



EIOPA-BoS-21/283
7 June 2021

Resolution of comments

Public consultation on the Statement on supervisory practices and expectations in case of breach of SCR

EIOPA's Insurance and Reinsurance Stakeholder Group

Response to the public consultation question	EIOPA's comments
Par. 2. We find that it is important to emphasize that the statement is addressing the NSAs and not undertakings.	Agree. EIOPA is underlying that the Supervisory Statement is based on Directive 2009/138/EC (Solvency II) and is addressed to the competent authorities. The document sets supervisory expectations which translate ultimately on undertakings. Therefore, as in other documents, and considering that the document is based on requirements imposed to undertakings in Solvency II Directive, the drafting chosen refers to undertakings.
Par. 3. The IRSG believes that a clarification followed by a minimum level of harmonisation within the EU member states would be highly appreciated that	Partially Agree. EIOPA has further clarified that in accordance with Article 138 of the Solvency II Directive a non-compliance with the SCR starts when the

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<p>a non-compliance with the SCR starts (in accordance with Article 138 of the Directive) when the SCR ratio is below 100%. Currently some NSAs defined their national common practice differently and already start increased supervisory measures above the SCR ratio of 100% which is not within the meaning of the Article 138 of the Directive and leads to an uneven playing field.”</p> <p>A higher convergence in supervisory practice is generally important but even more important in areas relating to insolvency situations. The need for legal certainty and transparency is higher in stressed situations. It is therefore a welcome measure to address this.</p> <p>Finally, this section talks about the importance of a “minimum” convergence approach which seems inappropriate in the context of the desire for consistency and convergence expressed in 7 and 8 below.</p>	<p>SCR ratio is below 100%. However intensified supervision may and should indeed start before, at least when a risk of breaching the SCR in the next 3 months is observed, according to the same article in order to implement a preventive and forward-looking supervision.</p> <p>EIOPA believes the proposal should foster supervisory convergence by addressing when intervention should start in accordance to SII Directive.</p> <p>The wording ‘minimum convergence’ has been kept to allow for supervisory flexibility, depending on the particular situation at stake.</p>
<p>Par. 5. We find that EU insurers are generally well capitalized and the SII framework has made a positive contribution to aligning capital with the risks incurred by the industry and in strengthening governance models and risk management processes. Undoubtedly this has helped in this Covid-19 crisis as well. Anyway we suggest to keep this in a general level and any specific guidance in relation to consideration of Covid-19 in this paper may lead to disproportionate focus on Covid-19 where other variables and/or risk factors merit at least as much attention.</p>	<p>Agree. As clarified in paragraph 8 the Supervisory Statement is developed to be applicable at any time. Anyway, the trigger event for this supervisory statement was clearly the out break of Covid-19 pandemic. This is the reason why one specific paragraph sets out expectation about the recovery plan submitted in the context of the Covid-19 pandemic.</p>
<p>Par. 6. We propose that it could be made even clearer that this statement only addresses situations when the SCR is not fulfilled.</p>	<p>Partially Agree. EIOPA has further clarified that in accordance with Article 138 of the Solvency II Directive a non-compliance with the SCR starts when the SCR ratio is below 100%. However intensified supervision may and should indeed start before, at least when a risk of breaching the SCR in the next 3 months is observed, according to the same article in order to implement a preventive and forward-looking supervision.</p>
<p>Par. 7. The IRSG finds that the supervisory consistency in the way the recovery plans are developed and assessed is welcomed, anyway, it is also essential to take into account case-by-case, each specific situation of the insurance undertakings.</p>	<p>Agree. EIOPA has made a notice and has slightly redrafted the text in the statement to acknowledge undertakings’ specificities. (par 3, par.18, par. 29)</p>
<p>Par. 9. We find this clarification as a good progress. Considering the supervisory effects of a breach and the tools given to the NSAs in these situations it is welcome to harmonize how to treat the starting point. Anyway insurers might have different on-going ‘soft’ analysis tools to control their solvency ratios. In case of a breach of SCR by any such a reporting would require a confirmation</p>	<p>Noted. EIOPA has taken the approach of clarifying on the basis of Article 138(1), that the date of non-compliance with the SCR should be considered as the date on which non-compliance with the SCR has been observed and communicated to the AMSB immediately through their on-going monitoring since this has been shared as a practical experience among members which</p>

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<p>using the 'full and accurate calculation' to ensure the result. With this there might be technical problems on being able to run the calculation before say end month or even in some cases end quartile. Solvency II framework is complex so any official calculations cannot be done without the technical process to be available. Finally, it is important to reiterate that Solvency II already provides very high levels of policyholder protection and safeguards that need to be duly considered.</p>	<p>has improved the quality of the supervisory work and the further steps taken to safeguard the SCR of the company concerned. On the contrary, waiting for the date of non-compliance based on quarterly/ annual reporting figures, may lead to delayed intervention measures and limited possibilities to restore compliance. EIOPA believes that this approach will foster supervisory convergence in the area of the application of supervisory ladder and ensuring adequate protection of policyholders.</p>
<p>Par. 12. We find this guidance helpful in streamlining procedures in temporary crisis situations that can be easily recovered. We would bring out that there might be technical and operative issues to fully analyse the cause of the SCR breach and find that proportionality here would be certainly useful.</p>	<p>Noted. EIOPA is of the view that the recovery plan is an emergency plan and this should be reflected when analysing the causes for the non-compliance and in the preparation of the plan itself. The sustainable restore of the compliance with the SCR within two months and the positive consideration from the supervisory authority which allows not to submit a recovery plan already takes into account the proportionality principle.</p>
<p>Par. 13. The IRSG is of the opinion that an analysis of the causes of non-compliance with the SCR is indeed necessary to promote best recovery practices. However, this should be an introductory analysis to the actual recovery plan in which all necessary actions are outlined.</p> <p>It is positive that NSAs consider that the breach of the SCR can have various reasons. If the problems have arisen as a result of shortcomings within the company, certain types of measures may be required to re-establish SCR. However, if the difficulties result from external circumstances, a different approach may be required. (e.g. Covid-19)</p> <p>But it is important not to forget that the plan is an "emergency plan" for restoring SCR and the purpose must first and foremost be to accomplish this. A plan should therefore not be refused when it in fact realistically is likely to lead to fulfillment of the SCR. (Art 138.3)</p> <p>Demanding a long assessment of internal circumstances could prolong the period to much which would not be in harmony with the directive.</p>	<p>Agree. EIOPA has slightly redrafted paragraph 13 of the supervisory statement by adding a reference to 'key aspects of the causes of non-compliance and of any material shortcomings in the risk management system' and that the causes of non-compliance are expected to be assessed as part of the recovery plan or 'otherwise'. The new drafting already reflects the fact that the analysis should be focused on main causes and that there is no expectation for a detailed and time consuming analysis of the causes.</p> <p>It has been clarified in the paper that out of the scope of the supervisory statement are the cases of exceptional adverse situation and the extension of recovery period under Art. 138 §4 of the SII Directive. This means that the analysis of the causes for non-compliance should be done from the perspective of the undertaking considering any type of internal/ external causes (incl. Covid-19).</p>
<p>Par. 15. We would emphasise that the principle of proportionality has an important role here that needs to be taken duly into account.</p>	<p>Noted. EIOPA is of the view that the principle of proportionality has been already taken into consideration by referring to 'considering the principle of proportionality' when describing the assumptions and scenarios to be included in the recovery plan.</p>

