



EIOPA-BoS-14/146 EN

# **Guidelines on operational functioning of colleges**

## Introduction

- 1.1. According to Directive 2009/138/EC of 25 November 2009 of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (hereinafter 'Solvency II Directive')<sup>1</sup>, in particular Article 248(6) thereof, and Article 21 of Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC<sup>2</sup> (hereinafter 'EIOPA Regulation'), EIOPA developed Guidelines on the operational functioning of colleges. These Guidelines address the practical needs of colleges of supervisors for their operational functioning, identified by EIOPA in comprehensive reviews of their work through action plans for colleges, EIOPA's college reports and peer reviews. Based on these elements, EIOPA assessed the level of convergence needed and identified the areas and content to be covered by these Guidelines.
- 1.2. These Guidelines aim at facilitating the tasks of group supervisors as well as improving the functioning of colleges of supervisors. By developing common practices and a supervisory culture, they ensure a consistent operational functioning of colleges of supervisors and a convergent application of Union law in the exercise of supervision in the context of colleges of supervisors. These Guidelines also aim at enhancing the single market level playing field and reducing the administrative burden on insurance and reinsurance undertakings and supervisory authorities through a proportionate approach in their practical application.
- 1.3. These Guidelines provide a roadmap for setting up a college of supervisors and facilitating cooperation among its members and participants in their joint supervisory work such as exchange of information, risk assessments, on-site examinations, decision making processes and consultations.
- 1.4. These Guidelines are addressed to supervisory authorities who are members or participants of colleges of EEA groups.
- 1.5. While EIOPA is a member of the colleges of supervisors in accordance with Article 21 of the EIOPA Regulation, day-to-day supervision of insurance and reinsurance undertakings is the responsibility of national supervisory authorities.
- 1.6. When participating in the activities of the college of supervisors, in accordance with Articles 21 and 28 of the EIOPA Regulation, EIOPA will assist the group supervisor and the college of supervisors by providing information, advice, practical examples and sharing best practices upon request and on its own initiative, and promote the implementation of EIOPA's work on colleges of

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<sup>1</sup> OJ L 335, 17.12.2009, p.1.

<sup>2</sup> OJ L 331, 15.12.2010, p.48.

supervisors. EIOPA will facilitate delegation of tasks within colleges of supervisors by identifying those tasks that can be delegated or jointly exercised, following the principle of allocating supervisory competence to a supervisor which is best placed to take actions in the subject matter.

- 1.7. Furthermore, EIOPA will ensure that micro-economic risk assessments performed by colleges of supervisors contribute to the evaluation of macro-economic risks for financial stability purposes.
- 1.8. In its oversight function EIOPA will monitor the functioning of colleges of supervisors and prepare on a regular basis a comprehensive report to the Board of Supervisors on the outcome of this monitoring. When appropriate, EIOPA may request from the group supervisor further deliberations, additional college meetings or agenda points. At the group supervisor's request, EIOPA is prepared to facilitate decision making processes within the college of supervisors.
- 1.9. EIOPA will not take over the tasks of the group supervisor when it comes to chairing and leading the college of supervisors as well as its supervisory tasks and responsibilities. In case of formal voting in a college of supervisors, EIOPA would give its opinion but would not take part in formal voting.
- 1.10. The Guidelines shall apply from 1 April 2015 with the exception of Guidelines 17 to 18 that shall apply from 1 January 2016.
- 1.11. For the purpose of these Guidelines, the following definitions have been developed:
  - When these Guidelines refer to 'group supervisor', they refer to the supervisory authority that fulfils the criteria set out in Article 247 of the Solvency II Directive, even before the group supervisor is designated by the college in accordance with these criteria.
  - When these Guidelines refer to 'other related undertakings' they mean an undertaking, other than a subsidiary, in which a participation is held or an undertaking linked with another undertaking by a relationship as set out in Article 12(1) of Directive 83/349/EEC, regardless of whether its head office is situated in the EEA or in a third country.
  - When these Guidelines refer to 'members', they refer to the members of the college identified in Article 248(3) of the Solvency II Directive, including:
    - the group supervisor;
    - EEA supervisory authorities of subsidiaries;
    - EIOPA.
  - When these Guidelines refer to 'participants', they refer to:
    - authorities allowed to participate in the colleges identified in Article 248(3) of the Solvency II Directive, subject to the group supervisor inviting them pursuant to Article 354 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014

supplementing Directive 2009/138/EC (hereinafter “Commission Delegated Regulation 2015/35”)<sup>3</sup>, including:

- EEA supervisory authorities of significant branches;
  - EEA supervisory authorities of other related undertakings;
  - third-country supervisory authorities of related undertakings including subsidiaries.
- pursuant to Article 252 of the Solvency II Directive, and subject to the group supervisor inviting them, authorities responsible for the supervision of credit institutions and investment firms that are part of the group.
- When these Guidelines refer to ‘college’, they refer to the college of supervisors as defined in Article 212(1)(e) of the Solvency II Directive.

1.12. If not defined in these Guidelines, the terms have the meaning defined in the legal acts referred to in the introduction.

## **Section I: Establishment of the college**

### **Guideline 1 - Mapping of the group and identification of members and participants of the college**

1.13. The group supervisor or, if not yet designated, the supervisory authority which would be the group supervisor if the criteria set out in Article 247(2) of the Solvency II Directive were to apply, should map all the related undertakings and branches of the group in order to determine the group structure and identify all members and participants of the college.

1.14. The mapping should be reviewed at least upon modification of the group structure in order to allow the college to review the appropriateness of members and participants of the college and confirm that there is no need for designating another supervisory authority as the group supervisor.

1.15. In addition, the group supervisor or the supervisory authority which would be the group supervisor if the criteria set out in Article 247(2) of the Solvency II Directive were to apply should require the participating insurance or reinsurance undertaking or the insurance holding company or the mixed financial holding company to perform and submit an initial analysis of its group structure including an assessment of any dominant or significant influence effectively exercised over an undertaking by another undertaking that is part of the group, as well as to provide information on branches in the group.

### **Guideline 2 - Criteria for assessing the significance and materiality of related undertakings**

1.16. The supervisory authorities identified in the mapping process as members and participants of the college should contribute to the assessment performed by

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<sup>3</sup> OJ L 12, 17.01.2015, p. 1-797

the group supervisor of the undertakings' significance and materiality together with the rationale for that assessment.

When assessing the significance of undertakings within the group, supervisory authorities should consider at least the following factors:

- a) the ratio of the balance sheet of an undertaking to the total balance sheet of the group;
- b) the proportional contribution of an undertaking to the group Solvency Capital Requirement;
- c) the proportional contribution of an undertaking to the group own funds;
- d) the contribution of an undertaking to the performance and earnings of the group as a whole;
- e) the role of the undertaking within the group's organisational structure, systems, and controls; its risk management functions and senior management oversight for monitoring and controlling risks in the undertakings;
- f) the level of influence exercised over the undertakings;
- g) the interactions between undertakings.

1.17. When assessing the materiality of undertakings in the local market, supervisory authorities should at least consider the following factors:

- a) the market share of the undertaking;
- b) the role of the undertaking in specific markets;
- c) the ratio of the total balance sheet of the group to the total balance sheet of all groups in a particular Member State or a third country;
- d) the level of risk to which the undertaking is exposed and potential effect on the local market;
- e) the role of the undertaking in the infrastructure of the financial system.

### **Guideline 3 - Results of the assessment of the significance and materiality of branches and related undertakings**

1.18. The group supervisor should consider and use the results of the significance and materiality assessment to decide whether to invite the supervisory authorities of significant branches and other related undertakings to the college meetings, as well as to decide on the organisational structure of the college and its work plan.

### **Guideline 4 - Invitation of third-country supervisory authorities**

1.19. When third-country supervisory authorities are invited to join the college as participants, the group supervisor should request them to sign the coordination arrangements and to demonstrate that they can comply with the coordination arrangements under their national legislation. In particular the third-country professional secrecy requirements need to be assessed by reference to the requirements provided for in Article 66 of the Solvency II Directive.

1.20. If the third-country supervisory authorities cannot provide their consent to the coordination arrangements, including compliance with professional secrecy

requirements, the group supervisor should adapt the organisation of the college accordingly in a way that confidentiality and professional secrecy are ensured in all circumstances.

