

# **FOLLOW-UP TO THE PEER REVIEW ON OUTSOURCING**

REPORT

EIOPA-BoS-25-400  
24 July 2025



**eiopa**

European Insurance and  
Occupational Pensions Authority

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## EXECUTIVE SUMMARY

This report presents EIOPA's structured follow-up on the implementation of the 77 recommended actions issued in the 2022 peer review on outsourcing. The original review assessed the supervisory lifecycle of outsourcing under the Solvency II framework, with the aim of promoting greater consistency, effectiveness, and transparency across the European Economic Area (EEA). Outsourcing remains a widespread and embedded practice in the insurance and reinsurance sector, used extensively by undertakings to support their operations, driven also by digitalisation trends. Its scale and strategic significance underscore the importance of effective and convergent supervisory oversight.

The follow-up review confirms that substantial progress has been made by national supervisory authorities in strengthening their outsourcing supervision. Of the 77 recommended actions, 51 were assessed as 'fulfilled', 22 as 'partially fulfilled' (i.e., work is in progress), and 4 as 'not fulfilled' (i.e., work has not started yet). The high number of fulfilled actions reflects the sector-wide recognition of outsourcing as a critical supervisory issue and the concerted efforts taken to align supervisory frameworks with EIOPA's expectations.

Many authorities have developed or refined regulatory instruments, published detailed guidance, improved internal procedures, and enhanced their documentation and risk assessment requirements. Structured notification processes have been widely adopted, leading to more comprehensive and comparable supervisory data. Moreover, information management systems and internal registers introduced since the original review are enabling a more data-driven and risk-based approach to supervision.

However, the review also highlights a limited number of areas where further work is required. Off-site supervision remains uneven across jurisdictions, with some authorities yet to fully implement structured, risk-based approaches. This includes the consistent use of triggers, systematic documentation reviews, and integrated off-site assessment processes. Beyond this, other gaps persist in the embedding of internal procedures and the full operationalisation of supervisory tools. To ensure effective and continuous oversight, it is essential that supervisory practices evolve beyond initial notifications and become more dynamic, coordinated, and forward-looking.

Although the overall picture is positive, it is recommended that supervisory authorities continue to work on outsourcing supervision, building on the improved structures and information systems in place to further elevate supervisory practices.



In conclusion, this follow-up exercise confirms the strong commitment across the supervisory community to address risks arising from outsourcing and reinforces the need for sustained attention and development in this critical area. Outsourcing, by its nature, demands a proactive and well-coordinated supervisory response — one that remains fit for purpose in a dynamic and interconnected insurance landscape.

## 1. INTRODUCTION

On 22 June 2022, EIOPA published the results of a [peer review on outsourcing](#) (EIOPA-BoS-22-383, to follow “original peer review”) which covered the so called “outsourcing supervisory lifecycle”, and used it as a reference model of the supervisory activities relating to outsourcing. On the basis of the said outsourcing supervisory lifecycle, the Peer Review Committee (PRC) of the original peer review assessed the overall maturity of the framework implemented by the National Supervisory Authorities (NSAs) to supervise outsourcing by insurance and reinsurance undertakings (undertakings) and identified gaps, areas of improvements and best practices further strengthen consistency and effectiveness in supervisory outcomes.

With the current report, EIOPA performs a structured follow up of the implementation of the recommended actions by the various NSAs and assesses whether the best practices identified are embedded in the supervisory practices.

Following up on peer reviews, and more specifically assessing the adequacy and effectiveness of the implementation measures enacted to address the recommended actions set out in the peer review report, is an integral part of EIOPA’s role as it fosters supervisory convergence. According to Article 30(6) of the EIOPA Regulation,<sup>1</sup> the *Authority shall undertake a follow-up report after two years of the publication of the peer review report*. The follow-up report has been prepared by the *ad hoc* peer review committee including experts from NSAs and EIOPA (PRC), which was created for this purpose. Finally, this follow up report has been adopted by the Board of Supervisors in accordance with Article 44(4) of the EIOPA Regulation. When drafting this report, the PRC consulted the Management Board to maintain consistency with other follow-up reports.

## METHODOLOGY

The follow-up review was conducted by the PRC in accordance with Article 30(6) of the EIOPA Regulation and the Terms of Reference set out in Annex V. The objective of the work conducted by the PRC was to assess the adequacy and effectiveness of the implementation measures taken by NSAs in response to the recommended actions issued in the 2022 peer review on outsourcing.

To facilitate the assessment, NSAs to which recommended actions had been addressed were requested to submit a structured progress report using a common template. This tool was designed to collect both qualitative and factual information about the actions taken, supported by documentary evidence such as, for example, legislation, supervisory guidance, internal procedures, standardised templates, data management tools, or examples of supervisory engagement.

The PRC reviewed all submitted material against the expectations set out in the original peer review report and the evaluation criteria defined in Annex VI. Where necessary, the PRC issued follow-up questions to clarify certain aspects or to request additional evidence. In cases where further clarification was deemed critical for the assessment, bilateral calls between the PRC and the relevant NSA were organised to discuss specific areas in more detail and ensure mutual understanding of the actions taken.

The PRC applied a consistent, criteria-based approach to ensure fair and objective assessments across all NSAs. Draft conclusions were subject to validation within the PRC. The final report was adopted by the Board of Supervisors.

## 2. SCOPE, REFERENCE PERIOD, AND EVALUATION CRITERIA

This follow-up report assesses the progress made by NSAs in implementing the recommended actions issued in the context of the 2022 peer review on outsourcing. The peer review was based on supervisory practices in place during the period from 1 January 2016 to 31 December 2020, and the follow-up builds on that assessment by examining the corrective or enhancement measures undertaken by NSAs since the conclusion of the original review.

The follow-up focuses on whether NSAs have addressed the recommended actions related to the following areas:

- Outsourcing framework;
- Notification process;
- Supervision of outsourcing at the time of notification;
- Documentation requirements for undertakings;
- Documentation and information management by NSAs;
- Ongoing supervision of outsourcing;
- Organisational elements relating to the supervision of outsourcing within NSAs.

In addition to these areas, the follow-up also includes a high-level overview of whether and how NSAs have considered and implemented best practices identified in the original peer review (see Section 5 and Annex IV).