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<p>Par. 16. The IRSG would like to bring out that the context of Covid-19 is just one example of the abovementioned situation when the breach is due to external occurring. It is important that the statement is not limited to a single phenomena but is given a more general wording and therefore applicable in situations of crisis or other extraordinary events.</p>	<p>Agree. As clarified in paragraph 8 the Supervisory Statement is developed to be applicable at any time. Anyway the trigger event for this supervisory statement was clearly the out break of Covid-19 pandemic. This is the reason why one specific paragraph sets out expectation about the recovery plan submitted in the context of the Covid-19 pandemic.</p>
<p>Par. 20. We would remind that as indicated in the SII Directive (art. 138), the focus of the recovery measures should be on the re-establishment of the level of eligible own funds covering the SCR or the reduction of the risk profile to ensure compliance with the SCR within a required timeframe. The reference to the solvency position in a "medium to long-term period" is vague and does not appear to be fully in line with the requirements of the Directive.</p>	<p>Agree. This reference has been replaced with 'sustainable' which gives the expression of a stable recovery. Further in paragraph 29 of the statement the reference to 'medium to long-term' has been also deleted.</p>
<p>Par. 25. The IRSG is of the opinion that the maximum recovery period (nine months) in order to restore compliance is too restrictive, it would be preferable to extend it to twelve months at least which correspond to the length of accounting period or specific underwriting processes. Indeed, some recovery measures may last longer than nine months: for example the suspension of the payment of dividends. In the case where non-compliance with the SCR is observed just after the payment of dividends, the undertaking will have to wait twelve months to implement this recovery measure.</p>	<p>Noted. It is not possible to consider this comment on this supervisory statement as this proposal should be dealt rather in policy driven work, which are out of the scope of the current work.</p>
<p>Par. 29. We welcome a clarification of Article 138 of the Directive that only when the SCR ratio is below 100% that the compliance should be restored.</p>	<p>Noted. EIOPA has further clarified that in accordance with Article 138 of the Solvency II Directive a non-compliance with the SCR starts when the SCR ratio is below 100%. However intensified supervision actions may and should indeed start before, at least when a risk of breaching the SCR in the next 3 months is observed, according to the same article in order to implement a preventive and forward-looking supervision.</p>
<p>Par. 30. We would mention that if the non-compliance situation has not improved and the solvency position of the undertaking continues to deteriorate, art. 141 specifies that supervisory authority shall have the power to take all measures necessary to safeguard the interests of policy holders. Those measures shall be proportionate and thus reflect the level and duration of the deterioration of the solvency position. The withdrawal of undertaking's authorization, according to art. 144, is a further step, in the event that the undertaking does not comply with the Minimum Capital Requirement (MCR).</p>	<p>Noted. EIOPA has further clarified that this Statement assumes that the insurance or reinsurance undertaking complies with the Minimum Capital Requirement.</p>

AMICE

Response to the public consultation question	EIOPA's comments
<p>Par. 1. AMICE welcomes the opportunity to comment on the Statement on supervisory practices and expectations in case of breach of the SCR.</p> <p>The supervisory statement lists extensive requirements in order to promote common supervisory approaches, however it should be made clear that not every one of these will necessarily apply in every case; there should be sufficient flexibility to ensure that the supervisory measures taken in case of breach of the SCR are tailored to the particular company and their specific situation.</p>	<p>Noted. EIOPA is underlying that the Supervisory Statement is based on Directive 2009/138/EC (Solvency II) and is addressed to the competent authorities. The document sets supervisory expectations which translate ultimately on undertakings. Therefore, as in other documents, and considering that the document is based on requirements imposed to undertakings in Solvency II Directive, the drafting chosen refers to undertakings.</p> <p>This supervisory statement targets mainly supervisory authorities with the aim to foster supervisory convergence in the area of the application of supervisory ladder. There are number of additional clarifications with regards to SII law in the area of the application of supervisory ladder which the experience has shown that are needed (e.g. the date of non compliance). Therefore these clarifications should help undertakings to achieve more timely and sustainable restore in cooperation with the NCAs knowing the specificities of the market players.</p>
<p>Par. 3. Solvency II was designed to provide supervisors with a supervisory ladder of intervention. However, supervisory authorities in some jurisdictions are requesting firms to hold a solvency ratio above 100% and already start supervisory measures before the SCR has been breached.</p>	<p>Partially Agree. EIOPA has further clarified that in accordance with Article 138 of the Solvency II Directive a non-compliance with the SCR starts when the SCR ratio is below 100%. However intensified supervision may and should indeed start before, at least when a risk of breaching the SCR in the next 3 months is observed, according to the same article in order to implement a preventive and forward-looking supervision.</p> <p>EIOPA believes the proposal should foster supervisory convergence by addressing when intervention should start in accordance to SII Directive.</p>
<p>Par. 5. We agree that the Covid-19 pandemic has not indicated weaknesses or deficiencies in capital or management of insurance companies However, there is no evidence that the current environment amplifies the risks of non-compliance. The latest available Solvency II ratios (i.e Q4 ratios) confirm that there is not such a trend.</p>	<p>Noted. The trigger for this supervisory statement was some exchange of view among NCAs about the need to further clarify the supervisory practices in case of breach of SCR in a period, like the current one (which is not to be considered as the only one in the scope of the statement), where there is the risk of more cases of non compliance with SCR.</p>
<p>Par. 6. There is no evidence that in the near future there would be an increase of SCR breaches. The insurance sector has proven to be resilient over the Covid-19 crisis.</p>	<p>Noted. EIOPA has clarified in paragraph 8 of this supervisory statement that it should be applicable at any time with link to the Covid-19 situation (dedicating one paragraph to it) which effect could also be medium to long-term.</p>

