EIOPA's recommendation to the Národná banka Slovenska

On 17 May 2022, the European Insurance and Occupational Pensions Authority (EIOPA) issued a recommendation to the Národná banka Slovenska (NBS) in accordance with its powers laid down in Article 17 of the EIOPA Regulation concerning breach of Union law.

A Slovakian insurance company, under the supervision of the NBS as home supervisor, has been non-compliant with Solvency II rules in relation to technical provisions, capital requirements, investments and system of governance over the past years. While the NBS has adopted several measures to remedy the situation, EIOPA considered the steps insufficient and decided to launch a breach of Union law investigation.

The investigation concluded that the NBS failed to take the necessary corrective measures defined by the Solvency II Directive in a timely and proportionate manner to address the firm's non-compliance.

The Solvency II Directive introduced a forward-looking and risk-based supervision. In line with this, supervisory authorities are required to take preventive and corrective measures to ensure that insurers comply with the law. Supervisory powers are to be applied in a timely and proportionate manner and when considering the most appropriate measure, supervisory judgement should be applied with regard to the gravity of the case at hand to safeguard the interest of policyholders. The greater is the risk for policyholders, the swifter decision is required from the supervisory authority.

EIOPA recommends the NBS to consider whether it has effectively exhausted the list of proportionate possible supervisory options or whether there is an alternative supervisory choice that would be proportionate to the long duration and gravity of non-compliance.

According to EIOPA's recommendation, the NBS should adopt a position, verify and conclude on the compliance of the firm with the supervisory decisions of the NBS within 45 days of the receipt of the recommendation. In addition, the NBS should take the necessary steps and measures pursuant to the Solvency II Directive to ensure compliance with Union law within the prescribed statutory deadlines as part of a full/integrated intervention strategy by the NBS. This should result in either a structural and sustainable recovery of all infringements, or if appropriate or mandatory, a withdrawal of firm's authorisation.

Legal basis and next steps

This recommendation has been issued in accordance with Article 17 of the EIOPA Regulation which mandates EIOPA to act in case of non-compliance with Union law by competent authorities.

In accordance with the second paragraph of Article 17(3) of that Regulation, the NBS shall inform EIOPA within 10 working days of the receipt of the recommendation of the steps it has taken or intends to take to ensure compliance with Union law

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