



## Press Release

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### **EIOPA DEFINES ITS SUPERVISORY CONVERGENCE PRIORITIES**

- *The supervisory convergence plan focuses on the implementation of Solvency II and conduct of business supervision*
- *EIOPA defined three priority areas, namely the implementation of the common supervisory culture, addressing the risks to the internal market and to the level playing field which may lead to supervisory arbitrage as well as the supervision of emerging risks*

**Frankfurt, 23 April 2018** – Today, the European Insurance and Occupational Pensions Authority (EIOPA) published its [supervisory convergence plan for 2018-2019](#) for the insurance sector, focussing on the implementation of Solvency II and conduct of business supervision.

Supervisory convergence should ensure a high, effective and consistent level of supervision throughout the European Union, granting a similar level of protection to all European policyholders and beneficiaries.

To strengthen further supervisory convergence for 2018 and 2019, EIOPA defined the following three priority areas:

1. Implementation of the common supervisory culture and new supervisory tools
2. Risks to the internal market and the level playing field which may lead to supervisory arbitrage
3. Supervision of emerging risks

**The implementation of a common supervisory culture** will include the further specification of each of the [key characteristics of the common supervisory culture](#). In addition, EIOPA will develop common benchmarks for the supervision of internal models, work on a common basis for the supervisory assessment of conduct risks throughout a product's life cycle, perform a thematic review on travel insurance and define good practices for the supervision of intra-group transactions and risks concentrations.

To address **risks to the internal market and to the level playing field**, EIOPA will analyse the consistency of the calculations of technical provisions in general and in a cross-border context in particular for non-life business such as the "decennial liability insurance" and "medical malpractice insurance". Furthermore, special attention will be paid to the assessment of internal model outcomes, the detection of potential unsustainable cross-border business models and the establishment of specific collaboration platforms where needed.

In the area of **supervision of emerging risks**, EIOPA will develop good practices on the supervision of IT security and governance, including supervisory expectations on insurance undertakings' practices on cyber security and explore efficient ways to perform a cyber-attack penetration test. A thematic review of the insurance industry's use of big data as well as the monitoring of the potential consequences of the withdrawal of the United Kingdom from the European Union will continue to ensure consistency in supervisory approaches.

The priorities of the supervisory plan were identified according to their impact on policyholders and on financial stability as well as on the level playing field or the functioning of the internal market. The priority areas include also those areas of supervision where practices across the European Union still differ substantially.

At the beginning of 2019, the supervisory convergence plan will be updated and include a progress report.

On conduct of business supervision, EIOPA has developed a broader [strategy to address supervisory convergence from the conduct perspective](#). The strategy underlines tools for improving market monitoring and risk identification and mitigation as well as developing proactive supervisory capacities across the European Union with the aim to tackle better potential consumer detriment.

Gabriel Bernardino, Chairman of EIOPA, said: "*Achieving supervisory convergence, one of EIOPA's strategic goals, requires a collective effort by all national supervisory*

*authorities and EIOPA. This supervisory convergence plan sets key priority areas, which are crucial for achieving high-quality and effective supervision and the implementation of a common supervisory culture across the European Union in the interest of the policy holders.”*

## **Notes for Editors:**

### **[EIOPA Insight video: Supervisory convergence](#)**

**Decennial liability insurance** provides the building owners with effective protection against major damage that can occur or come to light in the decade that follows completion of the building.

**Medical malpractice insurance** provides physicians and other licensed health care professionals (e.g., dentist, nurse) professional liability cover, which protects from liability associated with wrongful practices resulting in bodily injury, medical expenses and property damage, as well as the cost of defending lawsuits related to such claims.

The **European Insurance and Occupational Pensions Authority (EIOPA)** was established on 1 January 2011 as a result of the reforms to the structure of supervision of the financial sector in the European Union. EIOPA is part of the European System of Financial Supervision consisting of three European Supervisory Authorities, the National Supervisory Authorities and the European Systemic Risk Board. It is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union. EIOPA’s core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of insurance policyholders, pension scheme members and beneficiaries.