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<p>Par. 7. There should be sufficient flexibility to ensure that the supervisory measures taken in case of breach of the SCR are tailored to the particular company and its specific situation.</p>	<p>Agree. EIOPA has made a notice and has slightly redrafted the text in the statement to acknowledge undertakings' specificities. (par. 3, par. 18, par. 29) Furthermore as mentioned above the supervisory statement is targeting supervisory authorities which are of the best knowledge about undertaking' specific situation.</p>
<p>Par. 8. We do not see the added value of making a specific reference to the Covid-19 pandemic. We would rather prefer to keep this Supervisory Statement at a more general level.</p>	<p>Partially agree. As clarified in paragraph 8 the Supervisory Statement is developed to be applicable at any time. Anyway, the trigger for this supervisory statement was clearly the out break of Covid-19 pandemic. This is the reason why one specific paragraph sets out expectation about the recovery plan submitted in the context of the Covid-19 pandemic.</p>
<p>Par. 9. We do not agree on using the on-going monitoring to identify the date of non-compliance with the SCR since simplifications and management data could be used leading to evaluations not aligned with the quarterly/annual reporting. We believe that the on-going monitoring figures should be used by the undertaking's management as early warning indicators. The start of the two-months period should be linked to the quarterly/annual reporting.</p>	<p>Noted. EIOPA has taken the approach of clarifying, on the basis of Article 138(1), that the date of non-compliance with the SCR should be considered as the date on which non-compliance with the SCR has been observed and communicated to the AMSB immediately through their on-going monitoring since this has been shared as a practical experience among members which has improved the quality of the supervisory work and the further steps taken to safeguard the SCR of the company concerned.</p> <p>On the contrary, waiting for the date of non-compliance based on quarterly/annual reporting figures, may lead to delayed intervention measures and limited possibilities to restore compliance.</p> <p>EIOPA believes that this approach will foster supervisory convergence in the area of the application of supervisory ladder and ensuring adequate protection of policyholders.</p>
<p>Par. 13. Another reason could be the existence of the conditions for exceptional circumstances as a result of persistent low interest rate environment, a high-impact catastrophic event and a sharp, steep and unforeseen fall in financial markets as defined in Article 138 (4). We understand that the recovery plan should assess the causes of non-compliance but the focus should rather be on the measures for restoring compliance.</p>	<p>Noted. EIOPA has further clarified that out of the scope of this supervisory statement are the cases of exceptional adverse situation and the extension of recovery period under Art. 138 §4 of the SII Directive.</p>
<p>Par. 14. We understand that the recovery plan should assess the causes of non-compliance but the focus should rather be on the measures for restoring compliance.</p>	<p>Noted. EIOPA is of the view that in case the operations of the undertaking, in particular with regard to critical processes and functions, are also affected by the non-compliance with the SCR this should also be reflected in the recovery plan as a part of restoring compliance (by ensuring proper day-to-day operations and governance)</p>

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<p>Par. 15. In our view the reference to "at least" should be deleted. Moreover, EIOPA goes far beyond the scope of the recovery plan defined in article 144 of the Solvency II Directive which requires estimates of management expenses (current general expenses and commissions), estimates of income and expenditure of direct business and reinsurance a forecast balance sheet, estimates of the financial resources to cover the technical provisions and the SCR and MCR and the overall reinsurance policy.</p> <p>We believe that the request of information should be scaled to the magnitude of the SCR breach.</p> <p>EIOPA Supervisory Statement states that the scenarios should consider any foreseeable and probable relevant adverse events that can occur in the forecasted period considering undertaking's business model and strategy; EIOPA seems to imply that insurers in breach of the SCR would have to consider the same set of scenarios / stresses than in their ORSA; However, an update of the ORSA would not be possible given the short timeframe to submit the recovery plan. We believe that the scenarios should be limited to the main and relevant adverse events. We therefore request that "any foreseeable and probable relevant adverse events" is replaced by "a relevant number of foreseeable and probable relevant adverse events". The most recent ORSA may cover part of the recovery plan and can be used for that purpose if needed but it should be scaled to the limited timeframe (i.e 2 months). It should be also reminded that the aim of the recovery plan is the re-establishment of the level of eligible own funds covering the SCR or the reduction of the risk profile to ensure compliance with the SCR within a required timeframe.</p>	<p>Agree. The reference to 'at least' has been deleted.</p> <p>Agree. EIOPA is of the view that the principle of proportionality has been already taken into consideration by referring to 'considering the principle of proportionality' when describing the assumptions and scenarios to be included in the recovery plan. Further specificities of the undertaking as already mentioned can be considered by the supervisory authority which has the best view about each of the market participants.</p> <p>Noted. EIOPA considers the stresses and scenarios included in the ORSA are a part of a process of an ongoing assessment of undertaking's situation which is being taken into account for the day-to-day work and when taking strategic decisions. It is vital to ensure that 'any foreseeable and probable relevant adverse events' are included in those scenarios which are tailored for the purpose of the restore of the SCR compliance. As already mentioned for the date of non-compliance the supervisory convergence should be established around immediate communication of the non-compliance based on the figures of the ongoing monitoring, in this context also the assumptions and the scenarios run should be done with latest updated data and not sourced from any ORSA.</p>
<p>Par. 16. We consider that the three conditions to be met in order to declare an exceptional adverse situation according to Article 138(4) can be found following the Coronavirus outbreak. However, we do not see the added value of making a specific reference to the Covid-19 pandemic. We would rather prefer to keep it at a more general level.</p>	<p>Noted. As clarified in paragraph 8 the Supervisory Statement is developed to be applicable at any time. Anyway the trigger event for this supervisory statement was clearly the out break of Covid-19 pandemic. This is the reason why one specific paragraph sets out expectation about the recovery plan submitted in the context of the Covid-19 pandemic.</p>