The reference period for this follow-up review spans from July 2022 to September 2024. All actions taken by NSAs within this timeframe were considered eligible for assessment.

As per the procedural guidance set out in Annex V (Terms of Reference), the reference period was chosen to allow sufficient time for NSAs to develop and implement the necessary changes, while also ensuring timely feedback and accountability within the supervisory convergence cycle.

The evaluation criteria applied in this follow-up are based on those used during the initial peer review and further detailed in Annex VI of this report.

Each recommended action was assessed individually using a proportionate and risk-based approach. The following grading scheme was applied:

- **Fulfilled:** The NSA has taken sufficient and well-documented actions that meet all expectations set out in the recommendation.

- Partially fulfilled: The NSA has taken some steps to address the recommendation, but additional action is needed to meet all expectations.
- Not fulfilled: The NSA has not taken sufficient action to address the substance of the recommendation.

The assessments also considered how the measures were embedded into the NSA's supervisory framework (e.g. through changes in internal procedures, published guidance, legal acts, or supervisory tools) and whether implementation was complete, ongoing, or planned.

### 3. PROGRESS IDENTIFIED PER AREA OF RECOMMENDED ACTIONS

The follow-up assessment of the implementation of the recommended actions issued in the peer review on outsourcing revealed overall a substantial progress by NSA. Most NSAs have taken significant steps to improve the consistency, transparency, and effectiveness of their supervisory approaches to outsourcing. The majority of recommendations were addressed through a combination of regulatory updates, issuance of new supervisory guidance, enhancements of internal procedures, and improvement of data management tools.

Key areas of progress include the widespread adoption of structured notification processes, the development of internal procedures for risk-based supervision at the point of outsourcing notification and on an ongoing basis, and overall, an enhanced internal governance within supervisory authorities. Several NSAs have also implemented or upgraded internal registers and databases that allow for comprehensive tracking of outsourcing arrangements concerning critical or important functions, including identifying systemic risks such as concentration or intra-group dependencies.

While most recommended actions were assessed as fulfilled, a few NSAs remain in the process of finalising guidance, fully operationalising supervisory processes, or addressing resource-related limitations. In these cases, progress has been noted, but further work is necessary to achieve full convergence and unlock the added value that that ongoing implementation will bring to the supervisory activities.

The collective efforts showed by NSAs demonstrate a clear commitment to supervisory convergence and continuous improvement in the oversight of outsourcing under the Solvency II framework. The measures taken strengthen the ability of NSAs to identify, assess, and respond to risks arising from outsourcing arrangements and to ensure that undertakings maintain effective governance over outsourced critical or important functions.

#### 3.1. OUTSOURCING FRAMEWORK

A number of NSAs have significantly improved their regulatory and supervisory frameworks related to outsourcing, strengthening both legal underpinnings and supervisory practices. FSC-BG introduced Ordinance No. 71, which sets out a legally binding definition of critical or important outsourced functions and stipulates governance requirements, policies, and notification structure.

HANFA-HR made progress through a circular referencing EIOPA's final report and issued binding guidance. ICCS-CY took a more comprehensive approach, issuing a suite of circulars and internal manuals clarifying CIF classification criteria and outlining reassessment triggers.

Overall, while stages of implementation vary, the collective effort marks a substantive shift towards harmonised supervision of outsourcing under Solvency II.

### **3.2. NOTIFICATION PROCESS (STRUCTURE AND CONTENT OF NOTIFICATIONS)**

There has been strong convergence in the way NSAs request and process outsourcing notifications received from undertakings. Several NSAs introduced structured templates to standardise the submission of notifications and ensure compliance with Article 274 of the Delegated Regulation. FMA-AT was among the early movers, implementing a digital platform and providing outreach to the market. HANFA-HR and ICCS-CY adopted robust notification forms that cover due diligence, risk assessment, and intragroup considerations. CNB-CZ embedded its expectations in a Supervisory Opinion, making notification content requirements more transparent. MNB-HU modified its templates available at its digital platform and also provided relevant information to the market.

FIN-FSA-FI went further by integrating the notification process into a broader supervisory ecosystem comprising internal checklists, a tracking database, and risk categorisation tools. Conversely, EFSRA-EE's process remains still with opportunities of improvements. FCMC-LV and BoL-LT are at different stages of refining templates or integrating them into broader supervisory processes.

### **3.3. SUPERVISION OF OUTSOURCING AT NOTIFICATION (INTERNAL PROCEDURES OF NCAS)**

The developments reported by NSAs receiving a recommended action in this area indicates an increased supervisory focus on preventive and risk-based supervision of outsourcing across the supervisory community. ICCS-CY implemented a granular set of internal guidelines enabling structured assessment of notification content, due diligence, and risk evaluation. FIN-FSA-FI has a similarly advanced process supported by internal tools, guidance, and a risk-rating mechanism that directs supervisory focus.

BaFin-DE improved the robustness of their initial assessments by adopting structured internal guidance and incorporating feedback loops for supervisory teams. DGSFP-ES is moving toward harmonised review processes, developing workflows that include criteria-based risk assessment. The overall trend reflects an increasing ability to assess outsourcing arrangements prospectively,

rather than reactively, which is crucial for identifying and mitigating risks early in the outsourcing lifecycle.

### **3.4. DOCUMENTATION AND INFORMATION MANAGEMENT BY NCAS (INTERNAL REGISTERS AND TOOLS)**

The outcome of the original peer review and the trends relating to the increase of outsourcing driven the development by several NSAs of dedicated tools to support data-enabled supervision of outsourcing of critical or important function, which is now the most common approach across the insurance supervisory community.

ICCS-CY developed an Excel-based register tailored to its market size, enabling aggregation and analysis of outsourcing trends. FTNET-DK implemented a structured register with firm-level and provider-level data but is encouraged to backfill historical entries for completeness. FIN-FSA-FI has developed two sophisticated databases—one for notification status and another for analysing concentration risks—backed by internal supervisory guidance.

ACPR-FR, BaFin-DE, IVASS-IT, MNB-HU, and CBI-IE enhanced existing registers or implemented new systems capable of flagging systemic risks, such as intra-group dependencies or market-level concentration.

These developments enhance supervisory capabilities and support the identification of macroprudential trends in outsourcing.

