

EIOPA's independent assessments

Bilateral engagement

To ensure a common European understanding of effective supervision, EIOPA regularly engages bilaterally with NCAs to assess national practices. The independent assessment of supervisory practices across Europe provide EIOPA with an overall picture of Solvency II implementation and define areas where actions are required to further improve the supervisory framework and supervisory practices.

Country assessment

Any bilateral engagement towards an NCA is tailored to national specificities following the diagnosis and analysis of national markets and, where relevant, cross-border issues. They include the approach to on-going supervision of internal models following their approval.

Bilateral engagements enable EIOPA to:

- Provide independent and challenging feedback to national supervisors and their authorities;
- Deliver recommendations for improvements in the national supervision; and
- Define follow-up measure including further visits to address the implementation of any recommendations and preventive and/or remedial actions.

Bilateral engagements enable national supervisory authorities to:

- Continuously improve their supervisory framework and supervisory practices by recognising EIOPA's external review of its regulatory and supervisory performance;
- Explore and integrate best practices which have been monitored by EIOPA in other national supervisory authorities;
- Use EIOPA's feedback for national discussions, for example regarding staff resources and staff training at the national supervisory authority; and
- Use EIOPA as facilitator for cooperating and solving cross-border issues with other national supervisory authorities.

Other bilateral assessments

This includes bilateral engagements on specific areas such as Internal models, Cross-border supervision or Group supervision but also the follow-up from previous visits falls under.

Technical assistance

EIOPA provides ongoing technical assistance to national supervisory authorities to support and strengthen their supervisory capacity especially where weaknesses have been identified during bilateral visits or to strengthen the Capital Markets Union.

Balance Sheet reviews and their follow-up

To gain insight into and raise awareness of risks and vulnerabilities of the national insurance sector, EIOPA participates in national, sector wide assessments. These reviews also serve to strengthen transparency and confidence for customers and policyholders. EIOPA participates in balance sheet reviews in a steering role, designing and overseeing the review, as well as working in close cooperation with the national supervisory authority to support the implementation of follow-up actions.

Equivalence monitoring

EIOPA is in regular exchange on supervisory and regulatory issues with the full equivalent third countries. Furthermore, EIOPA assesses the application of supervision for equivalent countries and reports its findings on a bilateral basis to the authority of the equivalent country. An aggregated report is provided to the European Commission.

Engagements with several NCAs

Participation in colleges of supervisors

The European insurance market is dominated by around 90 cross-border insurance groups with a head office in the European Economic Area (EEA) operating across the border with subsidiaries in other EEA countries. This underlines the importance of high quality group supervision and an effective and efficient cooperation amongst supervisors in organising supervisory colleges.

EIOPA is member of cross-border colleges of national supervisors and through this participates in the direct oversight of international groups, playing a coordinating role and thereby contributing to overcoming national fragmentation and enhancing the effectiveness of European supervision.

EIOPA's participation in colleges enables it to identify inconsistencies in supervisory approaches which may adversely affect policyholders. To make best use of available resources, EIOPA determines its level of engagement with colleges according to risk based choices. The level of engagement is reviewed annually on the basis of criteria, which include the economic/systemic importance of each group and its solo entities, the complexity and functioning of the college, the group financial strength, the level of its cross-border business and its risk profile.

Participation in colleges enables EIOPA to deploy a number of EU-wide and cross-border tools to detect and mitigate risk, including:

- The analysis and assessment of risks for each group as well as for national insurance markets from a European perspective, to access individual undertakings and groups' supervisory reporting via a central data repository. This cross-border perspective brings added value and efficiency to national supervision.
- An increasing use of own risks and solvency assessments (ORSA) (7) on group level as a key information source to assess a group's risk profile and address relevant supervisory priorities.
- A focus in the colleges on effectiveness, efficiency and impact of information exchange and joint risk assessment as well as views on the robustness of the Solvency II balance sheets.
- Raising awareness of cross-college requirements and practices on Intra-group Transactions and Risk Concentrations in college meetings.
- Addressing material inconsistencies observed by EIOPA in the group internal model colleges triggered the work on the consistency projects.

Cooperation platforms

In addition to cross-border business via subsidiaries, European (re)insurer offer their services in other countries via the freedom to provide services (FPS) or via setting up branches under the freedom of establishment (FOE), in which case no supervisory college is established.

In order to meet challenges related to the growing number of large-scale cross border activities under FPS and FOE, EIOPA has developed coordination platforms among concerned supervisors. These platforms are an example of how EIOPA has been able to better steer cooperation between national supervision and support the national assessment of the impact of cross-border activities by adding the European perspective.

Cooperation platforms strengthen cross-border activities and consumer protection. A platform is set up when EIOPA and relevant national supervisory authorities see the merit in strengthening cooperation due to material cross border business enabling a sound internal market in the EU.

Once a cooperation platform has been established and is organised by EIOPA, the home supervisor and the relevant host supervisory authorities, in which the insurance undertaking concerned is offering insurance products under FPS and FOE are involved.

By ensuring a more European perspective EIOPA strives to ensure an equal level of policyholder protection for all policyholders within the EEA. Undertakings subject to cooperation platform range from general motor insurance to more niche models or long-tail business with their headquarters situated in all different member states.

Benefits of cooperation platform have been identified for both home and host supervisors in sharing of information and acting on commonly agreed measures when appropriate.

Joint on-site inspections

EIOPA participates in joint on-site inspections that are carried out jointly by two or more supervisory authorities, in particular in the context of colleges of supervisors and cooperation platforms.

These inspections are an important tool to build a better awareness of risks. EIOPA's participation fosters convergence of supervisory practices while strengthening cooperation among supervisory practices. On-site visits are particularly useful in strengthening cooperation as they enhance communication between home and host supervisors. They also enable home and host supervisors access to all relevant data of insurance or reinsurance undertakings and accelerate support to implement tailored solutions.

Breach of European Union law

In accordance with Article 17 of Regulation (EU) No 1094/2010, EIOPA ensures the correct and full application of Union law, which is a core prerequisite for the

integrity, transparency, efficiency and orderly functioning of financial markets, the stability of the financial system, and for neutral conditions of competition for financial institutions in the Union.

Mediation role

In accordance with Article 19 and Article 31, point (b) of Regulation (EU) No 1094/2010, EIOPA settles disagreements in cross-border situations between those competent authorities, including within colleges of supervisors, in order to ensure efficient and effective supervision and a balanced consideration of the positions of the competent authorities in different Member States.

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