

Peer Review Work Plan 2025-2026

1. Introduction and general remarks

Article 30 of the EIOPA Regulation establishes that EIOPA shall periodically conduct peer reviews of some or all the activities of competent authorities (“NCAs”), to further strengthen consistency and effectiveness of supervisory outcomes.

EIOPA undertakes peer reviews in the areas reported in the bi-annual peer review work-plan¹ approved by the EIOPA Board of Supervisors² and following the methodology approved with the Decision of EIOPA on Peer Reviews of 8 February 2022³.

Peer reviews allow monitoring the effectiveness and the degree of convergence reached in the application of Union laws and in supervisory practice in the European Economic Area (EEA), challenge supervisory practices that are not aligned and thereby distorting the level playing field, and support NCAs with recommended actions and identified best practices. Furthermore, they support EIOPA’s work on implementing a common supervisory culture in areas where work to set the benchmark for supervisory processes and practices, in addition to legislation, is available by either standards, guidelines, supervisory statements, opinions, EIOPA decisions or Supervisory Handbook whilst EIOPA is aware that the practices are still diverging. Thus, peer reviews are considered a very useful supervisory convergence tool.

Additionally, EIOPA undertakes follow-ups to the reviews, two years after the publication of the peer review report (Article 30 of the EIOPA Regulation). The aim of the follow-ups is to identify the progress made against the recommended actions by assessing whether the NCAs have effectively fulfilled the recommended action(s) issued to them.

The underlying peer review work plan covers the period 2025-2026 and reflects EIOPA’s priorities looking forward. The topics for the peer review work plan were selected based on identified criteria⁴ and have been proposed by the Management Board in its meetings held in March and June 2024. In case of unforeseen or urgent events, EIOPA retains the power to approve an extraordinary peer review

¹ The two-year peer review work plan is a separate part of the Annual Work Programme (AWP) and Single Programme Document (SPD).

² According to the procedure in Article 44(4) of the EIOPA Regulation.

³ [Decision of the European Insurance and Occupational Pensions Authority on peer reviews \(europa.eu\)](https://www.eiopa.europa.eu/sites/default/files/publications/other_documents/summary_eiopa_information.pdf)

⁴ See Article 4 of EIOPA Decision on peer review.

not foreseen in this work plan, including, where necessary, the suppression of one or more phases as foreseen in the methodology⁵.

2. Reviews by peers and follow-ups to review by peers

Each peer review shall consist of two stages: a review by peers, which shall provide an independent, objective, and consistent assessment of NCAs, and a follow-up of the review, which shall include, without limitation, an assessment of the adequacy and effectiveness of the implementation measures enacted to address the recommended actions set out in the peer review report, resulting in a follow-up report.⁶

2.1. Reviews by peers

Similarly to the peer review work plan 2023-2024, EIOPA is planning to conduct two reviews by peers in 2025-2026, one per year, considering the good number of NCAs usually assessed in a peer review.

Concerning the scope, in line with the approach followed in 2023-2024 and the experience learned so far, EIOPA has also planned for the next cycle to conduct more focused reviews, regarding the topics covered and the number of participating NCAs⁷, as it will lead to a more efficient process and eventually allow for the finalization of each review within one year. Furthermore, in combination with a risk-based approach, targeting material areas of supervisory practices, the follow-up phase will be more efficient and conclusive and will benefit of a monitoring phase to assess the status of the implementation of recommended actions to NCAs before the follow-up phase starts.

More in general, the whole process will be enhanced with more active and frequent involvement of the NCA peer review coordinators and the Supervisory Steering Committee (SSC).

As regard to the concrete topics, EIOPA has considered one of the topics under review to cover both qualitative and quantitative requirements whereas the other topic will mainly cover qualitative requirements.

► 2.1.1. Topic 1 - Review by peers on supervision of use of reinsurance by (re)insurance undertakings (in 2025)

The peer review will focus on the supervision of (re)insurance undertakings; use of reinsurance, as risk mitigation technique under Solvency II.