### **3.5. ONGOING SUPERVISION OF OUTSOURCING (OFF-SITE/ON-SITE SUPERVISION AND INTRA-GROUP ARRANGEMENTS)**

There has been considerable evolution in the approaches NSAs take to supervising outsourcing on an ongoing basis. NBB-BE and FIN-FSA-FI have developed clear internal processes that differentiate between routine oversight and event-driven scrutiny. HANFA-HR and ICCS-CY developed frameworks that define triggers for additional supervisory action, including service disruptions or provider changes. ICCS-CY also introduced procedures for reviewing intra-group arrangements from a solo entity perspective, although further refinement is needed.

ACPR-FR and BaFin-DE formalised off-site monitoring strategies, including regular reviews of RSRs and ORSAs. MNB-HU implemented review procedures and adopted triggers for enhanced scrutiny. EFSRA-EE, while conducting reviews of ORSAs and supervisory reports, lacks defined escalation triggers, which hampers effective risk-based supervision.



The broad adoption of structured, risk-sensitive supervision methods represents a significant step forward. However, differences in depth, frequency, and escalation thresholds remain, suggesting the need for continued convergence in how outsourcing risks are monitored post-notification.

### **3.6. DEFINITION OF CRITICAL OR IMPORTANT OPERATIONAL FUNCTIONS OR ACTIVITIES**

Several NCAs have taken important steps to clarify and operationalise the classification of outsourced functions or activities as critical or important (CIF), as defined under Article 274 of the Delegated Regulation. These initiatives contribute to strengthening risk-based supervision and fostering proportional application of the outsourcing framework across the insurance sector.

ICCS-CY and CNB-CZ have developed structured and public frameworks to guide undertakings in classifying CIFs. ICCS-CY published formal criteria supported by a circular and internal supervisory guidelines.

ACPR-FR has incorporated CIF classification principles directly into national legislation via Article R354-7 of the Insurance Code, supported by detailed supervisory guidance. This framework includes multiple dimensions of criticality and a structured reassessment process and was recognised in the original peer review as a best practice.

HANFA-HR has been recommended to enhance transparency by referencing EIOPA's Final Report in national guidance. The Ordinance on documentation for outsourcing already includes relevant criteria and templates, and HANFA was advised to complement these with further explanation tailored to domestic undertakings.

ASF-PT finalised and published a regulatory standard which contains a dedicated chapter on outsourcing, addressing the classification of CIFs and the related governance requirements. The criteria and reassessment processes embedded in this standard were assessed as aligning well with expectations.

These developments show meaningful progress in improving the clarity and consistency of CIF classification across Member States. However, differences remain in the legal form, market communication, and granularity of the frameworks.

## 4. NSA PROGRESS REPORTS REGARDING RECOMMENDED ACTIONS

### 4.1. AUSTRIA

#### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

##### Main findings

The recommended action issued to FMA-AT was in the context of Notification / Structure of the notification.

The FMA-AT was recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the documentation contained in the notification:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking; evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
7. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of

the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

### Evidence

The FMA-AT shared the template for undertakings to complete when submitting an outsourcing notification, which is then reviewed by the FMA-AT. This template includes all the necessary information and regulatory requirements referred to in the recommended action to the FMA-AT. In particular, the template includes the description of the scope of outsourcing, the rationale for outsourcing, the name and details of the service provider, the results of the risk assessment and due diligence performed by the undertaking, as well as the required information on intragroup outsourcing (where applicable). Additionally, the template requires a brief summary of why the outsourced function or activity is considered critical or important, and the impact of material developments on the risk profile of the undertaking.

The FMA-AT has also implemented a process for handling notifications, where undertakings must submit notifications via a structured input screen and fill out the mandatory template. The outsourcing agreement itself is also a mandatory attachment. The FMA-AT has the same standards and requirements for intra-group and out-of-group outsourcing, and no easements are provided for intra-group outsourcing.

In case of material developments, the notification must include a description of the development, reasoning, and impact on the outsourcing, which aligns with EIOPA's recommendation. The FMA-AT also has a process in place for requesting further information and supporting documents if needed.

Furthermore, the FMA-AT has taken steps to inform the industry about the innovations and developments, including the new template and the notification platform, through an event called "Compliance Day". This has helped to clarify any questions and ensure that companies fill out the form with sufficient granularity.

The FMA-AT also shared the Austrian Insurance Supervision Act (VAG), which provides general guidance on the regulatory requirements for outsourcing.

Overall, the submitted documents provide evidence of the FMA-AT's implementation of a structured approach for outsourcing notifications.

## Conclusion

Based on the assessment of the information provided, the recommended action is considered **fulfilled**.

The FMA-AT has fulfilled the recommended action by developing a structured approach for outsourcing notifications, implementing a process for handling notifications, and providing guidance to the industry.

## 4.2. BELGIUM

### RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

#### Main findings

The recommended action issued to NBB was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The NBB was recommended to further establish and use internal procedures in ongoing supervision regarding on-going off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports (RSRs), ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

#### Evidence

The NBB has modified the overarching circular on Governance and the reporting concerning the list of outsourced activities, functions, critical or important operational tasks. The modifications include the addition of paragraphs stating that the head of the internal audit function and the head of the risk management function take into account outsourced functions and activities in their reports. The NBB has also included the request for additional information on the monitoring done by the undertaking on the outsourced activity/service in the regulatory supervisory reports (RSRs).

Moreover, the NBB performed a horizontal analysis of the RSRs and the ORSAs to have an overview over the quality of the reports and best practices. The result of this analysis is reflected in the evidence presented to the PRC. The NBB has developed a clear structure to support supervisors in monitoring undertakings' outsourced functions, with a clear differentiation between the monitoring that is carried out in every case and in-depth monitoring, which is carried out in case specific (defined) events, as for example missing KPIs by the service provider or

negative reports from another supervisor or auditor, are triggered. The system is flexible enough to take account of new developments and the individual characteristics of specific cases.

An aspect that should also be mentioned at this point is the clear assignment of responsibility within the various teams of the NSA, as there is a defined responsibility for meetings, documentation, etc. It is also defined that in the case of IT outsourcing or actuarial topics, the corresponding experts shall be involved.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

NBB has developed a clear process on ongoing supervision outsourced activities. The development is based on an analysis of the NBB and addresses the findings of the recommended action.

