

To: Solvency II WG
 From: Prudential Team
 cc:
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Subject: Summary EIOPA reports on 'limitations and exemptions' (2020 and Q1 2021)

Comments

The secretariat prepared a high-level summary of the sixth **report on the use of limitations and exemptions from reporting** during 2020 and Q1 2021 ([here](#)).

Summary

- Members are informed that the **UK is no longer included** - Reporting requirements as of 31 December 2020 are no longer applicable to the UK and hence have been excluded for comparison purposes for the previous quarter Q1 2020 and year-end 2019 throughout the report.
- The report addresses the proportionality principle on the reporting requirements, and highlights that beside the limitations and exemptions foreseen in Art 35 of the directive, other proportionality measures are to be considered, ie embedded proportionality and risk-based thresholds.
- In total, in Q1 2021, 11 NCAs granted limitations to 669 solo undertakings, this is a very slight decrease compared to 2020, when 12 NCAs granted limitations to 670 solo undertakings. Furthermore, the market share of undertakings that are allowed limited quarterly reporting is far from the 20% market share allowable under the Solvency II Directive.
- At group level, 3 NCAs (3 in Q1 2020) granted limitations/exemptions to 27 groups for the quarterly reporting of Q1 2021 (compared to 26 in Q1 2020) and 2 NCAs (one in 2019) granted limitations/exemptions from annual reporting to seven groups in 2020 (6 groups in 2019).
- The following table gives an overview of limitations/exemptions granted by NCAs at solo and group level in 2020 and Q1 2021 (*please note numbers do not include UK*):

	#NCAs granting limitations for solo quarterly reporting	#NCAs granting exemptions for group quarterly reporting		#NCAs granting exemptions for solo annual reporting	#NCAs granting exemptions for group annual reporting
Q1 2021	11 NCAs (669 undertakings)	3 NCAs (27 groups)	2020	3 NCAs (113 undertakings)	2 NCAs (7 groups)
Q1 2020	12 NCAs (670 undertakings)	3 NCAs (26 groups)	2019	3 NCAs (112 undertakings)	1 NCAs (6 groups)

- In **total**, at EU level (excl UK) 28% of the undertakings are allowed a limited quarterly reporting (in total, across Europe, 2816 solo undertakings and 370 groups are supervised), these undertakings represent between 2% to 5% of the market.

- At **country level**, the top three countries allowing limitations by number of undertakings are France, Luxembourg, and Germany with 67%,70% and 23% respectively.
- To assess proportionality in reporting, EIOPA provides information in terms of the average number of templates to be submitted by small/medium/large insurance undertakings. More quarterly templates are reported by large undertakings than by smaller ones indicating that the proportionality embedded in the design of reporting requirements delivers the intended result.

	Q1 2021 (Q1 2020)	Annual 2020 (2019)
Large (10% largest by total assets)	9.5 (9.2) ↑	36.9((36.3) ↑
Rest (80%, medium-sized by total assets)	7.0 (6.8) ↑	33.7(33.3) ↑
Small (10% smallest by total assets)	5.4(5) ↑	27.6(26.8) ↑

- Similarly to the previous report:
 - In Q1 2021, large undertakings had to fill in on average almost 10 templates (nine in Q1 2020), nearly twice as many as small undertakings.
 - On an annual basis, the 10% largest undertakings by total assets, had to fill in on average 37 templates, while the 10% smallest undertakings reported almost 28.
- The majority of NCAs reported in 2020 no major changes in granting the authorisation to use limitations and exemptions from reporting. Formal policies are not in place and NCAs confirmed to continue granting limitations and exemptions on a case-by-case basis.