



# International relations

## EIOPA plays an active role in the field of international insurance and occupational pensions

In compliance with the powers granted by the European law and EIOPA's strategic objectives, EIOPA plays an active role in the field of international insurance and occupational pensions, such as developing contacts and entering into administrative arrangements with supervisory authorities, international organisations and administrations of third countries.

EIOPA aims to guarantee a level playing field for all market participants. In this respect, equivalence and compatibility of the different regulatory and supervisory regimes play a key role.

## International organisations

EIOPA aims to strengthen international supervisory coordination and supervisory convergence of the work of international bodies.

EIOPA plays a leading role in the work of the International Association of Insurance Supervisors (IAIS) with the focus to promote a sound and risk-based

world-wide regime.

The pursuit of Solvency II as the practical implementation of the IAIS' International Capital Standard (ICS) is part of EIOPA's multi-annual objective: Lead convergence towards high-quality prudential supervision throughout the EU. EIOPA has a coordinating role in the development of an international capital standard on a global level and reducing burden for undertakings to cope with several layers of regulations.

## Regulatory and supervisory dialogues

EIOPA strives to foster dialogue and cooperation with supervisors outside the European Union. Regulatory and supervisory dialogues aim to establish bilateral relations of EIOPA with third countries' supervisors and associations of supervisors and to contribute to the mutual understanding of the different regulatory and supervisory regimes. Dialogues take place on a high or a technical level, in particular with the United States, Switzerland, Japan, Bermuda and fast growing economies including China.

### EU-US Insurance Dialogue Project

The EU-US Insurance Dialogue Project began in early 2012, as an initiative by the European Commission, EIOPA, the Federal Insurance Office of the US Department of Treasury, and the National Association of Insurance Commissioners towards enhancing mutual understanding and cooperation between the EU and the US for the benefit of insurance consumers, business opportunity, and effective supervision.

[Read the latest reports from the EU-US Insurance Dialogue Project](#)

### EU-US Covered Agreement

The Agreement forms the basis for the EU-US cooperation on insurance and reinsurance with the objective to provide benefits to EU and U.S. insurers and reinsurers operating across the Atlantic by offering them regulatory certainty, while maintaining consumer protections. EIOPA's role is to monitor the practical implementation of the Agreement in the EU.

### Equivalence Assessments

EIOPA assists in preparing equivalence decisions pertaining to supervisory regimes in third countries via the equivalence procedure. EIOPA will put particular focus on the monitoring of regimes for which positive equivalence decisions have been taken, including temporary ones, and assess whether implementation and potential regulatory amendments still meet the criteria.

## Equivalence

The Solvency II Directive recognises the fact that the insurance industry is a global industry.

To avoid unnecessary duplication of regulation, the European Commission may decide about the equivalence of a third country's solvency and prudential regime. Positive equivalence findings are mutually beneficial to European Economic Area (EEA) (re)insurers and third country (re)insurers. Moreover, equivalence findings promote open international insurance markets, whilst simultaneously ensuring that policy holders are adequately protected globally.

The EU law empowers EIOPA to assist the European Commission in preparing equivalence decisions pertaining to supervisory regimes in third countries.

## Areas for equivalence assessment

There are three distinct areas for equivalence assessment under Solvency II:

Reinsurance (Article 172 of the Solvency II Directive): Relevant for reinsurers from third countries. If the third country's rules are deemed equivalent, such reinsurers must be treated by EEA supervisors in the same way as the EEA reinsurers. This is also likely to increase the attractiveness for EEA insurers of entering into reinsurance arrangements with reinsurers from third countries.

Solvency calculation (Article 227 of the Solvency II Directive): Relevant for EEA insurers operating in a third country. A positive equivalence finding will allow EEA internationally active insurance groups to use the local rules relating to capital (own funds) and capital requirements rather than the Solvency II rules. This would relieve the related companies in the third country from having to recalculate their data in conformity with the Solvency II requirements.

Group supervision (Article 260 of the Solvency II Directive): Relevant for insurers from third countries with activities in the EEA. If the third country's rules are deemed equivalent in this area, EEA supervisors will under certain conditions rely on the group supervision exercised by a third country. This would free the third country international groups from being subject to the unnecessary burdens arising from dual group supervision.

## Types of equivalence

There are three types of equivalence under Solvency II for the three areas mentioned above, with the following characteristics:

Full equivalence	Temporary equivalence	Provisional equivalence
Can be determined for all 3 areas	Can be determined (if progress is being made towards full equivalence) for reinsurance (Art. 172.4) and third country groups operating in the EEA (Art. 260.5)	Can be determined (if progress is being made towards full equivalence) for EEA groups operating in the third jurisdiction (Art. 227.5)
For unlimited period	For limited period (until 31/12/2020 with the possibility to extend by 1 year)	For limited period (10 years, renewable for further 10-year period)

## Overview of equivalence decisions by the EC

### Full equivalence

- Switzerland - [EC Delegated Decision of 5 June 2015](#)
- Bermuda - [EC Delegated Decision of 26 November 2015](#)

### Provisional equivalence

- Australia - [EC Delegated Decision of 12 June 2015](#)
- Brazil - [EC Delegated Decision of 12 June 2015](#)
- Canada - [EC Delegated Decision of 12 June 2015](#)
- Mexico - [EC Delegated Decision of 12 June 2015](#)
- USA - [EC Delegated Decision of 12 June 2015](#)
- Japan - [EC Delegated Decision of 26 November 2015](#)

### Temporary equivalence

- Japan - [EC Delegated Decision of 26 November 2015 \(article 172\(4\)\)](#)