### **Guideline 5 - Guarantees for confidentiality and professional secrecy**

- 1.21. When a member or a participant of the college is aware of any confidentiality or professional secrecy issue which may have a negative impact on the assessment of a third-country supervisory authority's professional secrecy regime previously considered equivalent, it should provide relevant information to the other members and participants, as soon as possible.

## **Section II: Initial meeting of the college**

### **Guideline 6 - Schedule of the initial meeting**

- 1.22. After finalising the mapping of the group's structure and the assessment of the significance and materiality of branches and related undertakings, and not later than three months from the finalisation of the mapping of the group, the group supervisor should schedule the initial meeting of the college.
- 1.23. In case a college is already established at the date of application of these guidelines, the group supervisor should assess compliance of the operational functioning of the college with these guidelines and aim at adapting its functioning where necessary.

### **Guideline 7 - Agenda of the initial meeting**

- 1.24. The group supervisor should include in the agenda of the initial college meeting at least the following items:
  - a) the formal designation of the group supervisor;
  - b) a description of the scope of group supervision including, where applicable, an explanation from the group supervisor of its decision to exclude an undertaking from the scope of group supervision;
  - c) an explanation by the group supervisor of the rationale of its initial mapping and any significant departure from the assessment of other members or participants;
  - d) a proposal for the coordination arrangements in order to determine the organisational structure of the college and the means of exchange of information among members and participants.
- 1.25. The group supervisor should circulate the initial proposal for the coordination arrangements of the college at least four weeks in advance of the meeting, in order to initiate the six-month period referred to in Guideline 8.

### **Guideline 8 - The coordination arrangements**

- 1.26. The group supervisor should draft the coordination arrangements on the basis of the template provided in Annex 1. The group supervisor should be allowed to amend and further develop the template including deadlines and timeframes, where appropriate to suit the needs of the college. It should explain in writing

the rationale for these amendments and further developments to the other members and participants.

- 1.27. Members and participants should reach an agreement and sign the coordination arrangements within six months from the date on which the arrangements are proposed formally to them by the group supervisor, as provided for in Guideline 7. The coordination arrangements should determine when and under which conditions it comes into force.
- 1.28. The coordination arrangements should be drafted in English unless otherwise agreed by members and participants.

### **Section III: On-going functioning of the college**

#### **Guideline 9 - Organisational structure and specialised teams**

- 1.29. In determining the organisational structure of the college, the group supervisor should take into account the significance and materiality of related undertakings. Where appropriate, the group supervisor should establish different specialised teams for certain work streams or projects. Members of the college should agree on the composition, the chair and the objectives and purpose of each specialised team, including how the specialised team will report their conclusions to the college.
- 1.30. Where specialised teams are created within the college, the group supervisor should ensure the coordination of the work of these teams.
- 1.31. Members and participants of the college, including those members and participants not involved in specialised teams, should be regularly informed of the developments made by specialised teams, where appropriate.

#### **Guideline 10 - The main tasks of the group supervisor**

- 1.32. The group supervisor should take the lead in the college's activities, chair its meetings and establish an appropriate mechanism to facilitate its operational functioning. To this end, the group supervisor should among other activities:
  - a) update the contact details of members and participants whenever changes occur on the basis of the reviews sent by the other members and participants;
  - b) inform the other members and participants, within a reasonable time to be determined in the coordination arrangements, that a college meeting will be held, without prejudice to ad-hoc or emergency situations;
  - c) prepare the agenda of the college meetings with clearly defined objectives;
  - d) record minutes of the college meeting;
  - e) formalise and follow up action points agreed upon by members and participants;
  - f) develop the college work plan in cooperation with the other members and participants;

- g) perform supervisory review and assessment of the financial situation of the group and, in order to facilitate this task, consult the other members and participants;
- h) review the organisational structure and the coordination arrangements with a view to maintaining efficient group supervision;
- i) engage in a discussion regarding the need to designate a new group supervisor in case a modification of the group structure could lead to such a decision.

### **Guideline 11 - Draft agenda and documentation**

1.33. The group supervisor should circulate the draft agenda in advance of the meeting as defined in the coordination arrangements. Members and participants should be allowed to ask for amendments. The latest version of the draft agenda should be sent to members and participants together with the documentation prepared by the group supervisor or by other members or participants in advance of the meeting as defined in the coordination arrangements.

### **Guideline 12 - The college work plan**

- 1.34. The group supervisor should draw up a college work plan for the purpose of group supervision and update it as soon as circumstances require it. Members and, when concerned, participants should discuss and agree on the college work plan. This should not prevent any supervisory authority from drawing up an individual supervisory plan for an insurance or reinsurance undertaking that is part of the group.
- 1.35. The college work plan should assist the college with planning and coordinating the main types of supervisory activities, for both on-site including joint on-site examinations, and off-site work. It should also include the relevant aspects of the group supervisory plan. All planned major on-site examinations of the most significant entities to be performed in the forthcoming year by the group supervisor and the other members and participants should also be included in the college work plan, regardless of whether they are joint examinations or not. Furthermore, the college work plan should specify which member or participant is responsible for each planned examination.
- 1.36. In addition, the college work plan should include the scheduled recurring key meetings and the authorities that will participate in these meetings.
- 1.37. Independently from the updates mentioned in the first paragraph, a critical review of the outcome of the college work plan should be conducted periodically within the college. The group supervisor should carry out this review at least annually when assessing the college's performance.

### **Guideline 13 - Communication channels**

1.38. To ensure efficient information sharing, members and participants should consider using the full range of communication channels within the college, provided that the confidentiality of data is secured.



## **Guideline 14 - Cooperation between supervisory authorities in the context of the supervisory review process**

- 1.39. College members and, where relevant, participants should cooperate and exchange information within the college to enable the college to form a shared view of the risks of the group as part of the supervisory review process.

## **Guideline 15 - Communication with supervised undertakings**

- 1.40. Except in the situation described in the first paragraph of Article 251 of the Solvency II Directive, the group supervisor should be responsible for the communication with the participating insurance or reinsurance undertaking, the insurance holding company or the mixed financial holding company. In the situation described in the first paragraph of Article 251 of the Solvency II Directive, the supervisory authority of the Member State in which a parent undertaking has its head-office should be responsible for the communication with that undertaking. The other members and participants should be responsible for the communication with individual undertakings.
- 1.41. Members and participants should coordinate information requests sent to the participating insurance or reinsurance undertaking, the insurance holding company or the mixed financial holding company and individual undertakings that are part of the group in order to avoid duplication.
- 1.42. The group supervisor should periodically organise multilateral meetings between members and participants and the administrative, management, the supervisory body or other representatives of the participating insurance or reinsurance undertaking, the insurance holding company or the mixed financial holding company of the group, or a representative of any relevant entity that is part of the group.
- 1.43. Where relevant, the group supervisor should provide to the group the draft agenda in advance of the meeting.

## **Guideline 16 - Consultation process within the college**

- 1.44. When consulting other supervisory authorities concerned under the relevant provisions of the Solvency II Directive, the group supervisor or, where relevant, any other member or participant, should respect the following procedure:
- a) it should send a written proposal with supporting reasons to supervisory authorities concerned and a copy to the other members and participants where appropriate, in order to ensure an efficient exchange of information;
  - b) it should allow supervisory authorities concerned to respond within a timeframe determined in the coordination arrangements;
  - c) where applicable, it should also send a written proposal to the group and allow the group to respond within an agreed timeframe;
  - d) it should organise a meeting to discuss the relevant issues if deemed necessary by any supervisory authorities concerned;
  - e) it should send the final decision to members and, where appropriate, to participants, together with the opinions of the supervisory authorities

concerned as well as of the group, and, where applicable, the reasons to deviate from these opinions.

### **Guideline 17 - Communication with the group supervisor before setting a capital add-on for a related undertaking**

1.45. The supervisory authority responsible for the supervision of an insurance or reinsurance undertaking that is part of the group should inform the group supervisor, who should immediately inform the other members and participants, when it concludes that:

- a) the risk profile of the undertaking deviates significantly from the assumptions underlying the calculation of the Solvency Capital Requirement;
- b) the system of governance of the undertaking deviates significantly from the standards laid down in Articles 41 to 49 of the Solvency II Directive, which prevents the undertaking from properly identifying, measuring, monitoring, managing or reporting the risks that it is or could be exposed to; or
- c) the undertaking applies the matching adjustment referred to in Article 77b of the Solvency II Directive, the volatility adjustment referred to in Article 77d of the Solvency II Directive or the transitional measures referred to in Articles 308c and 308d of the Solvency II Directive and the risk profile of that undertaking deviates significantly from the assumptions underlying these adjustments and transitional measures.

