

EIOPA Measures

The European Insurance and Occupational Pensions Authority (EIOPA) is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union. Considering the likelihood that insurance and reinsurance undertakings may face increasingly difficult conditions in the immediate future in terms of navigating through challenging market conditions, EIOPA considers that undertakings need to concentrate their efforts on monitoring and assessing the impact of the coronavirus diseases 2019 (COVID-19) situation, as well as ensure business continuity.

Notably, EIOPA has published:

- 17.03.2020: A [statement](#) on actions to mitigate the impact of Coronavirus/COVID-19 on the EU insurance sector covering issues related to business continuity and solvency and capital position
- 20.03.2020: [Recommendations](#) on supervisory flexibility regarding the deadline of supervisory reporting and public disclosure. These "Recommendations" enable insurers to concentrate efforts on monitoring and assessing impact of the Coronavirus and are addressed to national competent authorities to help provide a consistent approach to supervision
- 01.04.2020: [Call to action](#) for insurers and intermediaries to mitigate the impact of Coronavirus/COVID-19 on consumers; the call is underlining the importance of access to and continuity of insurance services and outlining recommended actions for insurers and intermediaries to take
- 02.04.2020: [Statement on dividends distribution and remuneration practices](#) recommending (re)insurers to temporarily suspend all discretionary dividend distributions and share buy backs aimed at remunerating shareholders.
- [3.04.2020: Technical specifications](#) for EIOPA; recommendations on supervisory flexibility regarding the deadline of supervisory reporting and public disclosure – Coronavirus COVID-19)

With regard to consumers, EIOPA is of the view that insurers as well as insurance intermediaries and ancillary insurance intermediaries (hereafter "intermediaries"), play an important role in enabling consumers to manage their risks by providing protection against uncertainties. Access to and continuity of insurance services should be considered essential in the context of the outbreak. Therefore, EIOPA strongly encourages insurers and intermediaries to take into consideration various practical implications of the coronavirus for the day-to-day activities of consumers, in particular in regard to the social distancing and self-isolation measures that are now in place. In the current environment, consumers may not be able to fulfil contractual obligations or may be forced to change their normal behaviour. Examples, which should not be interpreted as exhaustive, include:

- Not being able to submit a claim within a prescribed timeframe
- Not being able to carry out a check (e.g. a car check-up or a medical check-up)
- Using their usual residence as a workspace, which may be in breach of their household policy

EIOPA expects all market participants to continue to act in the best interests of consumers, throughout the lifecycle of their relationship with the consumer. This is in line with the requirements on policyholder protection set out in relevant legislation such as Directive 2016/97 on Insurance Distribution (IDD) and Directive 2009/138/EC (Solvency II Directive).

In particular, EIOPA asks the following of insurers and intermediaries:

- Provide clear and timely information to consumers on contractual rights
- Treat consumers fairly and be explicit in all communications
- Inform consumers about contingency measures that insurers and intermediaries are taking
- Continue applying product oversight and governance (POG) requirements, taking into account the impact of the COVID-19 outbreak; where necessary carry out a product review
- Consider the interests of consumers and exercise flexibility in how they are treated, where reasonable and practicable

Further, EIOPA and national supervisory authorities (NSAs) are working collectively to ensure financial stability, market integrity and consumer protection, and are following very closely the developments of the COVID-19 outbreak. As the nature of the potential conduct and consumer protection risks might change, including greater exposure to cyber risks, EIOPA and NSAs will continue to carry out enhanced market monitoring activities and, when necessary, issue further guidance.

Second, in this context, EIOPA is of the view that the Q1-2020 submission of information to competent authorities will be of extreme importance for both insurance and reinsurance undertakings and competent authorities. Therefore, in its 20 March 2020 Recommendations, EIOPA recommends to all EU national supervisors to be flexible in dealing with the upcoming deadlines for forthcoming supervisory reporting or disclosure obligations. At the same time, EIOPA pointed out that insurers need to expand their reporting to include adequate information on the effects of coronavirus. This should allow insurers to focus their efforts on monitoring and assessing the effects of coronavirus and maintaining business continuity.

The EU Financial Stability Board (FSB) made a similar [statement](#) on the same day.

The aforementioned EIPOA Recommendations are addressed to the competent national EU authorities to ensure a consistent approach across the EU to the following requirements:

- **Annual reporting as of 31 December 2019:** EIOPA recommends that an eight-week delay would allow for the reporting of most of the Regular Supervisory Report for solo and group with some carve outs. For some central Quantitative Reporting Templates (such as the Solvency Overview), however, only a two-week deferral should apply.
- **Quarterly reporting as of Q1-2020:** EIOPA allows longer deadlines of one week. However, EIOPA explicitly points out that earlier reporting is encouraged, but should follow the proportionality principle for less material content.
- **Report on Solvency and Financial Condition (SFCR) as at 31 December 2019:** EIPOA recommends a two- or eight-week postponement. Competent authorities should accept a two-week delay in the publication of the templates, using the means of disclosure usually used for the publication of the SFCR.

Corresponding Information

Corresponding information on the effect of COVID-19 should be included, as this is to be regarded as an “important development” (Art. 54 (1) Solvency II Directive).

BaFin Measures

The German Federal Financial Supervisory Authority (BaFin) supports the recommendations made and intends to implement them (as mentioned on the BaFin [homepage](#) on 21 March 2020). BaFin was in particular intensively involved in the preparation of the EIPOA Recommendation document. It was particularly important for BaFin, but also for EIOPA, that as many companies as possible take advantage of the opportunity to submit their reporting for the first quarter of 2020 ahead of schedule (see paragraph 18 of the Recommendations). In this way, the companies are making an important contribution to the assessment of the effects of the COVID-19 pandemic. There is currently a high degree of uncertainty as to how the pandemic will develop and impact the real economy and financial markets. For this reason, BaFin currently considers it very difficult to provide a reliable description of the impact of the individual companies in the Solvency and Financial Condition Report for the addressees. At the same time, however, there is still a need for transparency. The public must be able to trust that the information contained in the SFCR is reliable. BaFin, therefore, considers it sensible for companies to take advantage of the eight-week extension of the deadline for the narrative part of the SFCR (see paragraph 22 of the EIOPA Recommendations).

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