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<p>EIOPA seems to assume that the consideration of the Covid-19 crisis will have a negative impact in the economic scenarios and other assumptions of the insurer's recovery plan. However, EIOPA has analysed in its Opinion of the Solvency II review and other publications the impact of Covid-19 in the insurance sector and seems to reach more positive conclusions than in this Supervisory Statement (see below).</p> <p>Regarding item (iii) probable mass downgrades of credit ratings: EIOPA has also pointed out in the different reports related to the Covid-19 crisis that lapse rates did not generally increase in response to the outbreak of the pandemic.</p> <p>EIOPA assessed the general market movements concerning corporate bond downgrades and defaults as a result of the Covid-19 crisis. Based on the evidence collected so far, EIOPA pointed out that we are not in presence of a mass downgrade/default scenario. Although a significant increase in the number of bond downgrades and, to a lesser extent, the number of defaults could be observed in the early months following the start of the pandemic crisis, those figures have receded to much more moderate numbers in recent months.</p> <p>Regarding item (iv) possible positive correlation of some asset classes under the current environment: EIOPA also pointed out that the data from March and April 2020 showed stronger spread widening and decreasing interest rate rates. This would have given rise to a high correlation between interest rate and spread risk. However, taking the entire data from 2020 up to the end of August into account, would have led to a moderate correlation of 0.33. The new data from May until August 2020 showing a significant decrease in credit spreads, has in particular led to significant decrease in this simple correlation calculation.</p>	<p>Please see above comment.</p> <p>Please see above comment.</p> <p>Please see above comment.</p>

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Par. 17. The principle of proportionality should also be considered.	Noted. As already mentioned EIOPA is of the view that supervisory authorities are in the best position to know the specific business models of each company on the market so the proportionality principle will already be embedded in their assessment.
Par. 18. The principle of proportionality should also be considered.	Noted. EIOPA is of the view that supervisory authorities are in the best position to know the specific business models of each company on the market so the proportionality principle will already be embedded in their assessment.
Par. 19. The principle of proportionality should also be considered.	Noted. EIOPA is of the view that supervisory authorities are in the best position to know the specific business models of each company on the market so the proportionality principle will already be embedded in their assessment.
Par. 20. The focus of the recovery measures should be on the re-establishment of the level of eligible own funds covering the SCR or the reduction of the risk profile to ensure compliance with the SCR within a required timeframe.	Agree. This reference has been replaced with 'sustainable' which gives the expression of a stable recovery. Further in paragraph 29 of the statement the reference to 'medium to long-term' has been also deleted.
Par. 21. The principle of proportionality should also be considered.	Noted. As already mentioned supervisory authorities are in the best position to know the specific business models of each company on the market so the proportionality principle will already be embedded in their assessment.
Par. 22. A "restrictive" approach regarding the implementation plan broke down by specific actions and timelines could lead to unintended adverse economic consequences for insurance undertakings.	Noted. EIOPA is of the view the approach proposed is not "restrictive", it could rather bring convergence in the way supervisory authorities assess the recovery plan and support the undertaking in the restore of compliance.
Par. 23. The principle of proportionality should also be considered.	Noted. As already mentioned supervisory authorities are in the best position to know the specific business models of each company on the market so the proportionality principle will already be embedded in their assessment.
Par. 24. The principle of proportionality should also be considered.	Noted. As already mentioned supervisory authorities are in the best position to know the specific business models of each company on the market so the proportionality principle will already be embedded in their assessment.
Par. 25. We believe that undertakings need to ensure that they put in place the necessary measures to comply with the capital requirements within a very limited timeframe of 6 to 9 months. In our view, supervisory authorities should not grant less time to recover than the one considered appropriate for policyholder protection. In any case, we believe that the length of the extension	Noted. It is not possible to consider this comment on this supervisory statement as this proposal should be dealt rather in policy driven work, which are out of the scope of the current work.

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<p>of the recovery period in normal circumstances should be significantly extended to allow undertakings achieve a rapid re-compliance with the SCR. Mandating a re-compliance in the short time frame of 9 months may not be realistic.</p>	
<p>Par. 26. Given that the extension of the recovery period in normal circumstances is limited to three months, the supervisory decision on granting an extension of the recovery period should be taken without delays. We suggest that it should not take longer than two or three weeks.</p>	<p>Noted. EIOPA has not included any timeline for the decision of the supervisory authority as it is expected that it is taken without any delays – the supervisory authority should be the one supporting the undertakings in the restore of compliance and in this context there is no interest for NCAs to delay any decision especially in this area.</p>
<p>Par. 29. The supervisor should consider when imposing the additional measures, the ability of the insurer to remain on a going concern basis. We do not agree that it should be sufficient for an insurance undertaking to prove the sustainability of the measures to meet the SCR for a medium of longer time horizon. This is not in line with the Solvency II Directive.</p> <p>EIOPA indicates that some measures such as underwriting new risks or measures regarding the insurer's asset portfolio may be imposed. However, EIOPA should also consider the dialogue with the insurer concerned on the appropriateness of the measures and whether the measures will not worsen its solvency situation.</p>	<p>Agree. EIOPA has noted the comment, in paragraph 29 of the statement the reference to 'medium to long-term' has been deleted.</p> <p>Noted. EIOPA is assuming that during the period of non-compliance the undertaking is in a continuous dialogue with the supervisory authority. Any measures to be imposed by the supervisor in case of SCR non-compliance would be based on the actions taken by the undertaking to restore compliance within the prescribed recovery period. After it has become clear the undertaking has been not able to take the actions to bring the SCR back to compliance, it remains within the remit of the supervisory authority to take the necessary actions and safeguard the policyholders.</p>
<p>Par. 30. This statement goes against Article 144 of the Solvency II Directive which states that NSAs should withdraw the undertaking's authorization when it does not comply with the Minimum Capital Requirement and the supervisory authority considers that the finance scheme submitted is not adequate or the undertaking fails to comply with the approved scheme within three months from the observation of non-compliance with the MCR.</p> <p>Solvency II was designed to provide supervisors with a supervisory ladder of intervention. However, supervisory authorities in some jurisdictions are requesting firms to hold a solvency ratio above 100% and the SCR is perceived as the hard target. SCR should continue being the standard protection against risks.</p>	<p>Noted. EIOPA has further clarified that this Statement assumes that the insurance or reinsurance undertaking complies with the Minimum Capital Requirement.</p> <p>EIOPA has further clarified that in accordance with Article 138 of the Solvency II Directive a non-compliance with the SCR starts when the SCR ratio is below 100%. However supervisory actions may and should indeed start before, at least when a risk of breaching the SCR in the next 3 months is observed, according to the same article.</p>