### **Guideline 18 - Communication with the college before setting a capital add-on at group level**

1.46. The group supervisor should inform the other members and participants when it concludes that:

- a) the risk profile of the group deviates significantly from the assumptions underlying the calculation of the group Solvency Capital Requirement;
- b) the system of governance of the group deviates significantly from the standards laid down in Articles 41 to 49 of the Solvency II Directive, which prevents the group from properly identifying, measuring, monitoring, managing or reporting the risks that it is or could be exposed to; or
- c) the group applies the matching adjustment referred to in Article 77b of the Solvency II Directive, the volatility adjustment referred to in Article of 77d the Solvency II Directive or the transitional measures referred to in Articles 308c and 308d of the Solvency II Directive and the risk profile of that group deviates significantly from the assumptions underlying these adjustments and transitional measures.

### **Guideline 19 - Ad-hoc exchange of information**

1.47. For information that is not covered by exchange of information on a systematic basis and where it is not stated otherwise in the Solvency II Directive or in Commission Delegated Regulation 2015/35, when a member or a participant

becomes aware of relevant information, the following procedure for ad-hoc information exchange within the college should apply:

- a) members and participants should inform the group supervisor of all relevant information;
- b) the group supervisor should request further relevant information for group supervision, where appropriate;
- c) the group supervisor should send as soon as possible to the other members and participants any relevant information that they may need to assess;
- d) members and participants should request from the group supervisor further relevant information concerning the individual undertakings under their supervision, where appropriate;
- e) members and participants should inform the group supervisor of the supervisory actions and measures that they have taken or intend to take including the main findings and conclusions of such actions, where relevant.

1.48. If this information concerns the group, the following procedure for ad-hoc information exchange within the college should apply:

- a) the group supervisor should inform the other members and participants of any relevant information to them as soon as it becomes available;
- b) members and participants should request further relevant information concerning the individual undertakings under their supervision, where appropriate;
- c) the group supervisor should inform the other members and participants concerned of the supervisory actions and measures taken at group level, where relevant.

## **Section IV: Joint and local examinations**

### **Guideline 20 – Joint on-site examinations**

1.49. Any EEA member or participant of the college who wishes to verify information in accordance with Article 255 of the Solvency II Directive, which it deems appropriate for the supervision of the group or entities within the group, should be able to request a joint on-site examination mentioning its scope and objective after having taken into account the need to avoid duplication of effort between supervisory authorities. The information to be verified should be needed for supervisory purposes including, but not limited to, supplementing the off-site analysis, helping detect problems that may not be apparent through off-site analysis, taking into account the environment in which the undertakings operate.

1.50. The supervisory authority requesting a joint on-site examination should inform the group supervisor by indicating the scope and purpose of it. The group supervisor should then notify EIOPA as well as the other members and participants that may be affected by or interested in participating in the on-site examination or its outcome. Once the participating authorities have been identified, they should discuss and agree on the final scope, purpose, structure

and allocation of tasks of the examination, including who will be leading the on-site examination.

- 1.51. The group supervisor should be kept informed on the progress and findings of the joint on-site examination.

### **Guideline 21 – On-site examinations**

- 1.52. Where relevant for group supervision, the supervisory authority of an insurance or reinsurance undertaking that is part of the group should inform the group supervisor when it intends to perform an on-site examination and should communicate to the group supervisor the main findings and conclusions of such examination.
- 1.53. Where relevant for the supervision of insurance or reinsurance undertakings that are part of the group, the group supervisor should inform the other members and participants concerned when it intends to perform an on-site examination and should communicate to them the main findings and conclusions of such an examination.

## **Section V: Sharing and delegation of tasks**

### **Guideline 22 - Organisation of sharing and delegation of tasks**

- 1.54. Where members and participants consider that sharing and delegating tasks lead to more effective and efficient supervision, such as avoiding duplication of tasks, optimising supervisory resources and expertise, removing unnecessary burden for the supervised undertakings, they should document it in the coordination arrangements and the college work plan as specified in Guideline 24.
- 1.55. The supervisory authorities involved should ensure that sharing and delegating tasks are consistent with the structure and organisation of the group and proportionate to the nature, scale and complexity of the risks inherent to the activities of the supervised undertakings.
- 1.56. Sharing and delegating tasks should not alter the allocation of supervisory responsibilities or liabilities of members and participants with respect to the supervised undertakings.

### **Guideline 23 - Procedures for sharing and delegating tasks**

- 1.57. Before sharing or delegating any task, the supervisory authorities involved should ensure under the coordination of the group supervisor that a common agreement is reached at least on:
  - a) the role and the responsibilities of the supervisory authorities involved;
  - b) the terms under which the supervisory authorities involved will report to each other;
  - c) the standards under which tasks should be executed;
  - d) the possible instructions provided by the supervisory authorities involved to each other;

- e) the confidentiality provisions that will govern the exchange of information;
- f) the working methods to be used;
- g) the access to the documentation produced by the supervisory authorities involved;
- h) the timetable for completion of the delegated or shared tasks.

#### **Guideline 24 - Documentation of sharing and delegation of tasks within the college**

1.58. Members and participants should provide the framework for sharing and delegating tasks in the coordination arrangements and include the specific tasks to be shared or delegated, with the expected timeline, in the college work plan.

#### **Guideline 25 – Communication to supervised undertakings on sharing and delegation of tasks**

1.59. The supervisory authorities involved should provide to the undertakings concerned by sharing and delegation of tasks the following information:

- a) identification of shared or delegated tasks including practical implications for the undertaking;
- b) the authority in charge of communication with the undertaking.

### **Section VI: Connection between prudential supervision and macro surveillance**

#### **Guideline 26 - Impact of market-wide risks and financial sector developments on prudential supervision**

1.60. When assessing the risk profile of the group, the group supervisor should, with the involvement of the other members and participants, take into account the impact of the market-wide risks, financial sector developments and vulnerabilities on the financial situation of the group.

1.61. Where tools such as stress tests are used to assess the resilience of the group to various forward-looking adverse scenarios, the processes, methodologies and outcome of these assessments should be discussed within the college.

#### **Compliance and Reporting Rules**

1.62. This document contains Guidelines issued under Article 16 of the EIOPA Regulation. In accordance with Article 16(3) of the EIOPA Regulation, Competent Authorities and financial institutions shall make every effort to comply with guidelines and recommendations.

1.63. Competent authorities that comply or intend to comply with these Guidelines should incorporate them into their regulatory or supervisory framework in an appropriate manner.

- 1.64. Competent authorities shall confirm to EIOPA whether they comply or intend to comply with these Guidelines, with reasons for non-compliance, by two months after the issuance of the translated versions.
- 1.65. In the absence of a response by this deadline, competent authorities will be considered as non-compliant to the reporting and reported as such.

### **Final Provision on Reviews**

- 1.66. The present Guidelines shall be subject to a review by EIOPA.

# Annex 1 - Coordination arrangements template

## Introduction

Based on Article 248(4) of directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance<sup>4</sup> (hereinafter 'Solvency II Directive') these Coordination arrangements have been concluded for the establishment and functioning of the college of supervisors for [to be filled in with the name of the Group].

These arrangements do not create any additional legally binding obligations on members and participants which are not specified in the Solvency II Directive or in Commission Delegated Regulation 2015/35. Third-country participants are bound by their own national laws and regulations.

These arrangements will take effect between members and participants as stated in Annex 1.A, all together referred to in these arrangements as the college of supervisors.

The group supervisor, the other members and participants recognise the need to cooperate in the supervision of [to be filled in with the name of the group] on the basis of mutual understanding and cooperate wherever necessary in supervising [to be filled in with the name of the group], within the framework of the EIOPA Guidelines on the operational functioning of colleges of supervisors.

In order to enhance the efficiency of the group supervision, members and participants can decide jointly to cooperate on an ad-hoc basis with competent authorities which cannot be invited as participants, for third-country authorities subject to conditions of equivalence of professional secrecy rules, as specified in paragraph 7 of these arrangements.

All annexes are part of these arrangements.