## 4.3. BULGARIA

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK

#### Main findings

The recommended action issued to FSC was in the context of Outsourcing Framework.

Acknowledging that for the first years of Solvency II the FSC has not duly assessed compliance of the market to the outsourcing requirements, the FSC has made certain progress in structuring their supervisory framework on outsourcing with the publication on 22 July 2021 of the Ordinance on the requirements to the system of governance of insurers and reinsurers.

However, at the time of the reference period of this peer review (1 January 2016 to 31 December 2020) the supervisory framework still presented several shortcomings. The FSC is recommended to further develop and implement the supervisory framework on outsourcing considering all the findings identified above.

It is also recommended that FSC engages in supervisory dialogues (through off-site, on-site or other supervisory actions) with undertakings under its supervision to ensure that the new supervisory framework and the published Ordinance on the requirements to the system of governance of insurers and reinsurers are well understood by the undertakings.

#### Evidence

On 22 July 2021, the FSC extended the regulatory framework by introducing supervisory guidance concerning the requirements to the system of governance of the insurers and reinsurers with regard to the compliance with the EIOPA Guidelines on outsourcing to cloud service providers (EIOPA-BoS-20-002). Additionally, the FSC has issued and published its own Guidelines in this regard.<sup>1</sup>

The FSC [Ordinance No 71](#) on the requirements of the system of governance for insurers and reinsurers introduces several legally binding requirements regarding (critical) outsourcing:

- a legal definition of critical or important functions or activities (Art 70),
- outsourcing of intermediary activities (Art 71),
- specifications regarding the policies the undertaking has to implement (Art 73) and
- structure and information provided during the notification (Art 74).

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<sup>1</sup> <https://www.fsc.bg/administrativni-dokumenti/ukazaniya/zastrahovatelna-deynost/>.

- Outsourcing to cloud service providers (Art. 75), although the guidelines on outsourcing to cloud service providers (EIOPA BoS 20 002) were outside from the scope of the peer review.

In addition, the FSC has amended its Supervisory Manual on on-site inspections so that to include specific parts dedicated to the on-site supervision of the outsourcing of key functions, the aim of which is to further specify the existing requirements to be checked during an on-site inspection.

Following the entry into force of the FSC Ordinance № 71 and the issuance of the subsequent FSC Guidelines, all insurance and reinsurance undertakings have submitted to the FSC updated outsourcing policies to comply with the new regulatory requirements.

In a supervisory dialogue, where necessary, the FSC has provided each undertaking with specific instructions on aligning the outsourcing policy with the regulatory requirements. The provided examples showed that the FSC focused on adapting the outsourcing contracts according to the Delegated Regulation (EU) 2015/35 and the EIOPA Guidelines on outsourcing to cloud service providers (EIOPA-BoS-20-002).

In addition, in the 3-year period from 2022 to 2024, the FSC has reviewed a total of 40 outsourcing notifications, on which it has provided specific instructions to the relevant undertakings on how to ensure their compliance with the regulatory requirements. The evidence provided by FSC shows that they use principles from their internal on-site procedures in this off-site analysis.

## Conclusion

The NSA has improved their legal framework regarding outsourcing and actively communicated with relevant stakeholders. As with every evolving and dynamic topic, there will – by nature – room for development and improvement. Based on the new legal framework, there could be more details on which information the undertaking has to provide expressly during the written notification (e.g. a summary why the outsourced function is considered critical by the undertaking or in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35)) can and some of the principles in information required at on-site inspections seem appropriate for off-site analysis as well.

As for the specific recommendations and based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.



## 4.4. CROATIA

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK

#### Main findings

The recommended action issued to HANFA was in the context of Outsourcing Framework.

HANFA was recommended to publish guidance to the relevant stakeholders regarding its expectations in relation to the information set out in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance, which is not currently disclosed by the Ordinance on documentation for the outsourcing of activities or functions of (re-)insurance undertakings (undertaking). This could be done by referring to the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance.

Such guidance should include details on the criteria to be followed by an undertaking to classify operational functions or activities as critical or important; risk assessment and due diligence aspects; the documentation that undertakings are expected to keep in relation to outsourcing; etc. in line with EIOPA Guidelines on System of Governance. This would complement the information provided in the above-mentioned Ordinance.

Once the guidance is published, HANFA is recommended to engage with undertakings to ensure alignment with the published expectations.

#### Evidence

According to the information provided, HANFA sent a circular letter to Croatian insurance companies, with reference to expectations in relation to the information set out in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance. Additionally, HANFA published EIOPA guidelines on system of governance (EIOPA-BoS-14/253) on HANFA's website and directly applicable to insurers in accordance with Article 2a of the Insurance Act.

#### Conclusion

Based on the assessment of the information provided, the recommended action is considered **fulfilled**.

## RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

### Main Findings

The recommended action issued to HANFA was in the context of Notification / Structure of the notification.

HANFA was recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the documentation contained in the notification:

- a) description of the scope of outsourcing;
- b) description of the rationale for outsourcing;
- c) the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
- d) a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
- e) a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
- f) a brief summary of the results of the due diligence on the service provider performed by the undertaking;
- g) evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
- h) in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

### Evidence

HANFA has adopted and submitted an [Ordinance](#) on documentation for outsourcing of activities or functions of insurance or reinsurance undertakings, which outlines the specific information and documentation requirements that insurance companies must meet when notifying HANFA of outsourced functions. Notably, the Ordinance includes a standardized template for outsourcing notifications, which comprehensively covers all the necessary information and regulatory requirements referred to in the recommended action.

### Conclusion

Based on the assessment of the information provided, the recommended action is considered **fulfilled**.

## RECOMMENDED ACTION – ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to HANFA was in the context of Ongoing supervision of outsourcing / Off-site supervision.

HANFA was recommended to further establish and use internal procedures in ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

HANFA has provided evidence that it has incorporated outsourcing as part of its supervisory methodology, which includes the review of regular supervisory reports, ORSA, and other supervisory reporting on outsourcing.

Additionally, HANFA's supervisory methodology includes triggers to request additional information regarding outsourcing, taking into account the level of outsourcing by the undertaking and following a risk-based approach. The triggers include, but are not limited to, reviewing AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreements, internal procedures of the undertaking and/or of the service provider relating to the outsourced function, and other relevant documents.

