

Press Release

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EIOPA PUBLISHES OPINION ON NON-LIFE CROSS-BORDER BUSINESS OF LONG-TERM NATURE

- *The Opinion outlines EIOPA's expectations on the calculation of technical provisions and on the governance of cross-border business*
- *The Opinion is addressed to National Competent Authorities to ensure appropriate application of legal requirements and consistent supervisory practises*
- *EIOPA identified deficiencies in relation to the calculation and supervisory assessment of solvency position of undertakings*
- *EIOPA expects complete, reliable and up-to-date data as regards the calculation of technical provisions*
- *EIOPA expects close attention to the required skills of key functions and the administrative, management and supervisory body and the local specificities of cross-border business*

Frankfurt, 21 December 2018 – Today, the European Insurance and Occupational Pensions Authority (EIOPA) published an *Opinion on non-life cross-border insurance business of a long-term nature and its supervision*. The Opinion is addressed to National Competent Authorities (NCAs) and outlines EIOPA's expectations on the calculation of technical provisions and the governance for cross-border business.

The objective of this Opinion is to ensure the appropriate application of the legal requirements and consistent supervisory practices with regards to the calculation of technical provisions and quantitative information on non-life long-term business with distinctive features or a high degree of local specificities.

Long-term non-life insurance business operated cross-borders is typically more uncertain than the majority of non-life business. Such business requires both, the knowledge of the local market specificities and the actuarial skills for the calculation of the technical provisions and the management of the activity. Experience has shown that these activities attract players that do not possess the required knowledge and skills, potentially leading to localised under-pricing and under-reserving to the detriment of policyholders.

This Opinion highlights the need for all parties involved to be aware of the local specificities when cross-border business is carried-out and outlines EIOPA's expectations to undertakings and recommendations to the NCAs on three aspects:

1. Expectations on technical provisions with the focus on the best estimate calculation
2. Expectations on governance, namely on the key functions and the administrative, management or supervisory body (AMSB)
3. Recommendations on the supervisory review process and the collaboration between home and host National Competent Authorities

Furthermore, the Opinion contains annexes, which provide concrete examples and quantitative information on technical provisions for the French construction defect insurance and for the Italian medical malpractice insurance.

Gabriel Bernardino, Chairman of EIOPA, said: *"The proper functioning of the internal market requires a similar level of protection to policyholders regardless of the location of the undertakings' head office. In the recent past EIOPA was confronted with a number of companies operating cross-border in the French construction business, running unsustainable business models, presenting serious deficiencies in the data available and material insufficiencies in technical provisions. On top of the concrete actions taken regarding those companies, this Supervisory Opinion establishes EIOPA's clear expectations to companies and recommendations to NCAs in order to prevent future similar cases."*

The Opinion can be obtained via [EIOPA's Website](#).