## 1. Definitions

The following definitions will apply to these arrangements:

- a. Group supervisor: the supervisor responsible for the coordination and exercise of group supervision in accordance with Article 212(1)(d) of the Solvency II Directive and appointed in accordance with the procedure of Article 247 of the Solvency II Directive;
- b. Supervisory authority: the national authority or authorities empowered to supervise insurance or reinsurance undertakings in accordance with Article 13(10) of the Solvency II Directive;
- c. Third-country supervisory authority: the national authority or authorities in a non-EEA country empowered to supervise insurance or reinsurance undertakings;
- d. Members: members of the college of supervisors identified in Article 248(3) of the Solvency II Directive, including:
  - the group supervisor;

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<sup>4</sup> OJ L 335, 17.12.2009, p.1.

- EEA supervisory authorities of subsidiaries;
  - EIOPA,
- e. Participants:
- supervisory authorities allowed to participate in the colleges of supervisors identified in Article 248(3) of the Solvency II Directive, subject to the group supervisor inviting them pursuant to Article 354 of Commission Delegated Regulation 2015/35 including:
    - o EEA supervisory authorities of significant branches;
    - o EEA supervisory authorities of related undertakings other than subsidiaries;
    - o third-country supervisory authorities of related undertakings including subsidiaries.
  - pursuant to Article 252 of the Solvency II Directive, and subject to the group supervisor inviting them, authorities responsible for the supervision of credit institutions and investment firms that are part of the group.
- f. Group: a group of undertakings as defined in Article 212 of the Solvency II Directive;
- g. College: a college of supervisors as defined in Article 212(1)(e) of the Solvency II Directive;
- h. Specialised team: a team composed of members and participants, established by the group supervisor in consultation with the college of supervisors for carrying out some activities of the college of supervisors;
- i. Helsinki plus list: a list of all EEA insurance groups and its EEA and third-country subsidiaries and branches, with contact details of the supervisory authorities involved in the supervision of the group and basic supervisory information. The list is administered by EIOPA.

***{Explanations are provided in brackets. They provide guidance to the drafting of individual arrangements which should be adapted to the specific needs of the individual college}***

## **2. Scope and objectives**

### *Scope*

These arrangements lay out the basis for the cooperation between members and participants and the practical organisation of supervisory activities concerning [to be filled in with the name of the group]<sup>5</sup> as follows:

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<sup>5</sup> Subjects can be added or removed according to the college specificities. To be added for example the consultation mechanism for Article 230 of the Solvency II Directive, info exchange and cooperation in relation to crucial mergers/acquisitions/dissolutions, see also paragraph 8.9 of the arrangement. To be deleted for example the internal model parts of the template if no group internal model is used.



- the list of the members and participants of the college;
- the role and responsibilities of the group supervisor;
- the role and responsibilities of the other members and participants;
- the exchange of information and professional secrecy;
- the cooperation among the group supervisor and the other members and participants during on-going supervision and in time of crisis;
- the consultation and the decision making process among the group supervisor and the other members and participants;
- the college work plan;
- the sharing and delegation of tasks;
- the setting up of specialised teams within the college;
- the organisation of joint on-site examinations;
- the assessment of compliance of the group with the requirements on solvency, risk concentration and intra-group transactions;
- the decision making process in general and in relation to the application for the group internal model pursuant to Article 231 of the Solvency II Directive;
- the process for determining the imposition of a group capital add-on;
- the choice of the calculation method of the group solvency and the determination of the proportional share;
- the application of the centralised risk management provisions;

in order to:

- facilitate and foster the exchange of essential and relevant information, views and assessments among members and participants and effective supervision of [to be filled in with the name of the group], including the avoidance of duplication of tasks and timely action in going concern and emergency situations;
- enable members and participants, in line with their supervisory responsibilities, to form a shared view on the risk profile and solvency position of [to be filled in with the name of the group] and on the impact thereof on individual undertakings that are part of the group;
- achieve coordination of supervisory activities, including supervisory review and risk assessment;
- establish the college work plan and arrange allocation of tasks and on-site examinations;
- coordinate major decisions to be taken by individual supervisory authorities as far as possible and to strive to reach consensus where appropriate;
- support members and participants when exercising their respective supervisory tasks.

### 3. Principles

The following principles apply to these arrangements:

- the college operates as an on-going cooperative structure not limited to college meetings or teleconferences;
- the college plays a key role in enhancing supervisory cooperation as well as coordinating supervisory activities and major decisions to be taken by individual supervisory authorities, striving to reach consensus where appropriate;
- the cooperation between members and participants mainly takes place through the college, whose organisation reflects the activities and legal structure of [to be filled in with the name of the group] as well as the risks to which [to be filled in with the name of the group] and undertakings that are part of the group are or may be exposed;
- Member State [to be filled in with the name of the country] has more than one supervisory authority for the prudential supervision of the undertaking of [to be filled in with the name of the group], therefore [to be filled in with the name of the supervisory authority] and [to be filled in with the name of the supervisory authority] take the necessary measures to ensure coordination between those supervisory authorities<sup>6</sup>;
- members and participants recognise that [to be filled in with the name of the group supervisor] is the group supervisor of [to be filled in with the name of the group] and therefore responsible for the coordination and exercise of group supervision of [to be filled in with the name of the group] as stated in these arrangements;
- if not otherwise stated in these arrangements the working language for cooperation and consultation will be English.

### 4. Description of the group

[To be filled in with the name of the group] whose participating insurance or reinsurance undertaking, insurance holding company or mixed financial holding company is [to be filled in with the name of the participating insurance or reinsurance undertaking or the insurance holding company or the mixed financial holding company], has its registered office in an EEA Member State and has related undertakings [and branches] in the EEA Member States [and third countries] as described in the Helsinki plus list.

{If the group is also subject to supervision under the FICOD, please mention it as well as the coordinator identified.}

A diagram of the group is attached in Annex 1.B.

### 5. Contact details of members and participants

The contact details of members and participants are stored in the directory hosted by EIOPA (Helsinki plus list).

Any updates of the contact details of members and participants will be provided by the group supervisor to EIOPA, which will update the EIOPA directory accordingly.<sup>7</sup>

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<sup>6</sup> This paragraph can be multiplied if needed or removed if not applicable.

<sup>7</sup> It is the task of each member and participants to review the directory at least quarterly and report any changes to the group supervisor as soon as practically possible. All information required at the individual undertaking level should be provided to the group supervisor, who is responsible for updating and sending the list to EIOPA. EIOPA will upload it as soon as practically possible on the restricted area of its website.

{The access of third-country supervisory authorities to this list is conditional to the compliance with professional secrecy requirements and to the agreement between the members of the college, in accordance with Article 379 (e) to (i) of Commission Delegated Regulation 2015/35. For supervisory authorities who have no access to the Helsinki plus list the contact details will be provided by other means {please clarify how}.}

## **6. Responsibilities of members and participants**

The effective functioning of the college for [to be filled in with the name of the group] depends on the contribution of the group supervisor and the other members and participants to activities of the college. This contribution is based on sufficient knowledge of the group and supervisory expertise.

### *Group supervisor*

In accordance with Article 248 of the Solvency II Directive, the group supervisor is responsible for:

- coordination of gathering and dissemination of relevant or essential information for going concern and emergency situations;
- the supervisory review and assessment of the financial situation of the group;
- the assessment of compliance of the group with the rules on solvency and the assessment of risk concentration and intra-group transactions;
- the assessment of the system of governance of the group and the assessment of fitness and propriety of the members of the administrative, management or supervisory body of the participating undertaking;
- planning and coordinating, through regular meetings held at least annually or through other appropriate means, supervisory activities for going concern and emergency situations, in cooperation with members and participants concerned and taking into account the nature, scale and complexity of the risks inherent in the business of all undertakings that are part of the group;
- other tasks, measures and decisions assigned to the group supervisor, in particular leading the process for validation of an internal model at group level and leading the process for reaching a joint decision on the application to be subject to the rules laid down in Articles 238 to 240 of the Solvency II Directive.

In order to fulfil the above tasks, the group supervisor takes the lead in the college's activities, chairs its meetings and establishes appropriate mechanisms to facilitate its operational functioning. To this end, among other activities, the group supervisor:

- updates the contact details of members and participants whenever changes occur on the basis of the reviews sent by the other members and participants;
- informs members and participants within [to be filled in with the timeframe which has been agreed upon in the college] that a college meeting will be held, without prejudice to ad-hoc or emergency situations;
- prepares the agenda of the college meetings with clearly defined objectives;
- records minutes of the college meetings;
- formalises and follows up the action points agreed upon by members and participants;
- develops the college work plan in cooperation with members and participants;

- performs supervisory review and assessment of the financial situation of the group and, in order to facilitate this task, consults the other members and participants;
- reviews the organisational structure and the coordination arrangements with a view to maintaining efficient group supervision;
- engages in a discussion regarding the need to designate a new group supervisor in case a modification of the group structure could lead to such a decision.