HANFA has also established a process for assessing the undertaking's documentation requested to be performed off-site by the NSA. Furthermore, HANFA has developed a framework for supervision of outsourcing, which includes an overall process description from filing of the notification and the description of actions to be taken when assessing delivered documentation. The framework also incorporates rules for ongoing off-site supervision of outsourcing, including the review of regular supervisory reports and the assessment of the undertaking's documentation.

In a nutshell, the evidence provided demonstrates that HANFA has implemented a structured approach to ongoing supervision of outsourcing, which aligns with the recommended action.

Finally, HANFA highlighted outsourcing as one of the focus areas of its 2025 supervisory plan and will perform horizontal checks for all reported outsourcing agreements.

## Conclusion

Based on the assessment of the information provided, the recommended action is considered **fulfilled**.

## 4.5. CYPRUS

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / CRITERIA TO IDENTIFY CRITICAL OR IMPORTANT FUNCTIONS OR ACTIVITIES (CIF)

#### Main findings

The recommended action issued to ICCS was in the context of Outsourcing framework - Definition and rules on certain type of outsourcing / Criteria to identify critical or important functions or activities (CIF).

The ICCS was recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by own means or by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.

Such criteria to be applied in a proportionate manner should include at least the following elements:

- undertakings' ability to continue to comply with the conditions required to maintain its operating authorisations;
- undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;
- undertakings' operational impact;
- undertakings' stability or the continuity and quality of its services to policyholder;
- undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and
- the cumulative impact of (the combination of) several outsourced activities.

Moreover, the ICCS was recommended to communicate such criteria and process to all the relevant stakeholders, in a formal manner (e.g. guidelines, circular, publication on its website, other type of publication).

#### Evidence

The ICCS has published a [circular](#) in relation to the outsourcing of critical or important functions or activities, together with a relevant explanatory note and a notification form which undertakings

should submit to the ICCS in order to notify the NSA about their intention to outsource critical or important functions or activities.<sup>2</sup>

While the criteria for categorisation as “critical” are not detailed, they go beyond the EIOPA Guidelines on System of Governance, which are referenced throughout the EEA when assessing the criticality of an outsourced function.

When determining the appropriate level of detail, the proportionality principle applies. To put this into context – the ICCS was able to present a *complete* overview of all outsourced services in regard of the recommended action in connection with the subject of documentation.

### Conclusion

The ICCS has defined and shared the criteria to be considered by an undertaking to classify an activity or function as critical or important, and communicated these criteria and processes to all relevant stakeholders in a formal manner, such as through the circular and internal guidelines. The ICCS has also developed a structured approach for the supervisory assessment and review of notifications, which includes the evaluation of the riskiness of the outsourced function and the assessment of the due diligence performed by the undertaking.

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

#### Main Findings

The recommended action issued to ICCS was in the context of Notification / Structure of the notification.

The ICCS was recommended to adapt the form in use or develop a dedicated notification form to reflect the specificities of outsourcing. On the basis of an assessment of the practices highlighted by this peer review, such a form should ensure that the following information is part of the is part of the documentation contained in the notification:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);

4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intra-group outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

### Evidence

The ICCS has developed a dedicated notification form<sup>3</sup>, as required by the recommended action. This form includes the necessary information, such as the description of the scope of outsourcing, the rationale for outsourcing, the name and details of the service provider, the results of the risk assessment and due diligence performed by the undertaking, as well as the required information on intra-group outsourcing (where applicable). The ICCS has also implemented a process for handling notifications, where undertakings must submit notifications using the dedicated form. Additionally, the ICCS has prepared internal guidelines for the supervisory assessment and review of the notifications submitted by undertakings prior to the outsourcing of critical or important functions or activities.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

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<sup>3</sup> [Circulars of the Superintendent of Insurance | Insurance Companies Control Service |](#)

## RECOMMENDED ACTION – SUPERVISION OF OUTSOURCING AT NOTIFICATION / FRAMEWORK FOR THE NSA (INTERNAL PROCEDURES – SUPERVISION OF NOTIFICATIONS)

### Main Findings

The recommended action issued to ICCS was in the context of Supervision of outsourcing at notification / Framework for the NSA (internal procedures – supervision of notifications).

The ICCS was recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35.

Furthermore, the ICCS was recommended to make use of the above-mentioned procedure, following a risk-based approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity in order to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.

### Evidence

The ICCS presented as evidence their internal Guidelines on the supervisory assessment and review of the notifications by undertakings prior to the outsourcing of critical functions or activities and on the ongoing monitoring/supervision after outsourcing. Moreover, an internal guideline for the assessment of outsourcing within the group was presented.

The presented material is a step-by-step guidance, which focuses on:

- a) reviewing the presented information in a structured order
- b) an evaluation of the riskiness of the outsourced function
- c) the evaluation of the due diligence provided by the service provider
- d) the assessment of the key oversight person/ committee appointed and
- e) the assessment of the agreement itself and the presence of the business continuity plans.

In addition, the presented evidence includes a structure that should be followed in regard of ongoing supervision of outsourcing.



In a nutshell, the evidence presented by the NSA reflects a risk-based supervision and included explanations for the means and tools used to carry out the assessment of the notification received as well as a structure for the ongoing assessment.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION – DOCUMENTATION AND INFORMATION MANAGEMENT

### Main Findings

The recommended action issued to ICCS was in the context of Documentation and information management.

The ICCS was recommended to improve the excel files in use on information on outsourcing, so it includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. It should be designed in a way allowing for an overall view both at aggregated (e.g. market), undertaking level of the critical or important functions outsourced and service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and that supports the identification of empty shells. Finally, to the extent possible, the information should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

### Evidence

As mentioned above, the ICCS submitted information regarding all notified outsourced functions - presented from the perspective of the undertakings or grouped according to the outsourced service. The document management solution adopted by ICCS is simple but effective and seems adequate given the size of the Cypriot market and of the NSA.

