

RAB response to EIOPA's consultation paper on undertakings under dominant/significant influence or managed on a unified basis

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The Insurance Europe Reinsurance Advisory Board (RAB) welcomes the opportunity to provide comments to EIOPA's consultation paper on the proposal for Regulatory Technical Standards (RTS) on undertakings under dominant/significant influence or managed on a unified basis.

The RAB supports the positions of the wider industry and the comments provided by Insurance Europe in its response to the consultation. From the RAB's perspective, the following aspects of the industry response are most important:

- **Maintaining consistency of the group definition between other frameworks, such as IFRS, and Solvency II.**
 - Generally, dominant or significant influence are relevant criteria for the group definition and, hence, for the scope of accounting or prudential consolidation. Insurance groups have an interest in a consistent group definition across the different reporting regimes, namely between International Financial Reporting Standards (IFRS) and Solvency II. Consistency ensures comparability, avoids complexity, and thereby improves transparency to market participants.
 - The RAB supports that a reference to IFRS 10, and respectively to the IAS-Regulation (EU 1606/2002) might reduce a risk of dissociation of the two regimes, not least because it would be dynamic. However, factors that cannot be found in IFRS 10 and IAS 28 should be avoided, as they could introduce further inconsistencies between reporting regimes.
 - Regulators should provide individual and strong evidence when deviating from financial reporting standards with respect to the scope of a group.
- **Where ownership is less than 20%, the default assumption should be for the entity to be outside the group scope.**
 - While most of the factors listed in Articles 1 through 4 of the draft RTS are generally meaningful to determine relevant relationships between undertakings, the draft RTS lacks guidance how strong a factor must be to conclude whether at least significant influence exists. Therefore, the RAB recommends adding that if an undertaking holds, directly or indirectly, 20% or more of the voting power of another undertaking, it is presumed that the relationship with the other undertaking indicates significant influence, unless it can be clearly demonstrated that this is not the case.
 - Conversely, if an undertaking holds, directly or indirectly, less than 20% of the voting power of another undertaking, it is presumed that the relationship with the other undertaking does not indicate significant influence, unless such influence can be clearly demonstrated.

■ **Reinsurance would not, in most circumstances, indicate a need for consolidation.**

- In isolation, the criteria of “reinsurance” mentioned in Article 2 does not signal anything other than a Business to Business (B2B) commercial relationship. It cannot, on its own, lead to the recognition of a group. In other words, removing the reference to “reinsurance” would not change the outcome of this RTS and such outcome-based assessment could help streamline the RTS.

Insurance Europe’s Reinsurance Advisory Board (RAB) is a specialist representative body for the European reinsurance industry. It is represented at chairman and chief executive officer (CEO) level by the seven largest European reinsurance firms: Gen Re, Hannover Re, Lloyd’s, Munich Re, PartnerRe, SCOR and Swiss Re, with Insurance Europe providing the secretariat.

Through its member bodies, the RAB represents more than 50% of total worldwide reinsurance premium income. The RAB promotes a stable, innovative and competitive market environment. It further promotes a regulatory and trading framework that facilitates global risk transfer through reinsurance and other insurance-linked capital solutions.