

## **EIOPA's Action Plan 2015/2016 for Colleges of Supervisors**

### **Objectives**

The EIOPA Board of Supervisors adopted the Action Plan 2015/2016 for Colleges of Supervisors. The focus of the two-year Action Plan 2015/2016 for colleges of supervisors (colleges) is the implementation of Solvency II in 2016 and the major changes for supervision under the new regulation. The already approved and existing plan for 2015 has been updated to reflect recent developments and findings.

The aim of the Action Plan 2016 is to ensure high quality and consistent implementation of the Solvency II framework in cross-border operating groups through enhanced cooperation in the colleges of supervisors. In order to achieve this objective the following Solvency II related themes have been defined as priorities and consistent basis for the college work in 2016:

1. Discussions of the risks in the college need to be based on reliable and consistent set of data and information.
2. Discussions in the college on the information to be communicated to the group in relation to the outcome of the college meeting.
3. The Solvency II Directive envisages two levels of supervision at solo and group level. Decisions on sub-group supervision need to only be taken after adequate discussion in the colleges on the need and the consequences for effective and efficient supervision of the specific sub-group considering the criteria set out in the Delegated Acts, Technical Standards and Guidelines of the Solvency II regulation.
4. The own risk and solvency assessment (ORSA) and group solvency calculations are appropriate and consistent across the group.
5. The approved full or partial internal model is still appropriate for group and solo solvency calculation purposes.

The focus on central themes also facilitates identifying practical solutions and examples and assessing the functioning of the colleges.

### **Action Plan 2016**

**Theme I.: What is the appropriate quality and adequate set of data/information for the college to form a shared view on the risks of the group and its major solo entities?**

*To comply with by 31 October 2016*

The college discusses the quality and consistency of the data/information reported by the group and solo entities under the Solvency II regulatory framework and agrees on a data set to be exchanged and used for the college shared view on the risks based on the implementing technical standards on information exchange within colleges of supervisors.

In this context the college reviews the appropriateness of the thresholds for significant risk concentration and intragroup transactions.

Colleges are invited to implement the theme already in 2015 before the ultimate deadline as set above.

### **Theme II: Improve the transparency of the college work**

*To comply with by 31 December 2016*

The group supervisor consults the college on the information to be communicated to the group in relation to the background, the objectives of the college meeting, the shared view of the risks, and on the constructive feedback on the group management performance at the college meeting.

### **Theme III: Are there any plans for sub-group supervision?**

*To comply with by 29 February 2016*

Only relevant for colleges with group structures including sub-groups at national or EEA-cross border level. With an explicit reference to the specificities and the risk profile of the sub-group discuss any plans and explain the need for/extent of sub-group supervision at national level or EEA cross-border level based on Articles 215, 216 and 217 of the Solvency II Directive, the criteria included in the Delegated Acts and in the EIOPA Guidelines on Solvency II relating to Pillar 1 requirements.

If applicable, discuss the feedback to the group and the solo entities.

Colleges are invited to implement the theme already in 2015 before the ultimate deadline as set above.

### **Theme IV: Are ORSA and group solvency calculations appropriate and consistent across the group?**

*To comply with by 31 December 2016*

Share and discuss the supervisors' views regarding the structure, quality and consistency of the ORSA approach across the group under the final Solvency II regulatory framework and consult on the feedback to the group and, where appropriate, solo entities.

In case the final Solvency II - based ORSA report is not available early enough to comply with the above deadline the "**forward looking assessment of own risks**" reports under the preparatory guidelines can be used.

Review the progress and consistency of the implementation of the solvency calculation (including technical provisions, own funds and the solvency capital requirement) based on the final Solvency II framework and enhance the dialogue with the group, and, where appropriate with solo entities. Where the solvency capital requirement (SCR) is calculated using the standard formula, the college considers the supervisors' assessment of the appropriateness of the standard formula for group and solo solvency purposes and the actions that are appropriate based on the assessment.