Concentrations of outsourcing with individual service providers can be easily identified, as well as the accumulation of outsourced activities by a single insurance undertaking.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION – ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to ICCS was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The ICCS was recommended to further establish and use internal procedures in ongoing supervision regarding on-going off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

The ICCS has provided internal procedures regarding on going off-site supervision. The basis of the analysis is reports such as RSR / ORSA or other (ad hoc) reports. There are defined triggers that lead to additional scrutiny or information – such as notifications of service disruptions, financial or operational changes, high concentration risks per service provider, geographical distribution of service providers, etc.

The procedure describes the structure of the assessment such as frequency, risk assessment, and necessary supervisory actions based on the supervisory review of the risk assessment.

### Conclusion

The NSA has developed an internal guideline which structures the ongoing off-site supervision of outsourced functions. The guideline includes the basis for the supervisory assessment as well as triggers that lead to further investigations.

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION – ONGOING SUPERVISION OF OUTSOURCING / ON-SITE SUPERVISION

### Main Findings

The recommended action issued to ICCS was in the context of Ongoing supervision of outsourcing / On-site supervision.

The ICCS was recommended to further develop and use internal guidelines to:

1. Guide the scope of its supervisory activities, such as the decision on whether:
  - an on-site inspection focused on outsourcing should be performed, at the undertaking's premises or at the service provider's premises;
  - to include a focus of outsourcing as part of the scope of on-site inspections not specifically focused on it (e.g. in case of inspections on the overall system of governance); and
2. Identify the documentation and/or information to be requested from undertakings before carrying out an on-site inspection with outsourcing in its scope. Such documentation and/or information can include, for example, the outsourcing policy; the list of all outsourced services; the list of the service providers; the internal procedures of the undertaking to monitor and control the outsourced services.

### Evidence

The ICCS has developed internal guidelines providing a framework for determining whether an on-site inspection is needed and whether it should be conducted at the undertaking's premises or the service provider's premises, and whether an outsourcing-focused inspection should be incorporated into a broader inspection. The guidelines also outline the criteria for deciding the location of the inspection, including risk-based assessment, internal controls, access to information, and governance issues.

Additionally, the ICCS has prepared internal guidelines for documents requested before on-site inspections focused on outsourcing, which include key documents and policies, outsourcing contracts and service-level agreements, risk management and monitoring procedures, compliance and regulatory reporting, information security and data protection, and financial information.

The ICCS has also developed internal procedures for the ongoing off-site supervision of outsourcing arrangements, which include regular reviews of submitted reports, monitoring of risk-based triggers, and requesting additional information when necessary.

## Conclusion

The NSA has developed guidance that addresses the recommended action.

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION – ONGOING SUPERVISION OF OUTSOURCING / SUPERVISION OF INTRA-GROUP OUTSOURCING (SOLO PERSPECTIVE)

### Main Findings

The recommended action issued to ICCS was in the context of Ongoing supervision of outsourcing / Supervision of intra-group outsourcing (solo perspective).

From the perspective of subsidiaries (outsourcing functions), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the ICCS was recommended to dive deeper into its assessment to analyse the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference to the assessment of the costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.

### Evidence

The ICCS has developed internal guidelines on the supervision of intra-group outsourcing, which outline the key areas of supervisory focus in order to evaluate the extent of control the undertaking holds over the service provider.

These guidelines, provided to the PRC as evidence, include the assessment of governance structure and control, the evaluation of costs of services, and the examination of risk management and monitoring procedures. Additionally, the guidelines mention the escalation of concerns to supervisory colleges, which is in line with the recommended action. The ICCS has also developed internal guidelines on the supervisory assessment and review of notifications submitted by undertakings prior to the outsourcing of critical or important functions or activities, which include the evaluation of the riskiness of the outsourced function and the assessment of the due diligence performed in respect to the service provider.

Although the internal guidelines represent a significant improvement in the area of the recommended action, the following elements could be further developed:

The management independence analysis should include conflicts of interests.

The cost benefit analysis should include third party service providers, not only in-house options.

Regarding outsourcing in group undertakings in other EEA countries the assessment should include legal risks and the practical enforceability of directives or demands.

The analysis should provide a clear result as to why the intra-group allocation was favoured, regarding to a third-party provider.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**.

## 4.6. CZECH REPUBLIC

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / CRITERIA TO IDENTIFY CRITICAL OR IMPORTANT FUNCTIONS OR ACTIVITIES (CIF)

#### Main findings

The recommended action issued to CNB was in the context of the Outsourcing framework - Definition and rules on certain type of outsourcing / Criteria to identify critical or important functions or activities (CIF).

The CNB was recommended to share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by own means or by reference to the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.

Such criteria, to be applied in a proportionate manner, should include at least the following elements:

- undertakings' ability to continue to comply with the conditions required to maintain its operating authorizations;
- undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;
- undertakings' operational impact;
- undertakings' stability or the continuity and quality of its services to policyholder;
- undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and
- the cumulative impact of (the combination of) several outsourced activities.

#### Evidence

The CNB made the Final Report on Public Consultation No. 14/017 on Guidelines on the System of Governance publicly available on the [CNB's website](#).

The CNB considers that the publication of this document together with the reference to the EIOPA Guidelines on System of Governance (also accessible on the CNB's website and available in both [Czech](#) and [English](#)), ensures that relevant information regarding the criteria to be considered by

undertakings when classifying an activity or function as critical or important is shared with the market.

In addition, the CNB has issued a Supervisory Opinion/Communication on the outsourcing of services, activities or functions in the (re)insurance sector. This document includes further guidance to classify outsourcing as critical or important. Furthermore, the information which undertakings have to provide to the CNB as part of the notification process prior to the outsourcing, is defined.

The document also addresses the necessity to notify material developments in the outsourcing arrangements concerning critical or important functions.

The supervisory opinion/communication was finalized and communicated to (re)insurance companies in the first quarter of 2025.

### Conclusion

The NSA has published the Final Report on Public Consultation No. 14/017 on Guidelines on the System of Governance. In combination with the Supervisory Opinion/Communication which further defines the criteria identifying critical, respectively important functions, there is a clear description of CNB's expectations. The document further provides a clear set of information to be provided by the undertaking before the outsourcing of critical or important functions.

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

#### Main Findings

The recommended action issued to CNB was in the context of Notification / Structure of the notification.