### *Members and participants*

Each member expresses its opinion regarding topics and procedures that require a joint decision or agreement. When a member chooses not to provide a contribution, it is understood that there are no major comments and the college could act in line with the views communicated.

All members of the college, except EIOPA, vote when required. Participants express their opinion as a contribution to the consultation and decision making process where required by the group supervisor.

## **7. Confidentiality, secured communication channels and information exchange**

### *Confidentiality*

Further to professional secrecy requirements provided for in the Solvency II Directive or other relevant Union law, the supervisory authorities confirm that any confidential information shared between them shall be used only for lawful supervisory purposes related to supervision of [to be filled in with the name of the group] and fall under members and participants' obligation of professional secrecy and conditions and procedures for the exchange of information among supervisory authorities.

Participants from the third-country jurisdictions can only be a party to confidential information sharing, provided that they have legislative provisions on professional secrecy which are equivalent to those in the relevant Union law. Participants from third countries acknowledge that they have made available to members and participants their own local rules of confidentiality and professional secrecy. Members and participants acknowledge that they have been informed of these local rules, and that they have assessed that the rules of professional secrecy of the participants from third countries are at least equivalent to their own professional secrecy obligations, if the equivalence has not already been positively verified.

Before a new third-country supervisory authority becomes formally a participant of the college, members and participants carry out the above mentioned assessment, if the equivalence has not already been positively verified by each member and participant.

If the assessment for a potential third-country participant has a negative outcome or is still under review, the college organisation will be adapted accordingly to ensure that the college still meets professional secrecy requirements in all circumstances.

Members and participants inform the group supervisor of any changes in the guarantees of confidentiality and professional secrecy applying to information transmitted to participants from third countries. Subsequently the group supervisor informs the other members and participants about such confidentiality or professional secrecy issue which may have a negative impact on the assessment of a third-country supervisory authority's professional secrecy regime previously considered equivalent.

### *Secured communication channels*

The college agrees to use within the college the following channels for communication [to be filled in with the channels for communication].

All confidential and sensitive information is shared via the most secured communication channel.

### *Information exchange*

The scope of information exchanged within the college reflects the needs of members and participants. The college complies with the following procedures:

- the group supervisor is responsible for the gathering and dissemination of information;
- a dataset of qualitative and quantitative information at group and individual undertaking level is exchanged between members and participants every [to be filled in with the timeframe] (see Annex 1.C)<sup>8</sup>;
- the dataset in Annex 1.C has been agreed upon taking into account Article 357 of Commission Delegated Regulation 2015/35 and the [Guidelines on exchange of information on a systematic basis within colleges]. The college assesses the appropriateness of the set of information outlined in the [Guidelines on exchange of information on a systematic basis within colleges] with reference to Article 357 of Commission Delegated Regulation 2015/35. Where this set is not considered appropriate, the dataset in Annex 1.C specifies which additional information is relevant to be exchanged on a systematic basis or which information from this set should not be exchanged on a systematic basis, based on the nature, size and complexity of the group. The dataset in Annex 1.C is also part of the inbound information for the group supervisory review process. For third-country participants, the dataset is based on information which is comparable with that referred to in Article 357 of Commission Delegated Regulation 2015/35;
- additionally, where appropriate, ad-hoc information is exchanged between members and participants.

When a request for information from the group supervisor or other college members or participants does not require preliminary analysis, but only data, it will be responded within [to be filled in with the number of working days] working days {five to ten working days}. When the request for information requires preliminary analysis, the deadline is extended to [to be filled in with the number of working days] working days {twenty working days}.

{Please insert what information will be exchanged on a systematic basis in Annex 1.C }

## **8. Functioning of the college**

### *In on-going supervision*

The college meets face to face at least once a year. {This sentence can be changed to a teleconference and other frequency of face to face meetings for proportionality reasons}. Any member or participant which participates in bilateral discussions informs the college and shares any relevant information resulting from these discussions with the college.

Members and participants will be informed about the meeting at the latest [to be filled in with the number of months] {two months} months in advance of the meeting.

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<sup>8</sup> Several flows of information within the college are possible and all the flows do not necessarily rely on the same dataset of information.

The draft agenda for the meeting/ teleconference will be sent to members and participants at the latest [to be filled in with the number of weeks] {three weeks} weeks in advance of the planned meeting/ teleconference. The final agenda and all relevant documents will be sent to members and participants at the latest [to be filled in with the number of weeks] {one week} weeks in advance of the meeting/ teleconference.

### *In time of crisis*

The competent supervisory authorities are responsible for assessing whether a crisis situation is affecting the undertaking under their supervision.

In line with the definition in the emergency plan for the college, added as Annex 1.E to these arrangements, and the CEIOPS Guidelines on preparation for and management of a financial crisis<sup>9</sup>, an insurance undertaking in crisis can be defined as potentially being partially or totally unable to settle its claims and to pay to its policyholders their benefits.

For the cooperation in the case of a crisis, members and participants of the college shall follow the principles and procedures stipulated in the approved emergency plan.

Members and participants will cooperate closely, whenever necessary and in accordance with their national law, with other relevant authorities (e.g. EU institutions, central banks, Ministries of Finance) involved in the crisis management process.

#### 8.1. General procedures for consultation and decision making

Members, and participants to the extent provided for in sub-paragraph 3 of this paragraph, follow the procedures listed below unless the process relates to the decision on the application for the group internal model as referred to under paragraph 8.5 below or to a matter specified in the Union law.

For each procedure, the supervisory authorities concerned may be different depending on the issue.

Participants express their opinion as a contribution to the consultation and decision making process where required by the group supervisor at any stage of the process.

The group supervisor informs the other members and participants of the outcome of the consultation and decision making procedures.

### *Procedures for consultation*

The procedure for consultation shall be as follows:

- send a written proposal with supporting reasons to the supervisory authorities concerned with a copy to the other supervisory authorities in order to ensure an efficient information exchange;
- the supervisory authorities concerned are allowed to respond within [to be filled in with the number of weeks] weeks {four weeks};
- where applicable, a written proposal is sent to the [to be filled in with the name of the group] by the group supervisor or to the individual reinsurance or insurance undertaking by the relevant national supervisory authority, allowing

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<sup>9</sup> Guidelines on preparation for and management of a financial crisis in the Context of Supplementary Supervision as defined by the Insurance Groups Directive (98/78/EC) and the Memorandum of Understanding on Cooperation between the Financial Supervisory Authorities, Central Banks and Finance Ministries of the European Union on Cross-Border Financial Stability, CEIOPS-DOC-15/09, 26 March 2009.

[to be filled in with the name of the group] or the individual reinsurance or insurance undertaking to respond within an agreed timeframe;

- a meeting is organised to discuss the relevant issues if deemed necessary by any supervisory authority concerned;
- the group supervisor communicates the outcome of the consultation process to the college in writing.

#### *Procedure for the decision making process*

The procedure for decision making process shall be as follows:

- the supervisory authorities concerned aim at reaching consensus on a decision to be made and where applicable the group supervisor proposes a voting procedure;
- where diverging views occur, supervisory authorities concerned explain their reasoning if necessary through written comments and foster the discussion with the other supervisory authorities;
- where applicable, and if all efforts to reach consensus are not successful, the matter can be brought to EIOPA for advice or mediation by the supervisory authorities concerned;
- the group supervisor communicates the final decision to the college in writing, stating the full reasoning and any significant diverging opinions in case of a majority decision or a decision which had to be taken only by the group supervisor.

When a consultation is organised during a college meeting or by written procedure, and the request has not been answered within [to be filled in with the number of working days] {twenty working days} working days, the proposal contained in the request is considered as agreed. If a supervisory authority needs more time to answer the request, it will inform the group supervisor and a new timeframe will be agreed upon.

The college will document decisions {describe how} and record them {describe how}.

#### 8.2. College work plan, sharing and delegation of tasks and specialised teams

The members discuss and agree in the college on the [to be filled in with the frequency] college work plan following the procedure in paragraph 8.1<sup>10</sup>.