Reinsurance is an important aspect of Solvency II and of undertakings' business model as it is a useful tool to manage risk and the related capital requirements. The use of reinsurance by re(insurance) undertakings is increasing and new types of reinsurance are being explored by the market (e.g., mass-lapse reinsurance). It is therefore considered as priority by EIOPA in its AWP 2024-2026⁸. Risk transfers

⁵ See Article 4(5) of EIOPA Decision on peer review.

⁶ See Article 12 of EIOPA Decision on peer review.

⁷ Where the topic covered by a peer review is not materially relevant to a given competent authority, EIOPA's Decision on Peer Reviews (Article 10(1)) allows the concerned Member States to request EIOPA to reduce their scope of application or to be fully exempted from the peer review.

⁸ [Work programme 2024-2026 - European Union \(europa.eu\)](https://www.europa.europa.eu/programmes/awp2024-2026/)

including the capacity and appropriateness of risk transfers has also been identified as a priority in the Union-wide Strategic Supervisory Priorities 2024-2026⁹ for which EIOPA (Oversight Department) will perform follow-up activities during 2024-2025.

Firstly, the peer review will address the supervisory activities in respect of the governance of reinsurance, the reinsurance policy of undertakings and how reinsurance is embedded in the overall risk management, as well as the inclusion of these activities in the supervisory review process.

Secondly, the peer review will assess how the recommendations from the EIOPA Opinion on the use of risk mitigation techniques by insurance undertakings¹⁰ have been implemented in general and also for specific cases that might be particularly material and challenging. The peer review will look how the balance between the SCR relief and risk transfer is assessed by the NCA, communication with the industry and setting expectations, as well as the supervision of the considerations and analysis included in the overall solvency needs in the ORSA.

However, the final scope of the peer review will also take into consideration the outcome of the above mentioned USSP work.

The peer review will represent a good opportunity also to consider NCAs' activities on reinsurance assessments and identify best practices for their supervision. The peer review will lead to more convergence in the supervision of reinsurance programs as well as contribute to an increasing ability of NCAs to challenge appropriateness and adequacy of reinsurance treaties applied by undertakings and to identify inappropriate recognition of reinsurance contracts in Solvency II balance sheet and SCR.

Reference to main legal requirements:

- Article 208-2011 of Delegated Regulation (EU) 2015/35
- EIOPA Guidelines on: System of Governance (in particular GL 22 and GL 50), Application of Outwards Reinsurance and Guidelines on basis risk (2015)
- EIOPA Opinion on the use of risk mitigation techniques by insurance undertakings (2021)
- EIOPA Supervisory Statement on the supervision of reinsurance concluded with third country (re)insurance undertaking (2024)

This review is planned for 2025.

► **2.1.2. Topic 2 - Review by peers on supervision of (re)insurance undertakings' assessment of sustainability risks (in 2026)**

A peer review on sustainable finance measures is proposed, taking into account that one of the strategic areas of EIOPA is to integrate sustainable finance considerations across all areas of its work.

⁹ [Union-wide Strategic Supervisory Priorities 2024-2026 - European Union \(europa.eu\)](#)

¹⁰ [Opinion on the use of risk mitigation techniques by insurance undertakings - European Union \(europa.eu\)](#)

The peer review will focus on the supervision of some of new specific requirements as regards to the integration of the sustainability risks in the governance in (re)insurance undertakings as set out in the Delegated Act¹¹ to be applied as of August 2022.

Primarily, the main provisions to be addressed focus on the integration of sustainability risks into the risk management system specifically into the areas of underwriting, reserving and investment risk and in the tasks of the risk management and actuarial function of (re)insurance undertakings in order to assess impact of climate change on the company's operations, especially in relation to the assets and liabilities.

Secondly, the peer review will address the integration and application of sustainability risks into the prudent person principle¹². With respect to investments, the prudent person principle requires that (re)insurance undertakings shall only invest in assets and instruments whose risks the undertaking concerned can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs. This includes sustainability risks.

Reference to main legal requirements:

- Articles 260, 269, 272 and 275a of Delegated Regulation (EU) 2015/35.

