Hogan Lovells

EIOPA RECOMMENDATIONS ON FLEXIBILITY FOR SUPERVISORY REPORTING AND PUBLIC DISCLOSURE DEADLINES

The European Insurance and Occupational Pensions Authority (EIOPA) has on **20 March 2020** published **recommendations** on supervisory flexibility regarding the deadline of supervisory and public disclosure by insurers, in light of the COVID-19 pandemic. This follows a **statement** published by EIOPA on 17 March 2020 addressed to the EU insurance sector on actions to mitigate the impact of Coronavirus/COVID-19 on the EU insurance sector.

The recommendations will enable insurers to concentrate efforts on monitoring and assessing impact of Coronavirus/COVID-19 and maintaining business continuity. In addition, the recommendations are addressed to national competent authorities to provide a consistent approach to supervision.

EIOPA specifies degrees of flexibility that competent authorities should permit to undertakings in respect of the following reporting and disclosure requirements relating to the Solvency II Directive (*2009/138/EC*):

- Annual reporting referring to year-end occurring on 31 December 2019 or year-end after that date but before 1 April 2020. EIOPA states that, apart from as specified in the recommendation, competent authorities should accept an eight-week delay in submitting specified reporting templates.
- Quarterly reporting referring to Q1-2020 occurring on 31 March 2020 or after that date but before 30 June 2020. EIOPA states that, apart from as specified in the recommendation, competent authorities should accept a one-week delay in submitting specified reporting templates.
- Solvency and Financial Condition Report referring to year-end occurring on 31 December 2019 or year-end after that date but before 1 April 2020. EIOPA states that, apart from as specified in the recommendation, competent authorities should accept an eight-week delay in submitting specified reporting templates.

However, undertakings may choose to submit the full reporting package at any time before the delays permitted in the recommendations. Competent authorities that comply or intend to comply with the recommendations should incorporate them into their regulatory or supervisory framework in an appropriate manner. The recommendations applied from 20 March 2020 (the date of publication of their English version on EIOPA's website). EIOPA states that it intends to review the recommendations.

PRA regulatory reporting amendments

In response to COVID-19 and EIOPA's recommendations, on **23 March 2020**, the PRA published a **statement** on COVID-19 regulatory reporting amendments for UK insurers in which it outlines its approach.

The PRA is accepting delays relating to both harmonised reporting under the Solvency II Directive (2009/138/EC) and its own, PRA-owned, reporting.

<u>Solvency II Directive harmonized reporting</u>

<table>
<tr><th colspan="2">Annual reporting (31 December 2019 year-end or a year-end after that date but before 1 April 2020)</th></tr>
<tr><td>Solo level annual Quantitative Reporting Templates

Except for:
Contents of submission (S.01.01)
Basic Information (S.01.02)
Balance sheet (S.02.01)
Cash-flow projections for life business (S.13.01)
LTG (S.22.01)
Own funds (S.23.01)
SCR calculation (S.25.01 to S.25.03)</td><td>Up to 8 weeks delay

Up to 2 weeks delay</td></tr>
<tr><td>Group level annual Quantitative Reporting Templates

Except for:
Contents of submission (S.01.01)
Basic Information (S.01.02)
Balance sheet (S.02.01)
LTG (S.22.01)
Own funds (S.23.01)
SCR calculation (S.25.01 to S.25.03)
Undertakings in the scope of the group (S.32.01)</td><td>Up to 8 weeks delay

Up to 2 weeks delay</td></tr>
<tr><td>Solvency & Financial Condition Report (SFCR)

The Covid-19 situation is to be considered a “major development” as per Article 54(1) of the Solvency II Directive. The information relating to the effect of Covid-19 should be published at the same time as the SFCR.</td><td>Up to 8 weeks delay</td></tr>
<tr><td>Regulatory Supervisory Report (RSR)</td><td>Not required for year-end 2019</td></tr>
<tr><td>Own Risk & Solvency Assessment (ORSA)</td><td>Up to 8 weeks delay</td></tr>
<tr><th colspan="2">Quarterly reporting (Q1 2020-end occurring 31 March or after that date but before 30 June 2020)</th></tr>
<tr><td>Solo and group level Q1 2020 Quantitative Reporting Templates and Quarterly Financial Stability reporting</td><td>Up</td></tr>
</table>

PRA-owned regulatory reporting

Annual reporting (31 December 2019 year-end or a year-end after that date but before 1 April 2020)	
National Specific Templates	Up to 8 weeks delay
Internal model outputs	Up to 8 weeks delay
Standard formula reporting for firms with an approved internal model (SF.01)	Up to 8 weeks delay
Market Risk Sensitivities[a]	Up to 4 weeks delay[a]

Firms are able to submit anytime from the original submission date up to the end of the extended deadline window as per the tables in the statement. Corresponding external audit deadlines are also extended to accommodate the accepted delays.

FCA requesting delay in publishing financial accounts

Similarly, on **21 March 2020**, the FCA issued a **statement** in which it strongly requests all listed companies observe a moratorium on the publication of preliminary financial statements for at least two weeks. This is to ensure that companies can give due consideration to the events that have unfolded over the past few weeks in relation to COVID-19.

Following on from this statement, on **26 March 2020**, a joint **statement** by the FCA, FRC and PRA was published to ensure companies take the necessary time to prepare appropriate disclosures and address current practical challenges. This included a **statement by the FCA** on 26 March 2020 allowing listed companies an **extra 2 months to publish their audited annual financial reports** and confirming that the moratorium on the publication of their preliminary statements of account can end on 5 April 2020.

These publications follow from the **statement** of FCA's expectations for insurance firms published on **19 March 2020.** This emphasized the need for general insurance firms to carefully consider needs of their customers and show flexibility in their treatment of them as well as the importance of operational resilience and business continuity.

For more information, please contact Steven McEwan or Kirsten Barber.