{The college decides on the timeframe of the college work plan.}

The college work plan coordinates the main types of supervisory activities including the key college meetings and major examinations and will be updated as soon as circumstances require. The college work plan will be coordinated by the group supervisor and reviewed annually. The group supervisor includes in the college work plan the relevant aspects of the group supervisory plan, including:

- a description of the main risks to which the group is exposed being focused on, based on the outcome of the Group Risk Assessment Framework;
- a description of and rationale for the activities that the college will carry out based on the group supervisory plan;
- an identification of the relevant entities within the group and their supervisory authorities that the group supervisor is likely to seek input from.

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<sup>10</sup> According to [Article 355(2)(d) of Commission Delegated Regulation 2015/35], the college work plan shall be revised at least annually.

The group supervisor takes into account the supervisory plans of the individual supervisors in order to coordinate the group and solo work plans where appropriate.

When members and participants share or delegate tasks, a clear sharing or delegation of tasks, including the fulfilment of the shared or delegated tasks and the timeframe in which the tasks are to be fulfilled, is agreed upon within the college in accordance with the EIOPA Guidelines on operational functioning of colleges of supervisors and according to the consultation and decision making process described in paragraph 8.1.

The college work plan reflects agreed sharing and delegations of tasks. The group supervisor should be informed of any sharing and delegation of tasks between the other members and participants. Members and participants which are not part of sharing or delegation of tasks should be adequately informed. Where specialised teams are created, members and participants which are not part of these teams are regularly informed of the developments {describe how}.

### 8.3. Joint on-site examinations

The college work plan includes a list of all relevant planned on-site examinations of entities that are part of [to be filled in with the name of the group] at individual and group level. For the purpose of preparing the college work plan, members and participants inform the group supervisor about any relevant planned on-site examinations in undertakings that are part of [to be filled in with the name of the group]. The group supervisor informs the other members and participants about any relevant planned on-site examinations in the participating insurance or reinsurance undertaking, the insurance holding company or the mixed financial holding company or in any other individual undertaking of the [to be filled in with the name of the group].

Whenever a topic is identified as relevant for the supervision of the [to be filled in with the name of the group] (or several entities of the group situated in different jurisdiction) each member or participant can make a proposal for a joint supervisory activity and inform the group supervisor or competent individual supervisory authorities indicating the reason(s) for and scope of the joint supervisory activity. The group supervisor then notifies EIOPA as well as the other members and participants that may be affected by or interested in participating in the on-site examination or its outcome. Once the participating supervisors have been identified, they discuss and agree on the final scope, purpose, structure and allocation of tasks of the examination, including who will be leading the on-site examination<sup>11</sup>.

The number of supervisory authorities participating in joint supervisory activities is kept to an efficient size.

The group supervisor will be kept informed on the progress and findings of the joint on-site examination and ensures appropriate dissemination of information on the joint on-site examination.

### 8.4. Assessment of compliance of the group with requirements on solvency, risk concentration and intra-group transactions

When assessing the risk profile of the [to be filled in with the name of the group], the systemic risk posed by the group and its undertakings will be taken into account. While assessing the risk profile of the group, market-wide risks, financial sector developments and vulnerabilities also have to be taken into account.

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<sup>11</sup> See also Guideline 21 in EIOPA Guidelines on the operational functioning of colleges of supervisors for further procedures and communications.



[to be filled in with the name of the group] will report intra-group transactions as decided upon by the group supervisor after consulting the other members and participants concerned and provided for in Annex 1.D {Annex 1.D will provide thresholds for significant and very significant intra-group transactions as well as types of intra-group transactions to be reported in all circumstances}.

[to be filled in with the name of the group] will report risk concentrations as decided upon by the group supervisor after consulting the other members and participants concerned and provided for in Annex 1.D {Annex 1.D will provide thresholds for significant risk concentrations and types of risk concentrations to be reported in all circumstances}.

#### 8.5. Decision making process on the group internal model application and preparation of the joint decision

This part of the coordination arrangements aims to clarify the responsibilities of the group supervisor and the other supervisory authorities concerned when reaching a joint decision on the group internal model once the assessment of the application has been concluded.

The [Implementing Technical Standards on the joint decision process for group internal models] set out the process that the supervisory authorities concerned, as defined in these Implementing Technical Standards, have to follow in order to reach a joint decision on the group internal model. In particular in accordance with [Article 3(1) of the Implementing Technical Standards], the supervisory authorities concerned have to decide on the process to reach a joint decision, including timelines, main steps and deliverables.

The EIOPA Guidelines on the operational functioning of colleges of supervisors include further provisions that have to be followed by the supervisory authorities, in particular the setting up of the college work plan to be followed by the supervisory authorities during the approval process with the aim of reaching a decision.

1. According to [Article 4(3) of the Implementing Technical Standards], the group supervisor has to draft a proposal for a joint decision on the basis of the inputs received from the other supervisory authorities concerned.

These inputs consist of the following:

- (a) compliance or non-compliance of the group internal model with the tests and standards and other relevant requirements in respect of the Solvency Capital Requirement (hereinafter 'SCR') of the related undertaking they supervise (including the adequacy or inadequacy of the reflection by the group internal model of the risk profile of this related undertaking), and the rationale for this;
- (b) whether they would approve or reject the group internal model for the calculation of the SCR of the related undertaking they supervise.

The opinions referred to in [Article 4(6) of the Implementing Technical Standards] by the other supervisory authority concerned to the proposal of the group supervisor and their final views on the application as set out in [Article 4(7) of these Implementing Technical Standards] are related to the issues included in (a) and (b) above.

2. The group supervisor's contribution to the joint decision, to be included in its proposal for this decision, consists of the following:

- (a) the compliance or non-compliance of the group internal model with the tests and standards and other relevant requirements in respect of the consolidated group SCR (including the adequacy or inadequacy of the reflection by the group internal model of the overall risk profile of the group), and the rationale for this;
- (b) if applicable, compliance or non-compliance of the group internal model with the tests and standards and other relevant requirements in respect of the SCR of the parent undertaking or the related undertaking it supervises (including the adequacy or inadequacy of the reflection by the group internal model of the risk profile of the participating undertaking or the related undertaking), and the rationale for this;
- (c) whether it would approve or reject the group internal model for the calculation of the consolidated group SCR;
- (d) whether it would approve or reject the group internal model for the calculation of the SCR of the parent undertaking or the related undertaking it supervises.

#### 8.6. Choice of the calculation method of the group SCR and determination of the proportional share

The group supervisor consults the other supervisory authorities concerned and the group before deciding whether the exclusive application of the accounting consolidation-based method would not be appropriate.

The group supervisor consults the other supervisory authorities in order to decide the proportional share to be taken into account in the cases laid down in Articles 221(2) (a), (b), (c) of the Solvency II Directive.

#### 8.7. Communication on the imposition of a capital add-on under Article 232 of the Solvency II Directive

The group supervisor will communicate to the college any capital add-ons applied, amended or removed at group level, to ensure that the supervisory authorities of related insurance or reinsurance undertakings have an understanding of the risks at group level.

The supervisory authorities communicate to the group supervisor any capital add-ons they have applied, amended or removed to a related insurance or reinsurance undertaking.

#### 8.8. Application for centralised risk management under Article 238 and 239 of the Solvency II Directive

Where a parent undertaking submits an application to subject any of its subsidiaries to the rules laid down in Articles 238 and 239 of the Solvency II Directive, the complete application shall be forwarded without delay by the supervisory authority that received that request to the other supervisory authorities within the college.

The group supervisor shall then propose a meeting to the supervisory authorities from which permission has been sought in order to discuss whether the permission should be granted and the terms and conditions that should apply to it.

The procedures for the consultation and decision making process described in paragraph 8.1 are to be applied among the supervisory authorities concerned.

The group supervisor assures that all other supervisory authorities within the college are kept informed.

#### 8.9. Other specific situations

{more subjects can be added, for example the consultation mechanism for Article 230 of the Solvency II Directive, information exchange and cooperation in case of crucial mergers or acquisitions }

## **9. Miscellaneous provisions**

These coordination arrangements enter into force on [date]. It remains in force for an indefinite period of time unless and until there is no longer legal basis for the operation of the college.

However, any participant may give a written notice with a 30-day notice period to the group supervisor of its intention to terminate its cooperation under the coordination arrangements. The group supervisor informs the other members and participants in writing. Even after termination, information obtained under these coordination arrangements will be kept confidential as agreed in these coordination arrangements.

Without prejudice to paragraph 7, when a new member or participant joins the college, only the new supervisory authority will sign the existing coordination arrangements.