Insurance Europe

Response to the public consultation question	EIOPA's comments
<p>Par. 1. The industry would welcome some clarity and transparency on the list of EIOPA supervisory and convergence tools, for example on EIOPA website. Transparency regarding the rationale leading to choose one tool rather than another would also be welcome during public consultations.</p>	<p>Noted. Considering the number of questions raised during different recent public consultations and for the sake of clarity EIOPA clarifies that both instruments are based on Article 29 of EIOPA Regulation and aim contributing to strengthen supervisory convergence.</p> <p>Supervisory Statement should be used when the document is the outcome of sharing of supervisory experiences, and aims to address divergent supervisory practices in areas of the framework where the rules are concretely defined and the interpretation is clear, therefore divergences are mainly driven by different supervisory practices.</p>
<p>Par. 2. As EIOPA duly notes, guidance tools – such as supervisory statements or guidelines – are addressed to NSAs and not to undertakings. Therefore, the wording should avoid targeting undertakings and should rather highlights expectations regarding NSAs actions. For example, sentences such as “Insurance and reinsurance undertakings should...” could be replaced by “Supervisory authorities should expect from insurance and reinsurance undertakings to...”.</p>	<p>Agree. EIOPA is underlying that the Supervisory Statement is based on Directive 2009/138/EC (Solvency II) and is addressed to the competent authorities. The document sets supervisory expectations which translate ultimately on undertakings. Therefore, as in other documents, and considering that the document is based on requirements imposed to undertakings in Solvency II Directive, the drafting chosen refers to undertakings.</p>
<p>Par. 3. It needs to be clear that convergence of supervisory practices focuses on supervisory actions, and not on equal outcome for all companies. Fully taking into account specific situations is crucial for a successful recovery. However, a clarification followed by a minimum level of harmonisation within the EU member states would be highly appreciated that a non-compliance with the SCR starts (in accordance with Article 138 of the Directive) when the SCR ratio is below 100%, and not before. Currently some NSAs defined their national common practice differently and already start increased supervisory measures above the SCR ratio of 100% which is not within the meaning of the Article 138 of the Directive and leads to an uneven playing field.</p>	<p>Partially Agree. EIOPA has further clarified that in accordance with Article 138 of the Solvency II Directive a non-compliance with the SCR starts when the SCR ratio is below 100%. However supervisory actions may and should indeed start before, at least when a risk of breaching the SCR in the next 3 months is observed, according to the same article.</p> <p>EIOPA believes the proposal should foster supervisory convergence by addressing when intervention should start in accordance to SII Directive.</p> <p>The wording ‘minimum convergence’ has been kept to accommodate supervisory flexibility on a case-by-case situation.</p>
<p>Par. 4. Among these cases of SCR breach, indicating the number of companies that have recovered vs leading to effective failure would provide a better insight.</p>	<p>Noted. EIOPA doesn't consider this indicator would bring added value in the context of this paragraph – very few breaches is the leading message which is clear with the information provided.</p>
<p>Par. 6. The word “can” should be changed to “could” as to reflect the uncertainty of this hypothesis.</p>	<p>Agree. EIOPA has noted the comment and has reworded the sentence.</p>

Response to the public consultation question	EIOPA's comments
<p>Par. 9. A reference to Article 138.2 of the Directive in the first sentence of this paragraph would be welcome, to clarify which part is an existing legal requirement and which part constitutes new guidance. Moreover, this sentence could be interpreted multiple manners and should be clarified. The regulation does not provide that NSAs should be notified if the internal monitoring shows that the SCR may be breached (in the near future) It should be clear that notification is necessary if an actual breach has been observed on (the most recent) historical data. It is important to not go beyond the current framework and trigger any supervisory actions before the SCR is breached, notably because:</p> <ul style="list-style-type: none"> -When internal monitoring shows that the SCR could be breached, companies have a range of possible actions and measures they can take to prevent the -Companies may test some new strategies (eg new asset mix strategy) and observe such a strategy would result in a breach of the SCR, and therefore decides to not implement that strategy. This should not in any case be considered as a risk of breach. <p>Insurance Europe would like to stress that in some jurisdictions, NSA go beyond the Solvency II framework and impose early intervention measures, for example in the form of a recovery plan. This creates an unlevel playing field, and should be prevented thanks to clear guidance or peer reviews.</p> <p>It is important to reiterate that Solvency II already provides very high levels of policyholder protection and safeguards that need to be duly considered.</p> <p>Also see comment to para 3.</p>	<p>Noted. EIOPA has taken the approach of clarifying, on the basis of Article 138(1), that the date of non-compliance with the SCR should be considered as the date on which non-compliance with the SCR has been observed and communicated to the AMSB immediately through their on-going monitoring since this has been shared as a practical experience among members which has improved the quality of the supervisory work and the further steps taken to safeguard the SCR of the company concerned.</p> <p>On the contrary, waiting for the date of non-compliance based on quarterly/ annual reporting figures, may lead to delayed intervention measures and limited possibilities to restore compliance.</p> <p>EIOPA believes that this approach will foster supervisory convergence in the area of the application of supervisory ladder and ensuring adequate protection of policyholders. EIOPA has further highlighted that there should be a proper governance put in place and insurance and reinsurance undertakings have to set up appropriate processes to ensure (i) that indications of (a) non-compliance with the SCR and/or (b) the risk of such non-compliance are investigated immediately and (ii) that the indications and the result of the investigation are communicated immediately to the AMSB and from there, if required, to the NSA.</p> <p>EIOPA believes that this new approach will foster supervisory convergence in the area of the application of supervisory ladder.</p> <p>Please see also the response to the question on Par. 3.</p>
<p>Par. 12. Insurance Europe welcomes this clarification that NSAs can assess whether there is still a need for a recovery plan when compliance has been restored within the two months period. This is a good example of the application of proportionality.</p>	<p>Noted.</p>

