

Response to EIOPA's consultation paper on relevant insurance and reinsurance undertakings with respect to the host Member State's market

Our reference:	ECO-SLV-24-416	Date:	24-12-2024
Referring to:	Consultation on relevant insurance and reinsurance undertakings with respect to the host Member State's market - Solvency II Review		
Related documents:	Consultation Paper		
Contact person:	Prudential Team	E-mail:	prudential@insuranceeurope.eu
Pages:	3	Transparency Register ID	33213703459-54

Introduction

Q1. *Do you have general comments on the consultation paper?*

Insurance Europe welcomes the opportunity to provide feedback on EIOPA's draft Regulatory Technical Standards (RTS) on relevant insurance and reinsurance undertakings with respect to the host Member State's market.

Insurance Europe supports EIOPA's proposed approach (Option 3). The industry believes it provides sufficient flexibility without overengineering cross-border supervision and, as indicated by EIOPA, captures the specificities of individual markets or the emergence of peculiar cases which is the Solvency II Directive's intention.

The detailed comments provide some suggested improvements. These are mostly minor; however, one important change is needed to Article 1 to correctly describe that reinsurance is part of the respective life and non-life insurance markets and not a standalone market.

Q2. *Do you have comments on the following sections in section 1 with background and rationale?*

N/A

Amendments to the Solvency II Directive

Mandate for draft regulatory technical standards

Approach to the RTS

Q3. Do you have any other comments on the background and rationale section?

N/A

Q4. Do you have comments on the following recitals in section 2?

N/A

Recital 1

Recital 2

Recital 3

Recital 4

Recital 5

Q5. Do you have comments on the following articles in section 2?

Article 1 - Conditions and criteria for determining the relevance of the activities with respect to the host Member State's market

- Article 1(a)(ii) indicates that the market share to identify the concentration of activities shall be calculated in terms of whole insurance market, life insurance market, non-life insurance market or reinsurance market. However, per the Solvency II Directive, there is no standalone reinsurance market. The Solvency II Directive is reflective of an economic reality whereby reinsurers engage in the life and non-life markets through treaty business, facultative reinsurance business and direct specialty business. And the other way around, primary insurers, as well as financial market participants, also engage in the reinsurance market. The draft RTS should comply with the Solvency II Directive and base market share criteria on two markets: the life insurance and reinsurance market and the non-life insurance and reinsurance market.

The following amendments are suggested to align the RTS with the Solvency II Directive:

*Article 1(1)(a)(ii) share of the insurance or reinsurance undertaking's activities in the host Member State, measured as the annual gross written premium income corresponding to the activities carried out by the undertaking in that host Member State, compared to the undertaking's total annual gross written premium income; or the market share held by the insurance or reinsurance undertaking in the host Member State's market, measured either in terms of whole insurance market, life insurance **and reinsurance** market **or** non-life insurance **and reinsurance** market ~~or reinsurance market~~; or*

*Article 1(2). For the purposes of point (a)(ii) of paragraph 1, the market share shall be measured as a percentage of the annual gross written premium income or the gross technical provisions corresponding to the relevant activities carried out by the undertaking in that host Member State, compared to the total of the annual gross written premium income or gross technical provisions for activities in the host Member State's insurance market, life insurance **and reinsurance** market **or** non-life insurance **and reinsurance** market ~~or reinsurance market~~ as appropriate.*

- Article 6 is supported** and should contribute to ensuring that national supervisory authorities (NSAs) have sufficient flexibility in identifying activities that could be detrimental to policyholder protection.

Article 2 - Entry into force

Q6. *Do you have any other comments on the draft technical standards in section 2?*

- Article 1(1)(a)(i) mentions “annual gross written premium income in the host MS” compared to the undertaking’s “total annual gross written premium income”.

It is unclear what happens in the case where there is a relatively large part of a small host market, and a small part of a large insurer’s turnover involved.

Q7. *Do you have comments on the analysis of the policy issue?*

N/A

Q8. *Do you have any other comments on the impact assessment in Annex?*

N/A

Q9. *Do you have any other comments on the consultation paper?*

N/A

Insurance Europe is the European insurance and reinsurance federation. Through its 37 member bodies — the national insurance associations — it represents all types and sizes of insurance and reinsurance undertakings. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe’s economic growth and development. European insurers pay out over €1 000bn annually — or €2.8bn a day — in claims, directly employ more than 920 000 people and invest over €10.6trn in the economy.