**Theme V.: Agree on a procedure for reviewing that the full or partial internal model is still appropriate for group and solo solvency calculation purposes in the light of developments within the group entities or external environment**

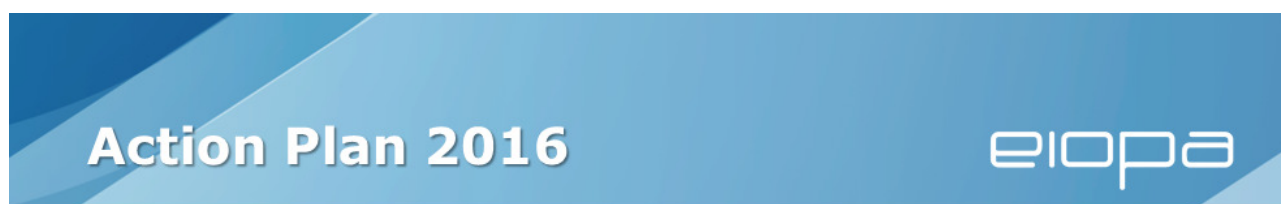
*To comply with by 31 December 2016 by colleges with approved full or partial internal model*

This theme is relevant for colleges where, based on Article 231 of the Solvency II Directive, a full or partial internal model was approved to calculate the consolidated group SCR as well as the solo SCR of insurance or reinsurance entities in the group. Article 36 (2) of the Solvency II Directive requires the review of the compliance of the full or partial internal model with the internal model specific provisions and guidelines of the Solvency II framework.

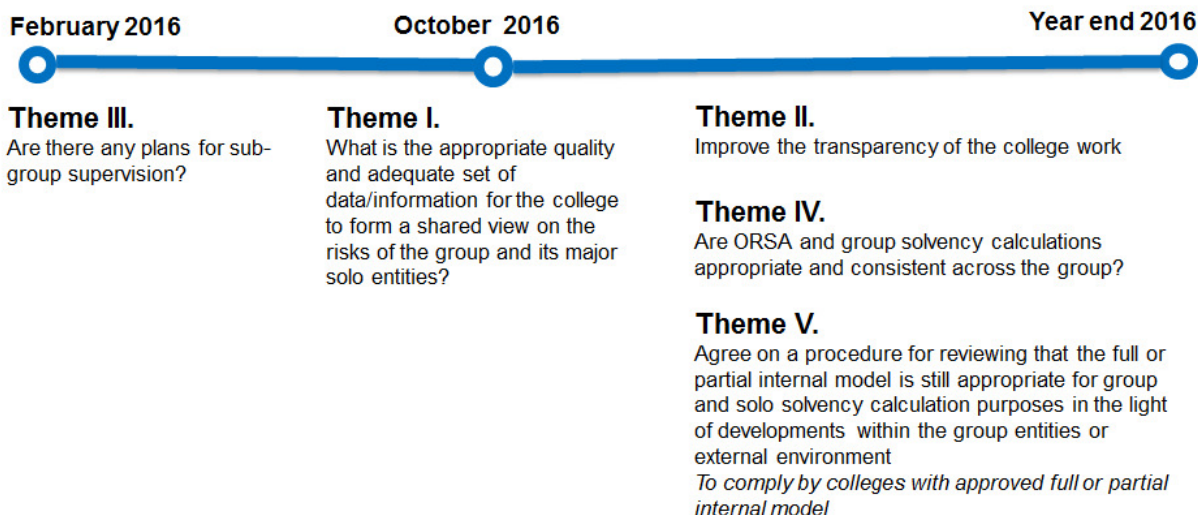
The college discusses whether there are indications that the supervisors need to review the on-going appropriateness and compliance of the full and partial internal model, such as where the group has recalculated the group solvency calculation under Article 219(2) of the Solvency II Directive.

In this context colleges may need to also assess major model changes.

**Action Plan 2016 at a glance:**



**5 Solvency II related themes as priorities and consistent basis for the college work**



## **Updated Action Plan 2015**

The approved Action Plan 2015 has been updated only to a limited extent to reflect recent developments or findings. With the aim to have the coordination arrangements signed before the start of the formal internal model application process on 1 April 2015 the deadlines for the conclusion of the coordination arrangement have been brought forward in particular for Colleges concerned by the internal model application process. Furthermore, colleges may decide to implement the following themes of the Action Plan 2016 already in 2015: Theme I: 'Is the data/information reported adequate for the college to form a shared view on the risks of the group and its major solo entities?' and theme III. "Plans for sub-group supervision".

### **I. Exchange/discuss qualitative and quantitative information/data regularly**

*Remaining task from Action Plan 2012*

Regularly sharing of a set of quantitative and qualitative information which covers the most important risks within the group is crucial for a shared view of risks at group and entity level in the college. The objective for 2015 is to continue and enhance the regular information exchange. Proportionality aspects may be considered.