These coordination arrangements may be amended and further developed as necessary, for example to reflect significant changes of [to be filled in the name of the group] (e.g. overall group structure, risk profile). It may also be amended, if needed, to remain compatible with national law of any member or participant, unless these changes are contrary to Union law. If the changes are not compatible with the third-country participants' national law, the third-country participant may decide to terminate its cooperation under the coordination arrangements in accordance with the conditions stated in this paragraph. {The college decides under which conditions the coordination arrangements are amended, for example time lines for circulating new drafts of the arrangements or the process to reach an agreement on the amended version of the arrangements}

If the group supervisor, after consulting the college, finds it appropriate, the coordination arrangements may also set out procedures for consultation with regards to Articles 213 to 217, 219 to 221, 227, 244 to 246, 250, 260 and 262 of the Solvency II Directive. It is up to each group supervisor to decide whether it wants to include the procedures for consultation on decisions referred to in these articles into the coordination arrangements. This decision should be reviewed when the coordination arrangements are updated.

In the case of an institutional change carried out in the relevant jurisdiction, implying the transfer of supervisory powers to another supervisory authority, the latter authority shall notify in writing the college about the entry in the rights and obligations of each predecessor stipulated by the relevant national law. Such notification shall be made within 30 days from the entry into force of the institutional change.

A summary/copy of the coordination arrangements [will/will not] be provided to the group.

The terms of these arrangements have been understood and accepted by the members and participants and signed by their duly authorised representatives.

## **Annexes**

Annex 1.A: Members and participants of the college; involved parties to the arrangements

Annex 1.B: Group structure and main activities of the group

Annex 1.C: Data set to be systematically exchanged

Annex 1.D: Reporting of risk concentrations and intra-group transactions

Annex 1.E: Emergency plan template

Annex 1.F: List of information that may need to be exchanged within the college in a crisis situation

**Signature(s)**

for

name of supervisors (supervisory authority), country

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Date

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Signature 1

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Name and Position

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Date

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Signature 2

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Name and Position

## Annex 1.E - Emergency plan

### Emergency plan for colleges of supervisors

College of supervisors	
<b>Supervised group:</b>	<b>Group supervisor:</b>
<i>[Please insert name of the supervised group]</i>	<i>[Please insert name of the supervisory authority and country]</i>

#### Information Regarding this Document:

History of changes to the emergency plan				
Version number	Date of change	Responsible group supervisor	Supervisory Authority	Reason for change
<b>0.1</b>	<i>[insert date]</i>	<i>[insert name]</i>	<i>[insert supervisory authority]</i>	<b>First draft version</b>
<b>1.0</b>				

{Explanations or best practices are provided in brackets. They provide guidance to the drafting of individual arrangements which should be adapted to the specific needs of the individual college}

## Introduction

This emergency plan will support the management of an emerging crisis by the group supervisor and the college of supervisors. It specifically aims at:

- facilitating the exchange of confidential information on short notice within the college;
- creating transparency with regard to the group structure;
- securing a successful early crisis alert in order to maximise time for coordination and cooperation;
- securing effective and efficient information within the college and to the public in case undertakings that are part of the group encounter difficulties.

This emergency plan defines the means for crisis handling of the [to be filled in the name of the group]. Furthermore it complements the general qualitative guidelines and instructions for handling emergency cases, which are already laid down in several EIOPA documents.

The content of this document shall ensure that every college member and participant has an overview of how the group is structured in order to better assess the cross-border implications of an (emerging) crisis. It will secure quick and confidential handling of information flows between members and participants or with the undertaking, on the basis of the updated contact list referred to in paragraph 1.1 and via predefined secure communication channels.

In an emergency situation a common understanding of the division of tasks regarding communication to the public of the measures taken, outcomes and current status information is crucial. This plan describes therefore a basic pattern which may be adapted to fit the special needs in an emergency situation.

## 1. Coordination and cooperation in emergency situations

### Supervisory authorities

Contact persons for all the supervisory authorities involved in the supervision of this group, including their alternates, are identified in the Helsinki plus list. This list also includes contact details (see paragraph 5 of the coordination arrangements template and Annex 1.A thereof) of the above mentioned persons, including contact details for an emergency situation, if different.

The Helsinki plus list complements the EIOPA Members and Observers CRISIS Contact list<sup>12</sup>.

### Emergency alert

The supervisory authority, which becomes aware of the emergence of a potentially serious financial disturbance or is aware of facts or events that may give rise to significant problems at the group or individual undertaking level, informs the group supervisor as soon as possible.

The group supervisor will immediately inform all impacted members and participants and EIOPA about the emergence of a potentially serious financial disturbance at group level or any facts or events that may give rise to significant problems for the group or any related undertakings.

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<sup>12</sup><https://eiopa.europa.eu/restricted-area/infocenter/directories/members-observers-crisis-contactlist/index.html>

{Optional Begin: The lists below should be adapted to the college's needs.}

In the following cases an emergency alert should be given:

*Emergency situation at the individual undertaking level:*

- non-compliance or risk of non-compliance with the Minimum Capital Requirement;
- significant non-compliance or risk of significant non-compliance with the Solvency Capital Requirement;
- major violation of legal requirements, including governance requirements;
- risk of failure of a reinsurer (external or internal to the group);
- risk of insolvency;
- public investigation against the Administrative, Management and Supervisory Body of an undertaking (e.g. fraud);
- macro-economic and financial developments as well as insurance sector specific developments which may impact the undertaking's or group's financial soundness (e.g. contagion risk);
- breakdown of a crucial IT system;
- threat of a major claims or major mis-selling.

{this list should be adapted to the needs of the college}

*Emergency situation at group level:*

- non-compliance or risk of non-compliance with the minimum consolidated group Solvency Capital Requirement;
- significant non-compliance or risk of non-compliance with the group Solvency Capital Requirement;
- major violation of legal requirements, including governance requirements;
- unbalanced distribution of own funds: indicator for problems of an individual undertaking;
- liquidity problems caused by the holding structure;
- risk of insolvency of important undertakings that are part of the group;
- major downgrading of the rating of the parent undertaking or a significant undertaking that is part of the group where relevant;
- major fall in share price of listed entities that are part of the group or their main shareholders of the parent undertaking;
- macro-economic and financial developments as well as insurance sector specific developments which may impact the financial soundness of the group (e.g. contagion risk);
- breakdown of a crucial IT system.

{this list should be adapted to the needs of the college}

### **Crisis assessment**

The group supervisor assesses the nature of the financial crisis and its implications in cooperation with the members and participants concerned and EIOPA in order to reach a common understanding of the crisis within the college as soon as possible.



The objective of the assessment phase is to assess the overall impact of the crisis, including systemic implications, and provide a basis for the decision of whether to intervene, and if so, how to intervene. Systemic implications may occur if an event, such as a failure of an undertaking to meet its obligations, triggers a chain reaction leading to loss of economic value and of confidence in the financial system that has significant adverse effects on the economy.

The assessment of the crisis shall be based on the common analytical framework for assessing systemic implications of a financial crisis established by the Memorandum of understanding on cooperation between the financial supervisory authorities, central banks and finance ministries of the European Union on cross-border financial stability (Brussels ECFIN/CEFCPE (2008) REP/53106 Rev)<sup>13</sup> (hereinafter: 'Memorandum of understanding on cross-border financial stability'). {Emergency plans could usefully include a set of reporting templates to be exchanged in emergency situations.}

An intensive and regular exchange of information between the group supervisor and the members and participants concerned is essential during the assessment of the crisis. In order to take into account confidentiality, information shall only be exchanged via secure communication channels.

### **Crisis management**

It is the task of the group supervisor to plan and coordinate the supervisory activities in close cooperation with the members and participants concerned, coordinate the management of the situation and inform EIOPA about the activities and the progress made.

A cross-border systemic financial crisis within the meaning of the Memorandum of understanding on cross-border financial stability may require to take actions at the ministries level as well as the involvement of other parties. Crisis management in such cases may differ from the procedures laid down in this emergency plan. {Plans should provide clarity on who would be involved in managing a crisis.} Based on a common assessment of the crisis, the group supervisor and the supervisory members and participants concerned will analyse the need, scope and conditions for any supervisory actions to be taken towards the insurance group or any undertaking that is part of this group. Supervisory actions and information sharing should be coordinated and aligned within the college in order to ensure efficiency and avoid inconsistencies. Another area of useful college preparation would extend to maintaining a log of available powers, time constraints on action and the operation of Insurance Guarantee Schemes, if available.

