Council of the
European Union

Brussels, 28 April 2021
(OR. en)

8282/21

EF 153
ECOFIN 396
SURE 20

COVER NOTE

From:	Mr Peter Braumueller, Vice-Chairperson of the European Insurance and Occupational Pensions Authority (EIOPA)
date of receipt:	26 April 2021
To:	General Secretariat of the Council
Subject:	EIOPA annual report on the use of capital add-ons under Solvency II

Delegations will find attached a letter regarding the subject mentioned above.

EIOPA's full report can be viewed here:

Report on the use of capital add-ons during 2019 | Eiopa (europa.eu)

Encl.

Peter Braumueller
Vice-Chairperson

Harald Waiglein
Chair of the Financial Services Committee (FSC)
Deputy Director General
Federal Ministry of Finance
Johannesgasse 5
A-1010 Vienna

EIOPA-21/299
26 April 2021

EIOPA published annual report on the use of capital add-ons under Solvency II

Dear Mr Waiglein,

The European Insurance and Occupational Pensions Authority (EIOPA) published on 29th January its annual Report on the use of capital add-ons during 2019. The objective of the capital add-on measure is to ensure that the regulatory capital requirements under Solvency II reflect the risk profile of the insurance and reinsurance undertaking or of the group. Therefore, it is important that it is used by national competent authorities when needed and it is also important to ensure a high degree of supervisory convergence. EIOPA Report includes relevant data on the capital add-ons set and outlines the degree of supervisory convergence in the use of capital add-ons between supervisory authorities in the different Member States[1].

The analysis included in the report addresses the capital add-ons set during 2019 to insurance and reinsurance undertaking and of the group from the 30 European Economic Area (EEA) countries and from UK (as the Report addresses a reference period where the UK was still bounded by EU legislation).

In line with the previous years, the report shows a limited use of capital add-ons. During 2019 nine NCAs have set capital add-ons to 19 undertakings, out of 2816 (re)insurance undertakings under the scope of the Solvency II Directive in the EEA and the UK. The number of the reported capital add-ons confirms that they are considered as last resort measure, when other measures have failed, are unlikely to succeed or are not feasible.

Considering the insurance market as a whole, the amount of capital add-ons imposed on undertakings remains very low overall in 2019, accounting for less than 0.5% of the total Solvency Capital Requirement. However, the amount of capital add-ons is not insignificant when considering the amount at individual level.

[1] According with Solvency II Directive, article 52 (3), EIOPA shall provide the information on the capital add-ons set to the European Parliament, the Council and the Commission, together with a report outlining the degree of supervisory convergence in the use of capital add-ons between supervisory authorities in the different Member States.

EIOPA – Westhafen Tower, Westhafenplatz 1 - 60327 Frankfurt – Germany - Tel: +49 69-951119-20
Fax: +49 69-951119-19; Email: info@eiopa.europa.eu; Web: https://eiopa.europa.eu/

The weight of the capital add-on over the total SCR for those undertakings with capital add-ons is of 38%.

EIOPA remains at your disposal for any further information required.

Yours sincerely,

P. Braunmüller