The CNB was recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the documentation contained in the notification:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;

3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

### Evidence

The CNB has issued a Supervisory Opinion/Communication on the outsourcing of services, activities or functions in the (re)insurance sector to all supervised entities. The purpose of this communication is to set out the CNB's supervisory expectations and approach in supervising the outsourcing of services, activities and functions in the (re)insurance sector. The Supervisory Opinion/Communication has been finalised and communicated to (re)insurance undertakings in the first quarter of 2025. In terms of substance, this Supervisory Communication aims to clarify and build on the arrangements set out in the legislation and related EIOPA Guidelines on system of governance in the area of outsourcing. It also takes into account the CNB's supervisory experience to date. Attention is paid both to the definition of specific requirements and to practical procedural issues. Among the outsourcing topics that it expects to specify further, it also includes a more detailed specification of the structured disclosure requirements in connection with the notification of a critical or significant outsourcing (both in connection with the notification of a new critical or significant outsourcing and in connection with a material change in that outsourcing).



The CNB has also intensified its communication with insurance undertakings on the topic of outsourcing during regular information meetings with these undertakings and in communication in connection with submitted outsourcing notifications.

### Conclusion

The NSA has presented a guidance that includes the necessary information that should be part of the notification. This guidance communicated to the sector in the form of Supervisory Opinion/Communication includes a more detailed specification of the structured disclosure requirements in connection with the notification of a critical or important outsourcing arrangement (both in connection with the notification of a new critical or important outsourcing arrangement and in connection with a material change in an existing outsourcing arrangement). Therefore, EIOPA considers the recommended action **fulfilled**.

## 4.7. DENMARK

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / BOUNDARIES BETWEEN OUTSOURCING OF DELEGATED AUTHORITY TO UNDERWRITE AND SETTLE CLAIMS AND (RE)INSURANCE DISTRIBUTION

#### Main findings

The recommended action issued to FTNET was in the context of Outsourcing Framework - Definition and rules on certain type of outsourcing / Boundaries between outsourcing of delegated authority to underwrite and settle claims and (re)insurance distribution.

The FTNET was recommended to further clarify with the market the understanding set out in Guideline 61 of EIOPA Guidelines on the System of Governance, this is, that the activity of an insurance intermediary, who is not an employee of the undertaking, under delegated authority to underwrite business or settle claims in the name and on the account of an undertaking, is subject to outsourcing requirements, and therefore may be subject to notification if considered a critical or important function or activity.

#### Evidence

The FTNET did not publish further documentation in relation to the issue described in the recommended action. The FTNET applies the existing regulatory framework to determine whether a given arrangement qualifies as outsourcing and is therefore subject to the corresponding governance and oversight requirements. According to the information shared with the PRC, in line with Guideline 61 of the System of Governance Guidelines, the FTNET interprets that when an insurance intermediary, who is not an employee of the undertaking, is given authority to underwrite business or settle claims in the name and on the account of an undertaking, this constitutes outsourcing. Consequently, such arrangements must comply with the applicable outsourcing requirements, including proper governance, contractual provisions, and supervisory oversight. However, as no evidence was shared in relation to how the FTNET shares this interpretation with the market, the recommended action is not completely fulfilled.

#### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. The recommended action will be considered fulfilled only when the FTNET shares their interpretation with the market.

## RECOMMENDED ACTION - DOCUMENTATION AND INFORMATION MANAGEMENT

### Main Findings

The recommended action issued to FTNET was in the context of Documentation and information management.

The FTNET was recommended to develop an internal register/database which includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. The internal register/database should be designed in a way allowing for an overall view both at aggregated (e.g. market) and undertaking level of the critical or important functions outsourced, and service provider level in order to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, supporting also the identification of empty shells. Finally, to the extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

### Evidence

The FTNET has developed an internal register, which systematically tracks outsourcing agreements per undertaking. This system allows the FTNET to access detailed outsourcing information and obtain an overview of all outsourcing agreements for a given undertaking, as well as search for outsourcing arrangements linked to specific service providers. The register was implemented at the end of 2024 and does not have retroactive effect, meaning that not all historical outsourcing agreements are currently included. However, the database will expand as firms report new outsourcing agreements.

The FTNET uses this register as a supervisory tool to monitor outsourcing arrangements and ensure compliance with Solvency II requirements, enabling supervisors to assess outsourcing risks on both an individual company level and across the market.

### Conclusion

The NSA has implemented a technical system which is able to identify the specific service provider, the outsourced functions and processes and document this information.

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**. However, EIOPA strongly suggests FTNET to populate the system with information on outsourcing arrangements existing before its implementation. This will help the Authority in having a complete picture of the outsourcing arrangements in the market.

## 4.8. ESTONIA

### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

#### Main findings

The recommended action issued to EFSRA was in the context of Notification / Structure of the notification.

The development of a structured approach, such as the use of a template containing information to be submitted to the EFSRA on the outsourced activity, the service provider, and other elements regarding the exercise of the outsourced activity, including the relevant contractual arrangements governing the outsourcing, may prevent the submission of incomplete and inconsistent information. The EFSRA must ensure that, prior to outsourcing a critical or important function or activity, an undertaking does perform a risk assessment in compliance with Article 49(2) of the Solvency II Directive and Article 274(1),(3)(e) and (5)(b) of the Commission Delegated Regulation (EU) 2015/35; as well as a due diligence on the service provider in accordance with Article 49(2) of the Solvency II Directive and Article 274 (2) and (3)(a), (b) and (f) (5) (a) (c) and (d) of the Commission Delegated Regulation (EU) 2015/35.

It is noted that a specific template for information regarding key function holder exists, but no template regarding the notification of outsourcing in other cases. The template used asks for information regarding the Fit & Proper assessment but is not generally suited to report outsourcing arrangements and outsourced functions or activities.

#### Evidence

EFSRA intends to complement their guidance with more detailed regulation based on EIOPA Final Report on Public Consultation No 14/017 on Guidelines on system of governance.

As for now the notification only includes the most basic information as the undertaking concerned as well as the identity of the service provider. EFSRA requests information at a later point when the appropriate (staff) resources are available for a review.

#### Conclusion

While the proportionality principle applies, there is a minimum level that should not be missed. The Estonian market consists of only nine insurance undertakings, nevertheless, it is necessary to get a minimum set of information during the notification of a critical outsourcing.

EFSRA argues that they request specific information after the notification – at a time when there are sufficient resources to assess the provided information properly.