Response to the public consultation question	EIOPA's comments
<p>Par. 13. The industry agrees that introspection as to why the SCR was breached (ie SCR ratio below 100% in accordance with Article 138 of the Directive) is necessary to provide appropriate solutions. However, considering the purpose of the plan, the focus should be on restoring compliance with the SCR. An in-depth analysis of the roots and causes to the breach would of course be necessary but should not be part of the plan. Lack of a detailed analysis should not lead supervisors to systematically reject the plan that has to be submitted in a constraint period.</p> <p>Moreover, EIOPA seems to only considers the breach to be the result of a failed risk management. However, a breach of the SCR could also be the result of an external event. Therefore, it is proposed to change the text as follows: "of any possible shortcomings in their risk management system, including possible inadequacy of:"</p>	<p>Noted. EIOPA has noted the comment and has slightly redrafted paragraph 13 of the supervisory statement by adding a reference to 'key aspects of the causes of non-compliance and of any material shortcomings in the risk management system'. The new drafting already reflects the fact that the analysis should be focused on main causes and that there is no expectation for a detailed and time consuming analysis of the causes.</p> <p>It has been clarified in the paper that out of the scope of the supervisory statement are the cases of exceptional adverse situation and the extension of recovery period under Art. 138 §4 of the SII Directive. This means that the analysis of the causes for non-compliance should be done from the perspective of the undertaking considering any type of internal/ external causes (incl. Covid-19).</p>
<p>Par. 15. The mention of the proportionality principle is welcome.</p>	<p>Noted.</p>
<p>Par. 16. The industry highlights the importance of supervisory dialogue in the making of those assumptions. The dialogue should help addressing any concerns the NSA may have over appropriate scenarios ahead of the formal approval process of the recovery plan.</p>	<p>Noted. EIOPA assumes that the NSAs are in constant close contact with the undertaking(s) concerned from the beginning of the period of non-compliance and therefore additional highlighting this doesn't bring any added value to the process itself.</p>
<p>Par. 17. As for any other context, insurers have to make assumptions and design realistic scenarios to project future solvency, and to assess their reliability.</p>	<p>Noted.</p>
<p>Par. 18. The industry highlights the need for a fast and efficient cooperation between NSAs to avoid undue delays on the approval of the recovery plan. NSAs should make use of the cooperation forums mentioned in para 19 in those cases.</p>	<p>Noted.</p>
<p>Par. 20. The industry notes that a review of the risk management system takes time. In many instances, it could be more appropriate to plan a more in-depth analysis through internal audits or reviews in the context of the recovery plan to identify shortcomings, rather than to already propose changes in a rush. Moreover, the purpose of the plan is to establish how to restore compliance with the SCR within the prescribed time. An extension to a more prolonged period (medium to long-term) does not have grounds in the Solvency II directive.</p>	<p>Noted. EIOPA has noted the comment and this reference has been replaced with 'sustainable' which gives the expression of a stable recovery. Further in paragraph 29 of the statement the reference to 'medium to long-term' has been deleted.</p>
<p>Par. 25. This flexibility, based on an assessment of the situation and of the risks, is welcome and is a good implementation of proportionality.</p>	<p>Noted.</p>

Response to the public consultation question	EIOPA's comments
Par. 26. This flexibility, based on an assessment of the situation and of the risks, is welcome and is a good implementation of proportionality.	Noted.
Par. 27. This flexibility, based on an assessment of the situation and of the risks, is welcome and is a good implementation of proportionality.	Noted.
Par. 29. The industry would welcome a clarification according to Article 138 of the Directive, that compliance may be considered as non-restored only when the SCR ratio remains strictly below 100%.	Noted. EIOPA has further clarified that in accordance with Article 138 of the Solvency II Directive a non-compliance with the SCR starts when the SCR ratio is below 100%. However supervisory actions may and should indeed start before, at least when a risk of breaching the SCR in the next 3 months is observed, according to the same article.
Par. 30. The importance of supervisory dialogue leading to the conclusion that the measures are not sufficient should be highlighted.	Partially agree. EIOPA assumes that the NSAs are in constant close contact with the undertaking(s) concerned from the beginning of the period of non-compliance and therefore additional highlighting this doesn't bring any added value to the process itself.

Actuarial Association of Europe

Response to the public consultation question	EIOPA's comments
<p data-bbox="143 885 1066 965">Par. 1. We welcome this initiative to increase supervisory convergence but acknowledge the limits of convergence given the necessary flexibility and local regulation applicable in case of recovery situation.</p> <p data-bbox="143 1021 1066 1165">Divergent practices are indeed observed across Member States in case of low S2 ratio before any SCR breach where the potential high SCR sensitivity triggers different actions from NCAs (e.g. specific thresholds, link with risk appetite, stress testing). In some countries, local regulation requests a P&L projection under local GAAP as part of the recovery plan.</p> <p data-bbox="143 1212 1066 1292">The concept of necessary flexible supervisory ladder should be further defined to reach some good balance between agility and supervisory convergence.</p> <p data-bbox="143 1348 1066 1398">We also note that some supervisors encourage undertakings making early brainstorming (outside any period of crisis) on recovery and resolution as</p>	Noted.

Response to the public consultation question	EIOPA's comments
<p>part of a preemptive action plan.</p> <p>An efficient risk management and appropriate ORSA can help to identify risky situation early.</p>	
<p>Par. 8. In case of non-compliance with the SCR, supervisors should differentiate between a situation where only a particular undertaking is concerned and an exceptional adverse situation as referred to in art. 138 §4 of the Solvency II Directive.</p> <p>The declaration of such an exceptional adverse situation, and the possible extension of the recovery period up to 7 years, have a major impact on the recovery plan and the recovery measures to be foreseen.</p> <p>Supervisory authorities should consider the circumstances that have led to the "exceptional adverse situation". This could be</p> <p>(a) a fall in financial markets which is unforeseen, sharp and steep (b) a persistent low interest rate environment; (c) a high-impact catastrophic event.</p> <p>It is therefore advised that national supervisory authorities (together with EIOPA) consider the possible declaration of exceptional adverse situations in an early stage when non-compliance with the SCR is observed, in order to avert the insurance undertaking from taking potentially disproportionate and/or pro-cyclical recovery measures.</p> <p>In other situations recovery plans should focus on the removal of circumstances that have caused the breach of the SCR.</p> <p>Possible requirements should not come into conflict with specific treatment as laid down in Art. 308c for users of the transitional measures.</p>	<p>Partially Agree. EIOPA has further clarified that in accordance with Article 138 of the Solvency II Directive a non-compliance with the SCR starts when the SCR ratio is below 100%. However intensified supervision may and should indeed start before, at least when a risk of breaching the SCR in the next 3 months is observed, according to the same article in order to implement a preventive and forward-looking supervision.</p>
<p>Par. 9. It would be good to clarify whether the concept of SCR breach is below 100% coverage ratio including or excluding specific adjustments.</p> <p>The coverage ratio is expected to be the one regularly reported including adjustments as approved by the supervisor (e.g. VA, other LTG measures, USP, (Partial) Internal Model...)</p>	<p>Noted. EIOPA has further clarified that in accordance with Article 138 of the Solvency II Directive a non-compliance with the SCR starts when the SCR ratio is below 100%. However supervisory actions may and should indeed start before, at least when a risk of breaching the SCR in the next 3 months is observed, according to the same article.</p>
<p>Par. 10. Clarification is needed concerning the goal of the recovery plan.</p>	<p>Partially agree. EIOPA considers the recovery plan as an emergency plan to restore the SCR of the undertaking concerned. In this context (mentioned in paragraph 13) the recovery plan should be focused on the key aspects of the causes of non-compliance and of any material shortcomings in their risk management system.</p>

