approach better reflects the current market participation reality, while preserving supervisory safeguards.

Requirement for minimum size:

Industry concern

- The proposed metric, as currently defined (at underwriting company level) would exclude most of the multiline non-life insurers currently active in the European SRT markets. In order to achieve the Commission's objective of diversifying and strengthening protection sellers in SRT securitisation, the proposed metric should be revisited.

Insurance Europe proposal: The industry supports the proposal in the notes of the European Parliament ECON report. This has a more graduated and proportionate approach, introducing entity-level and group-level

(both EU and non-EU) eligibility thresholds and explicitly recognising parental support arrangements. These elements would materially improve the workability of the framework.

Requirement for diversification:

Industry views

The industry considers that, while diversification safeguards should remain proportionate, the Commission's approach provides a more appropriate baseline than the positions emerging from the Council and the European Parliament, which risk reinforcing entry barriers without demonstrably improving diversification of protection sellers.

"Resilient" label

Industry concern

Concerns remain regarding the exclusion of unfunded credit protection provided by insurers from the proposed "resilient securitisation" category under the CRR [explanatory memorandum](#). As proposed, transactions featuring insurer-provided unfunded credit protection would not qualify as resilient, regardless of their overall risk profile.

- This applies irrespective of whether the transaction is STS or non-STS.
- Non-STS resilience may be significantly easier to achieve than STS, creating misaligned incentives.

Insurance Europe proposal: Transactions featuring unfunded credit protection provided by insurers, where eligible under the STS framework, must also qualify as "resilient" securitisation positions. Moreover, the industry supports the European Parliament's call for greater coherence between securitisations and covered bonds and urges alignment between the Securitisation Regulation and the CRR to avoid unintended exclusion of insurers.

Interaction between "resilient" classification and insurer eligibility

Industry concern

Under the Commission's proposal, (re)insurers that currently have access to the full **Non-STS market** would lose access to the future **Non-STS Resilient** sub-segment unless they qualify as **STS** under the new SECR. Those that do not qualify would be confined to the **Non-STS Non-Resilient** segment.

This results from a collateralisation requirement for Non-STS Resilient exposures introduced in the CRR. If it is not corrected, the proposal risks either incentivising banks to favour Non-Resilient structures or, more realistically, driving (re)insurers out of the European market, as the riskiest segment alone does not support their risk-management and diversification needs.

The existing Non-STS market should not be burdened with new collateralisation requirements for (re)insurers. It is a well-functioning market, and the securitisation package should support its growth, not introduce disincentives that could shrink the market, erode securitisation expertise, and limit opportunities. In particular, the framework should ensure that access to Non-STS Resilient securitisations is not unduly restricted in a way that concentrates market participation and undermines the objective of diversified risk transfer.

Insurance Europe proposal: the CRR proposal should be amended to fully remove the cross-reference to SECR Article 26e(8), (9), and (10) for Non-STS Resilient transactions.

3. Solvency II capital requirements

Reference: Proposed [amendment](#) to **Article 178** of Delegated Regulation (EU) 2015/35 (Solvency II).

The industry **supports** the decreased Solvency II capital calibrations for Senior Simple, Transparent, and Standardised (STS) transactions and welcomes the alignment between Senior STS AAA and AA with covered bonds AAA and AA.

These proposals are aligned with long-standing industry positions, most recently in the December 2024 response to the EC consultation and the recent Insurance Europe SIU position. These changes are expected to be approved by the Council and European Parliament and to enter into force in January 2027.

As part of the future review of the standard formula, **Insurance Europe supports further assessment of the calibrations for non-STs transactions** which, although improved, are not aligned with the underlying economics and are expected to remain a significant barrier to insurers' investment in these assets.

In the banking sector, non-STs prudential treatment is marginally higher (c.50%) than comparable STs capital requirements, whereas under the existing Solvency II rules, it is up to 1150% higher. This is no longer an incentive for STs investment, it is a barrier to investment in non-STs. The paper *How to Calibrate Securitisation Capital Rules* (March 2025) supports significantly lower, risk-adequate risk factors ([Link](#)).

4. Double rating requirement

Reference: **Article 6** of Delegated Regulation (EU) 2015/35 (Solvency II).

The industry welcomes the Commission proposal to delete the double-credit-rating requirement for STs securitisation positions, aligning their treatment more closely with covered bonds. This responds to a long-standing industry concern and removes an unnecessary barrier to investment. As part of the future review of the standard formula, Insurance Europe would support the removal of the requirement for all securitisations, consistent with other fixed income investments.

Insurance Europe is the European insurance and reinsurance federation. Through its 39 member bodies – the national insurance associations – it represents insurance and reinsurance undertakings active in Europe and advocates for policies and conditions that support the sector in delivering value to individuals, businesses, and the broader economy.