### **External communication**

The group supervisor coordinates the communication to the public at each stage of the crisis. Hereby, it ensures that the supervisory authorities concerned take into consideration the communication made to the public by the group supervisor.

Communication towards the public is handled in a coordinated fashion at all stages of the crisis, taking into account the possibility of exercising discretion regarding information that should (or should not) be disclosed in order to maintain market confidence.

The members and participants concerned prepare joint public statements even in the case where only one supervisory authority has to make such a statement, when it may have impact on other supervisory authorities concerned.

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<sup>13</sup> <https://www.ecb.europa.eu/pub/pdf/other/mou-financialstability2008en.pdf>

If it is necessary, in exceptional circumstances members and participants concerned may issue separate statements. However, they shall inform the group supervisor as soon as possible about the issuance of a public statement.

### **Communication between the supervisory authorities and the supervised undertakings**

Communication at group and individual entity level is prepared and coordinated with all the impacted supervisory authorities. The group supervisor is responsible for communication with the participating insurance or reinsurance undertaking or the insurance holding company or the mixed financial holding company on the crisis situation regarding possible supervisory actions, keeping the other relevant supervisory authorities informed on the communication with the group. The supervisors of the individual entities involved in the crisis communicate with these individual entities, keeping the group supervisor up to date of the communication. The group supervisor then informs the other involved supervisory authorities where relevant.

The group supervisor will distribute and receive confidential information in an emergency situation via its secure email infrastructure. This infrastructure should be tested regularly by the group supervisor, the other members and participants.

### **Specialised emergency team**

In a crisis situation, the college can be organised to offer a combination of different levels of association of members and participants, depending on their specific situation<sup>14</sup>. The group supervisor may wish to establish a smaller supervisory team within the college for handling the emergency situation. This may be especially useful if only a part of the group is impacted. In case of a bigger crisis the group supervisor would coordinate the supervisory measures of supervisors of significant entities that are part of the group. The group supervisor informs the college of the establishment of such a team and ensures that the exchange of relevant and essential information within the college is not impaired.

### **Information to be exchanged in crisis situations**

All college members and participants are able to produce on short notice the updated information included in Annex 1.F: List of information that may need to be exchanged in a crisis situation.

{Information in Annex 1.F is a best practise example and forms the basis for an effective handling of the emergency situation and for information exchange within the college.}

### **Control mechanism for the emergency plan**

The group supervisor is allowed to test the functioning of this emergency plan once a year in order to constantly improve the process of emergency handling in the college. The results of this testing will be discussed within the college.

This emergency plan will be updated at least every 12 months. This includes the verification of all items of this document.
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<sup>14</sup> Principle 1 of the Colleges of Supervisors – 10 Common Principles, 27 January 2009, CEIOPS-SEC-54/08.

{In case this emergency plan has been updated, the numbering of the front page and in the table on page 2 should be changed.}

## Annex 1.F – List of information that may need to be exchanged within the college in a crisis situation

{This list should be adapted to the needs of the college and the context of the emergency situation.}

GS = Group supervisor

IS = Individual undertaking supervisory authority

RSR = Relevant Supervisory Authority = relevant Supervisory Authority other than the insurance supervisory authority

	Type of information	Description	Source
<b>Crisis information and impact assessment</b>			
1	Impacted entities and supervisors thereof	The undertaking in crisis and undertakings with exposures to the undertaking in crisis or likely to be impacted through the possible contagion channels.	IS, GS
2	Description of the crisis	The cause of the problem which requires intervention of supervisory authorities. Is the crisis a generic crisis potentially affecting the financial system as a whole or is the crisis specific to the group and/or one of its undertakings?	IS, GS
3	Size of the undertaking(s)	Size of the undertaking(s) in crisis: total assets and premium income.	IS, GS
4	Significance of the impacted entity(ies)	Is the undertaking(s) significant for the group and/or material in the local market (see criteria in Guideline 2 of the Guidelines on the operational functioning of colleges of supervisors)?	IS, GS
5	Deficiency issues	Description of the failures that may have caused or may exacerbate the crisis (e.g. fraud, problems with IT systems, legal or regulatory issues).	IS, GS
6	Financial Market impact	Is the crisis affecting the financial markets? Holdings of shares, bonds etc. Market price data on the undertaking that is part of the group (including the parent undertaking). If the undertaking that is part of the group (including the parent undertaking) must sell part of its assets, may it lead to or strengthen a downward cycle in the financial markets (procyclicality)?	IS, GS
7	Systemic assessment results	Outcome of the assessment of the systemic nature of the financial crisis.	GS, IS
<b>Actions and resolution measures</b>			
8	Measures and recovery actions by the group	Measures and actions taken and planned by the undertaking/group, and its impact on the solvency and financial position.	GS, IS
9	Actions taken by supervisors	Description of the action, its purpose and effect.	RSR, GS, IS

10	External communication	Information on communication made without involving all supervisors.	RSR, IS, GS
11	Legal powers	Description of the powers of the supervisory authorities including restrictions, transfer of capital, and non-compliance with regulatory requirements.	RSR, IS, GS
12	Existing national safety net arrangements	State guarantees or insurance guarantee schemes, extent of coverage, level, source of funds.	GS, IS
13	Public disclosure requirements	Information of relevant public disclosure requirements applicable for the group other than the ones foreseen in the Solvency II Directive.	RSR, IS, GS
<b>Business</b>			
14	Ownership and legal and organisational structure	Developments/changes in the ownership structure and legal and organisational structure, including where applicable holdings in related undertakings.	SFCR, and RSR following pre-defined events. IS, GS
15	Material lines of businesses and material geographical areas	Description of the undertaking(s) material lines of businesses and material geographical areas where business is written.	SFCR. IS, GS
16	Recent mergers, takeovers and acquisitions	Information on implications on the undertaking's business, system of governance, risk profile and solvency and financial position.	RSR following pre-defined events, IS, GS
17	Changes in the business strategy	Reasons for the change or delay in implementing strategies of which supervisory authorities are aware of.	RSR following pre-defined events, IS, GS
18	Intra-group transactions (IGT)	Information on relevant operations and transactions within the group, with a special focus on very significant intra group transactions.	SFCR and RSR following pre-defined events, GS
<b>Governance</b>			
19	Significant governance failures	Information on significant governance failures if not already previously described, including information on the impact of the failure on the undertaking(s) and the action taken in response to it. Where applicable reference to crisis management and contingency plans.	RSR following pre-defined events, IS, GS
20	Outsourcing	Information on the outsourcing of any critical or important operational functions or activities and the jurisdiction in which the service providers of such functions or activities are located.	SFCR, GS, IS

21	ORSA	Information on eventual additional ORSA's on account of significant change in risk profile including proposed management actions considered necessary and planned capital measures.	RSR following pre-defined events, IS, GS
<b>Risk information</b>			
22	New, emerging internal or external risks of a material nature	Details on emerging risks and information on their actual or potential impact as well as identified mitigation plans (whether planned or already in place).	RSR following pre-defined events, IS, GS
23	Prudent person principle	Concerns on the compliance with the prudent person principle (e.g. risk of a negative overall return).	RSR, IS, GS
24	Liquidity risk	Concerns on liquidity problems. Information on the liquidity position, the sources of liquidity and short term liabilities.	RSR, IS, GS
25	Risk sensitivity	Information on relevant stress tests and scenario analysis.	RSR, IS, GS
<b>Solvency and Financial Condition</b>			
26	Balance sheet, own funds and capital requirements	Last reported templates on balance-sheet and own funds	Quantitative Reporting Templates, IS, GS
27	Changes in own funds levels, MCR, SCR, technical provisions and/or other balance sheet items	Amount and reason for the changes and consideration of any potential or actual consequence of those changes. In relation to technical provisions, information can include details on emergence of any future claims that have not been include in previous reported technical provisions.	RSR following pre-defined events, IS, GS
28	Availability of capital	A description of any item deducted from own funds and a brief description of any significant restriction affecting the availability and transferability of own funds within the undertaking or group. Capital ability to absorb the impact of the crisis. Group's ability to raise additional capital and an indication where it may be able to source this capital from.	SFCR and RSR, GS, IS
29	Allocation of capital and possibility of transferability	If available, how the capital is allocated within the group and discussion on the possibility of transferring the capital within the group (e.g. through intra-company loans, reinsurance dividends).	RSR: GS