Response to the public consultation question	EIOPA's comments
<p>From our understanding approved LTG – measures should be taken into account in the recovery plan and should not be questioned for this purpose.</p> <p>It should also be clarified whether some downwards adjustment should apply in order to reflect the stressed situation (e.g. illiquid assets, participations following a derisking strategy).</p> <p>This would require a case by case approach based on general guidelines.</p> <p>If a breach were not detected by the undertaking, the effectivity of risk management and the quality of ORSA could be questioned. Both together should avoid such an incident.</p>	<p>Further explanation of the items to be included in the Recover Plan are referred to in paragraph 13 as well paragraphs 15 and 16. The impact on liquidity has been referred to in paragraph 21 by examining the recovery measures and its impact on the liquidity of the undertaking.</p> <p>This supervisory statement should be applied by Supervisory authorities depending also on the specificities of the undertaking concerned.</p> <p>If an undertaking fails to detect a breach of the SCR, this issue should be assessed and followed by the supervisory authority, in particular from a governance perspective. (the quality ORSA being part of the follow up).</p>
<p>Par. 13. Additional causes could include: management actions, emerging risks, Intra Group Transactions, spill-over or systemic effects...</p>	<p>Noted. EIOPA has noted the comment and has slightly redrafted paragraph 13 of the supervisory statement by adding a reference to 'key aspects of the causes of non-compliance and of any material shortcomings in the risk management system'. The new drafting already reflects the fact that the analysis should be focused on main causes and that there is no expectation for a detailed and time consuming analysis of the causes, as well as that the list provided is not an exhaustive one,</p> <p>It has been clarified in the paper that out of the scope of the supervisory statement are the cases of exceptional adverse situation and the extension of recovery period under Art. 138 §4 of the SII Directive. This means that the analysis of the causes for non-compliance should be done from the perspective of the undertaking considering any type of internal/ external causes (incl. Covid-19).</p>
<p>Par. 14. The term "release of technical provisions" is unclear in the context of Solvency II, more explanation on this would be welcome.</p>	<p>Noted. Reference deleted.</p>
<p>Par. 15.</p> <p>a) Default and counterparty risk should also be assessed</p> <p>b) It is our understanding that only the relevant key functions should be involved, depending on the reasons for the SCR breach, and not necessarily all four key functions. This should be clarified.</p> <p>c) From our point of view it makes sense to analyse sensitivities for the most relevant assumptions, especially when there is high uncertainty regarding these assumptions. To demand to consider further adverse</p>	<p>Partially agree.</p> <p>a) In paragraph 15 EIOPA refers to the fact that the list presented is non-exhaustive.</p> <p>b) The text is referring to all relevant key functions and not necessary to all key functions.</p> <p>c) As mentioned in paragraph 15 undertakings should take into account the level of non-compliance with the SCR and the possible duration of the deterioration of</p>

Response to the public consultation question	EIOPA's comments
<p>events other than those that have led to the SCR breach seems to overburden companies with a SCR breach in comparison to those who are close to the SCR breach. Further adverse scenarios should be analysed in the ORSA by all undertakings and not in the recovery plan for those undertakings with a SCR breach. Other assessments could include: reinsurance evolution, liquidity, Business Continuity and operational risk, State intervention,...</p> <p>g) The intention of this guideline is unclear to us. A clarification would be appreciated.</p>	<p>the undertaking's financial conditions. In this context the adverse events to be considered should be limited to their impact to the situation of SCR breach.</p> <p>g) EIOPA considers that any expected future profits should be reassessed based on the new assumptions and considerations reflected in the plan for recovering the SCR.</p>
<p>Par. 16. It seems arbitrary to formulate specific requirements w.r.t. the Covid-19 pandemic in a principle based regime. Hence we deem it inappropriate to add specific points to the guidance from guideline 15. Hence this guideline is either obsolete or if EIOPA requires specific guidance in addition to guideline 15 we believe the guidelines should adhere to all kind of crises and not particularly refer to Covid-19.</p> <p>The scenarios should sufficiently reflect uncertainty.</p> <p>a) cf. our response to 15c. All of the points mentioned in 16a may or may not actually occur. If the regulator intends for undertakings with an SCR breach during the Covid-19 pandemic to mitigate the possible consequences of the points mentioned above these companies are faced with a major regulatory discrimination compared to companies that have not reported an SCR breach but might face one of the points above occurred. We emphasise that one should not refer to Covid-19 in this context. The ORSA scenarios and assumptions should be deemed sufficient (and will include Covid-19 if relevant at that point in time).</p> <p>b) If EIOPA specifies to take into account the effects of possible further waves (another requirement specifically for undertakings with a SCR breach) it should also be clarified what these further waves are supposed to entail. This should then concern all undertakings and not only those with a recent SCR breach. Moreover, as commented above, such aspects should be considered in the context of ORSA and not in a recovery plan. In addition, it is unclear to what extent "further waves" are required</p>	<p>Partially agree. As clarified in paragraph 8 the Supervisory Statement is developed to be applicable at any time. Anyway the trigger event for this supervisory statement was clearly the out break of Covid-19 pandemic. This is the reason why one specific paragraph sets out expectation about the recovery plan submitted in the context of the Covid-19 pandemic.</p> <p>The idea of including the reference to the Covid-19 related scenarios in the recovery plan is to allow Supervisory authorities to take an action at the earliest moment of time and not to wait for regular ORSA to evaluate undertaking's situation.</p> <p>The aim of this supervisory statement is to foster supervisory convergence and avoid the situations of discrimination of certain undertakings by applying equal treatment to undertakings concerned. This is also relevant in the current context of Covid-19.</p> <p>It is indeed uncertain how the pandemic will evolve and EIOPA uses the opportunity to remind that some caveats should be put in place when developing a recovery plan in the context of recent breach f SCR – all assumptions should be phrased in a way that future waves of the pandemic are taken into account.</p>