### **II. Form a shared view of the risks of the group and its major solo entities**

*On-going task from Action Plan 2013/2014*

The task is to continue and enhance the process to form a shared view on risks in the college at the level of the group and the major solo entities based on the structured analytical approach agreed as part of the Action Plan 2013. If needed, coordinate any necessary follow up.

### **III. Agree on process/timeframe for final internal model approval and joint-decision of all NCAs concerned. Update internal model work plan**

*To comply with by 31 March 2015*

The task is to agree on the process and the timeframe for final approval of the internal model including the interim steps for the joint-decision in the college, in particular taking into account the internal governance and compliance procedures of the NCAs concerned and the timelines needed in the authorities for approval.

### **IV. Agree on final wording of coordination arrangement/emergency plan based on EIOPA template. Initiate the procedure for final conclusion in the timeframe set**

*For colleges concerned by an internal model application process: To comply with by 27 February 2015*

*For other colleges: To comply with by 31 October 2015*

The task is to finalise the coordination arrangement and emergency plan based on the final Guidelines on the functioning of colleges of supervisors and the attached template for the coordination arrangement and emergency plan. The aim is to have it concluded by all college members and participants for colleges

concerned by an internal model application process by 27 February 2015 and for other colleges by 31 October 2015.

As a support for the colleges concerned by an internal model application process, EIOPA developed a process for the formal signature of the coordination arrangements by the BoS Members back to back to the EIOPA BoS meeting in March 2015, i.e. in time before the official application process starts on the 1st of April 2015.

For other colleges not concerned by an internal model application process EIOPA is also considering to provide a similar support for the signature process on request of the college.

**V. Discuss and review results of preparatory reporting of the group**  
*To comply with by 31 October 2015*

The task is to discuss and review the results of the preparatory reporting for year-end 2014, i.e. the scope and quality of reporting and the consistency across the group including how the solo entities have been consolidated in the group reporting. The aim is to discuss if the quality and the consistency of the new reporting is sufficient to meet the requirements and if further improvements are needed.

This includes the consultation by the group supervisor of the college on the thresholds of the significant risk concentration and intragroup transactions to be regularly reported to the group supervisor as under SII.

**VI. Discuss and review readiness for implementation of final Solvency II regulation and enhance the dialogue with the group and, where appropriate with solo entities to close the gaps**  
*To comply with by 31 October 2015*

The task is to discuss and review the readiness of the group for the implementation of the final Solvency II framework, including how solo entities will be integrated with the priority on ORSA and solvency calculation. The task includes identifying gaps and enhancing the dialogue with the group and, where appropriate, with solo entities to close the gaps. Colleges are expected to revisit the Colleges workplan and, if needed, to amend it.

**VII. Agree on College work plan/Internal Model work plan for 2016 after implementation of final Solvency II regulation**  
*To comply with by 31 December 2015*

For the benefit of an early planning and allocation of capacities within NSAs this action point has been scheduled to the 4<sup>th</sup> quarter 2015, the period before final Solvency II regulation is in place (1<sup>st</sup> quarter 2016). The task is to update the college and the Internal Model work plan to reflect all the regular and one-off tasks relevant for colleges according to the provisions of the final Solvency II regulatory framework.

## Action Plan 2015 at a glance:

# Action Plan 2015

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### I. On-going tasks from previous years' action plans

**Point I. 1.** Exchange/discuss qualitative & quantitative information & data regularly (Basis AP 2012)

**Point I. 2.** Form a shared view of the risks of the group and its major solo entities (Basis AP 2013)

July 2015

October 2015

Year end 2015

#### **Point II.**

Agree on process/ timeframe for final IM approval and joint-decision of all NCAs concerned. Update IM work plan.

#### **Point III.**

Agree on final wording of coordination arrangement/emergency plan based on EIOPA template. Agree on timeframe and initiate the procedure for approval by year-end 2015.

*For colleges concerned by an internal model application process: To comply with by 27 February 2015*

#### **Point IV.**

Discuss/review results of preparatory reporting of the group.

#### **Point V.**

Discuss and review readiness for implementation of final SII regulation and enhance the dialogue with group and where appropriate solo undertakings to close the gaps.

#### **Point VI.**

Agree on college work plan/IM work plan for 2016 after implementation of final SII regulation.