This review is planned for 2026.

2.2. Follow-ups to reviews by peers

The follow-up of the review by peers shall include, without limitation, an assessment of the adequacy and effectiveness of the implementation measures enacted by NCAs to address the recommended actions set out in the peer review report, resulting in a follow-up report. Secondly, the information to be collected on the level of implementation of the best practices and reasons for their implementation/non implementation will identify possible improvements for established processes enhancing supervision and eventually increase supervisory convergence.

▶ 2.2.1. Topic 1 – Follow-up on the review by peers on Outsourcing (due Q3 2025)

This peer review report published in July 2022 resulted in 77 recommended actions to 29 NCAs mostly covering aspects of the outsourcing framework, the structure of the notification process as well as NCAs' supervision of the notification content, information management and supervisory procedures for both off-site and on-site inspections. EIOPA also identified areas where higher supervisory convergence and/or more clarity regarding supervisory expectations could be achieved i.e., the outsourcing to an intermediary of delegated authority to underwrite and/or settle claims; the definition of 'material development' and the meaning of 'timely notification' according to Article 49(3)

¹¹ [COMMISSION DELEGATED REGULATION \(EU\) 2021/1256](#).

¹² In the peer review on Prudent Person Principle EIOPA also assessed NCAs' approach on the new requirements and noticed that, although some initiatives (e.g., thematic review, national regulation, letter to the industry) were implemented by some NCAs, numerous NCAs did not take yet specific action. Therefore, it was decided not to issue any formal recommended actions to NCAs.

of Solvency II Directive; and the supervision of undertakings that make such an extensive use of outsourcing that it impacts their corporate substance (so-called “empty shells”).

It is also foreseen to ask NCAs if they have made use of the four best practices identified in the peer review report regarding the communication of the framework, criteria to identify critical or important functions or activities, structure of the notification and the ongoing supervision of outsourcing.

▶ **2.2.2. Topic 2 – Follow-up on the review by peers on Product Oversight Governance (POG) (due Q2 2026)**

This peer review report published in July 2023 resulted in 110 recommended actions¹³ to 30 NCAs mostly regarding the general POG supervision framework, the adoption of a risk-based approach to identify significant product-related risks for consumers and leading to concrete supervisory plans, in setting and communicating supervisory expectations and in establishing internal processes and procedures. Furthermore, it was observed that in some NCAs the supervisory activities need to be strengthened in their scope, to cover more aspects of POG, and need to be enhanced in the effectiveness, since they appeared to be mostly limited to the assessment of the formal compliance with the regulation instead of ensuring good consumers outcomes.

▶ **2.2.3. Topic 3 – Follow-up on the review by peers on supervisory practices relating to some aspects of the prudent person principle (PPP) in insurance (due Q1 2027)**

This peer review report published in April 2024 resulted in 49 recommended actions to 22 NCAs. Considering the broad scope of the Prudent Person Principle (PPP) and the need to keep the peer review targeted, the review focused mainly on supervision of investments in non-traditional or more complex assets, including derivatives (above all in the case of their use for efficient portfolio management), and of assets backing unit-linked and index-linked (UIL) contracts where the risk is borne by policyholders. The recommended actions were mostly regarding the areas of individual investments (including derivatives and complex/non-traditional investments), supervisory framework (including the existence of a supervisory handbook regarding off-site/on-site supervision and the use of tools and indicators) and specificities of Unit/Index Linked business (including control of the risks of underlying assets and managing assets in best interest of policyholders).

It is also foreseen to ask NCAs if they have made use of the best practice identified in the peer review report on the use of the tools and indicators.

2.3. Monitoring of reviews by peers and follow-ups to review by peers

During the 2025-2026 period EIOPA will also, following the publication of the reports, request NCAs, where relevant, to send an update on the progress of implementation of the recommended actions addressed to them (monitoring phase¹⁴).

¹³ In the peer review no best practices were identified.

¹⁴ See Article 32 and 47 of EIOPA Decision on peer review.