Response to the public consultation question	EIOPA's comments
<p>to be considered. Yet, it is not foreseeable how extreme the pandemic will evolve over time and the cone of uncertainty is wide.</p>	
<p>Par. 21. Regarding the impact of the recovery measures on the undertaking's solvency, liquidity and risk profile, the overall effect of all measures should be sufficient. Breaking down the effect of each measure should not be required. As far as the effect on the risk profile is concerned, a qualitative description may also be sufficient.</p>	<p>Agree. The understanding is correct.</p>
<p>Par. 24. An extension of the recovery period up to 7 years may also be considered, as put forward in art. 138 §4 of the Solvency II Directive. As a possible extension of the recovery period has a major impact on the recovery plan, supervisory authorities should provide clarity early on whether an exceptional adverse situation will be declared and whether an extension may be granted.</p> <p>This extension of the recovery period is especially relevant in order to prevent pro-cyclical actions from insurance undertakings or supervisory authorities.</p>	<p>Noted. It has been clarified in the paper that out of the scope of the supervisory statement are the cases of exceptional adverse situation and the extension of recovery period under Art. 138 §4 of the SII Directive.</p>
<p>Par. 25. This paragraph should also consider a possible extension of the recovery period up to 7 years.</p>	<p>Noted. It has been clarified in the paper that out of the scope of the supervisory statement are the cases of exceptional adverse situation and the extension of recovery period under Art. 138 §4 of the SII Directive.</p>
<p>Par. 26. Additional considerations by the supervisory authority may be:</p> <ul style="list-style-type: none"> • The severity of the shocks to which the insurance undertaking is exposed: a more severe shock likely requires a (longer) extension of the recovery period. In particular, the existence of "exceptional adverse situations" should be an important consideration by the supervisory authority when assessing the request of an extension of the recovery period. • The potential pro-cyclical effects of not extending the recovery period 	<p>Noted. It has been clarified in the paper that out of the scope of the supervisory statement are the cases of exceptional adverse situation and the extension of recovery period under Art. 138 §4 of the SII Directive.</p>
<p>Par. 28. Additional considerations for supervisors when imposing additional measures should be:</p>	<p>Noted. This paragraph refers to undertakings notifying supervisory authorities of any significant change in the extent of the solvency or liquidity shortfall after submitting the recovery plan.</p>

Response to the public consultation question	EIOPA's comments
<p>(i) potential pro-cyclical effects of the supervisory measures</p> <p>(ii) the severity of the shock to which the insurance undertaking is exposed</p> <p>(iii) the possible aggravation of the shock (during the recovery period) to which the insurance undertaking is exposed.</p>	<p>A reference to supervisory authorities taking into consideration contagion effects, including cross-sectoral and possible procyclical effects has been made in paragraph 24.</p> <p>A reference to Supervisory authorities assessing if there is sufficient evidence that the proposed recovery measures can be implemented in a timely and effective manner in the current environment and over the recovery period has been made in paragraph 23. This indirectly refers also to considerations to impose additional measures (including (ii) and (iii)).</p>

Lieve Lowet

Response to the public consultation question	EIOPA's comments
<p>Par. 1. Q1 refers to 'this supervisory statement'. However, the title of the consultation paper refers to 'Statement', not 'Supervisory Statement'. Would it be possible for EIOPA to show some consistency in the denomination of its tools? Furthermore, can EIOPA explain why it resorts to this tool and not to Guidelines or Opinion or Recommendation?</p>	<p>Noted. Paragraph 1 of the document refers to supervisory statement while the title was Statement on supervisory practices and expectations in case of breach of the SCR. For the sake of clarity EIOPA has changed the title into 'Supervisory statement on supervisory practices and expectations in case of breach of SCR.</p> <p>EIOPA is underlyning that the Supervisory Statement is based on Directive 2009/138/EC (Solvency II) and is addressed to the competent authorities. The document sets supervisory expectations which translate ultimatly on undertakings. Therefore, as in other documents, and considering that the document is based on requirements imposed to undertakings in Solvency II Directive, the drafting choosen refers to undertakings.</p>
<p>Par. 2. Is this supervisory statement really intended to the competent authorities re IORPs and IDD as referred to in Art 4(2) or is it intended for the supervisory authorities to which Art 4(2) refers? There seems to be confusion between competent and supervisory authorities.</p>	<p>Noted. This supervisory statement is addressed to competent national supervisory authorities supervising insurance and reinsurance undertakings.</p>
<p>Par. 4. This is a noteworthy statistic. Can such statistic be made available more frequently?</p>	<p>Noted. EIOPA is making available statistics which is related to the topic of the paper published. Periodical statistical figures can also be found on EIOPA web site: Insurance statistics and Occupational pensions statistics.</p>

Response to the public consultation question	EIOPA's comments
Par. 5. Does EIOPA have 2020 data equivalent to the one referred to in Q4?be questioned. Both together should avoid such an incident.	Noted. The annual figures for 2020 are not collected yet.
Par. 6. A supervisory statement should not rephrase L1 articles such as Article 138. Art 138,1 is the basis to ask for a recovery plan.	Noted. The reference to SII regulation is made to help stakeholders reading the statement in the context of existing requirements.
Par. 8. Art 138,1 of the directive does not refer to any exceptional situation	Noted. It has been clarified in the paper that out of the scope of the supervisory statement are the cases of exceptional adverse situation and the extention of recovery period under Art. 138 §4 of the SII Directive.
Par. 11. this is the same text as article 138,2, why should it be repeated in a supervisory statement?	Noted. The reference to SII regulation is made to help stakeholders reading the statement in the context of existing requirements.
Par. 12. Are these actions as described above aligned with Art 138, 2 and 3? Can a supervisory statement provide additional requirements not included in L1 text?.	Noted. Yes, the actions are aligned with SII Regulation and this statement does not impose additional requirements, it rather clarifies supervisory expectations in light of existing requirements.
Par. 13. These elements are not foreseen in L1. Is it in line with Union law i.e. the competences of EIOPA to extend L1 text with supervisory actions not foreseen in the SII framework directive?	Noted. Yes, the actions are aligned with SII Regulation and this statement does not impose additional requirements, it rather clarifies supervisory expectations in light of existing requirements.