

To: Solvency II Working Group, Supervisory Reporting Project Group  
From: Prudential Team  
CC:  
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Subject: Summary of EIOPA peer review on the Regular Supervisory Report

## Summary

On 18 June, EIOPA published the results of its Peer Review on the Regular Supervisory Report ([here](#)). A summary of the secretariat's analysis of the peer review is included below.

Should members have any questions or comments, please contact [prudential@insuranceeurope.eu](mailto:prudential@insuranceeurope.eu).

## Background

EIOPA has conducted a peer review of the Regular Supervisory Report (RSR), RSRs between the entry in to force of Solvency II (January 2016) and end of March 2019. 31 NSAs have participated, including the PRA (UK).

The analysis carried out for this peer review has revealed diverging legal and regulatory frameworks and supervisory practices in the area of the RSR. As a result of this, EIOPA issued recommended actions and it identified sound practices to inspire NCAs and to help them benefit from each other's experiences.

The main **objectives** of the peer review were to assess:

- how and to what extent the proportionate approach set out under the DR had been implemented and
- to determine if further convergence was needed on the frequency of submission of RSRs.

EIOPA identified **diverging practises among NCAs** in a number of areas:

- the implementation of the option to **request a more frequent submission** of the **RSR** than once every 3 years;
- the definition of '**material changes**' and NCAs' requirements with regard to their official communication;
- the **communication** of the **decision on the frequency** of submission of the RSR to market participants (from no communication at all to communication with all undertakings on an individual basis).

As divergent practices negatively affect the level playing field for insurers, EIOPA issued **51 recommended actions**, addressed to NCAs in 26 countries, grouped in 4 categories:

- **Proportionality (36 recommended actions)**: Most of the recommended actions in this area relate to achieving a more appropriate implementation of the principle of proportionality when requiring submission of the RSR more frequently than the minimum of every 3 years. These recommended actions involve either a change to the local legislation or the adoption of an internal policy to accelerate the process of introducing different frequencies of submission of the full RSR.
- **Communication of material changes (8 recommended actions)**: All NCAs should require undertakings to submit a formal notification of 'no material changes'.

- **Communication of the decision on the frequency of submission of the full/ summary RSR (3):**  
NCAs that are group supervisors should collect information on and communicate the frequency of submission of the RSR.
- **Country-specific recommended actions (4):**
  - France: include exemptions from annual submission of the full RSR based on specific events in an official document.
  - Luxembourg: expand the risk-based approach implemented to captives as well to ensure that captives performing third party business are assessed based on their risk profile and not automatically considered low risk due to their legal nature as captives.
  - Malta: accelerate decisions on undertakings' RSR submission frequency to notify undertakings in line with Guideline 23 of the EIOPA guidelines on SRP.
  - Poland: increase information in the RSR for supervisory purposes and limit the use of country-specific templates for qualitative information.

EIOPA noted that about one-third of the NCAs apply the principle of proportionality to a certain extent by performing risk-based supervision and setting the frequency of submission of the full and summary RSRs differently from the minimum defined by EU law.

In terms of **next steps**, NCAs are expected to have implemented the recommended actions targeting supervisory shortcomings by 2022.

And EIOPA will take the following **actions to further enhance supervisory convergence**:

- introducing supervisory guidance:
  - keeping the minimum requirement for submission of the full RSR at once every 3 years
  - requiring a mandatory assessment by NCAs and communication of the frequency of the RSR;
- including in its guidelines or supervisory handbook guidance on issuing exemptions from annual or biennial submission of the full RSR based on a list of events that are specific to the undertaking (eg mergers/acquisitions);
- developing further guidance on the communication to the group supervisor and college in the context of EIOPA guidelines on SRP (Guideline 23, paragraph 1.58).

Furthermore, based on the issues observed in several countries in relation to proportionality in setting the RSR frequency, EIOPA concluded that the SII legislation needs to be further clarified. To this end, EIOPA will continue to monitor developments in this area and will implement the follow-up steps identified to introduce further supervisory guidance.