

To: Solvency II Working Group  
From: Prudential

Date: 26-01-2018  
Reference: ECO-SLV-18

Subject: Solvency II - EIOPA Report on group supervision

## Summary

On 25 January EIOPA has published ([here](#)) a report on group supervision dated from 22 December. This document was produced at the request of the European commission (EC) and will inform the EC Review of how the application of group supervision is performed, as foreseen by article 242 of the Solvency II Directive. The EC requested EIOPA to look into 29 questions which were grouped into four areas: (1) supervision of insurance and reinsurance undertakings in the group. (2) functionality of the colleges of supervisors and cooperation of authorities within them. (3) Group internal models. (4) supervisory practices concerning setting the capital Add-ons.

The secretariat has identified potential challenges emerging from this report in the first three of the four above mentioned areas.

- In the area of supervision of insurance and reinsurance undertakings in the group, EIOPA reports that the definition of group in the directive works well in general. However, EIOPA notes three cases of difficulties notably with regards to Centralized coordination, 3rd country groups operating in the EEA, and non-EEA structures with related investment funds investing in insurance undertaking across the EEA.
- Regarding the functionality of the colleges of supervisors, EIOPA deems the various degrees of convergence within colleges as an issue which needs addressing, and considers that "in nearly all aspects of the implementation of Solvency II there is scope for greater consistency in the approaches taken by different national authorities". EIOPA cites "technical provisions" as a case in point.
- Finally, EIOPA sees the area of group internal models as a domain where "the lack of standardization in the reporting of granular outputs from internal models hampers the use of the data in the QRTs to generate indicators and compare models".

As for the supervisory practices concerning setting the capital Add-ons, members are referred to the EIOPA report on Capital Add-Ons ([link](#)) as notified on the extranet on 22 December.