While this approach is understandable when facing limited (staff) resources, it seems not acceptable to assess a notification without vital information such as the contract itself or the risk assessment of the insurance undertaking.

While the EIOPA Final Report on Public Consultation No 14/017 on Guidelines on system of governance provides a good basis for further developing supervisory practices, it remains unclear how the structure of the notification process has improved.

Based on the assessment of the information provided, EIOPA considers the recommended action **not fulfilled**.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to EFSRA was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The EFSRA was recommended to further develop its supervisory practices in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreements, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

The EFSRA shared that, as part of their supervisory review process, they always have the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing. For more detailed analysis of contracts, they usually perform on-site inspections and for off-site supervision, an insurance undertaking shall submit, at the request of the FSA, a copy of the contract for

outsourcing of activities and the analysis of how the outsourcing complies with the provisions of the IAA (Insurance Activities Act).

Additionally, the EFSRA carried out a data collection with undertakings on outsourced activities. Such data collection enabled the gathering of relevant information including for example: description of the outsourced activity, name of contractual partner, date of contracting contract, final date if that is agreed, etc.

### Conclusion

While the proportionality principle applies, there is a minimum level that should not be missed, namely the presence of a supervisory review process where the reports submitted by insurance undertakings are reviewed and assessed. While this is the case, there are currently no triggers in which cases further or more detailed information is requested. Therefore, an essential aspect of the recommended action was not addressed, therefore EIOPA considers the recommended action **partially fulfilled**. When triggers will be included in the supervisory review process, the recommended action will be considered fulfilled.

## 4.9. FINLAND

### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

#### Main findings

The FIN-FSA is recommended to further develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the notification documentation:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

## Evidence

FIN-FSA has developed and started to use a template for the outsourcing notifications which includes a few of the information foreseen in the recommended action. The template has been published on the [FIN-FSA's website](#). Furthermore, FIN-FSA plans to review and amend FIN-FSA's regulations and guidelines MOK 6/2015 paragraph 11 Outsourcing when the review of MOK 6/2015 is started as part of the foreseen implementation of Solvency II directive's amendments to ensure that the MOK is in line with the current practices. MOK 6/2015 contains a binding regulation regarding the information to be provided in a notification. The regulation already covers e.g. following descriptions:

- description of the nature and scale of the outsourced function or activity
- overall assessment of the effects of the outsourcing to the undertaking's activities
- assessment of the service provider's financial ability to take care of the outsourced activities
- description how the outsourcing is considered in the undertaking's internal control and risk management.

FIN-FSA developed (i) an internal checklist to be used by supervisors assessing outsourcing notifications and (ii) an internal guidance whose purpose is to harmonise the supervision of outsourcing notifications as well as emphasise risk-based approach by introducing risk rating impacting the level of intrusiveness of supervision expected by (i.e. lower risk rating signifies less detailed analysis of the notification). FIN-FSA maintains an outsourcing notification status tracker database to monitor the quality of notifications and their status. All notifications since June 2021 have been inserted into the database.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - SUPERVISION OF OUTSOURCING AT NOTIFICATION / FRAMEWORK FOR THE NSA (INTERNAL PROCEDURES – SUPERVISION OF NOTIFICATIONS)

### Main Findings

The recommended action issued to FIN-FSA was in the context of Supervision of outsourcing at notification / Framework for the NSA (internal procedures – supervision of notifications).

The FIN-FSA was recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the



outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35. Furthermore, the FIN-FSA was recommended to make use of the above-mentioned procedure, following a risk based-approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity in order to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.

### Evidence

FIN-FSA has developed internal guidance to enable the supervision of outsourcing at notification. The guidance is specifically designed to support the use of the outsourcing notification template and to harmonize the approach to the outsourcing supervision across the insurance sector. The guidance ensures a systematic and risk-based approach to evaluate outsourcing arrangements by introducing an approach based on risk categories: the supervisors classify the notifications received from the undertakings on the basis of a series of risk drivers (see below). The supervisors then dedicate more time and focus on assessing the notifications posing the highest risk.

FIN-FSA has developed several tools and documents to enhance and standardize the overall supervision of outsourcing. For example, FIN-FSA developed a template of the document to be used by supervisors to document the supervisory actions undertaken in relation to each outsourcing arrangement.

As reported above, the FIN-FSA has established an outsourcing risk rating system for the undertakings to determine the level of supervision required. The risk rating document summarises the framework for categorizing undertakings' risk levels and provides clear criteria for assessing outsourcing arrangements. A lower risk rating corresponds to a less detailed analysis of the notification. The risk rating is based on several factors:

- the overall supervisory rating assigned by FIN-FSA quarterly to the supervised undertaking,
- the nature and scale of the outsourced critical and important functions, including when they are key functions,
- identified concentration risks related to the service providers used and
- relevant supervisory observations.

FIN-FSA uses an outsourcing notification status tracker database, which has been in operation since 2021 and is regularly updated. This database has been complemented with a new one used to

collect the results of the outsourcing concentration risks assessment, which plays a key role in determining the risk rating of the outsourcing notification.

Finally, as part of the organisational efforts, FIN-FSA has organised targeted training sessions for all supervisors involved. In addition, relevant information, findings, and knowledge are shared among supervisors during weekly team meetings when deemed necessary.

### Conclusion

The NSA proved that they developed recommended internal procedures to cover the process of supervisory assessment.

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - DOCUMENTATION AND INFORMATION MANAGEMENT

### Main Findings

The recommended action issued to FIN-FSA was in the context of Documentation and information management.

The FIN-FSA was recommended to develop an internal register/database which includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. The internal register/database should be designed in a way allowing for an overall view both at aggregated (e.g. market) and undertaking level of the critical or important functions outsourced and service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, supporting also the identification of empty shells. Finally, to the extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

### Evidence

As reported in the evidence related to the previous recommended action, since 2021, FIN-FSA maintains an "outsourcing notification status tracker database" to monitor the quality of notifications and their status within the supervisory process. Furthermore, a new internal database has been introduced in 2024 to track outsourcing concentration risks. This database provides an aggregated and undertaking-level view of critical and important outsourced functions and their service providers. Its use is supported by internal guidance for supervisors on how they are expected to supervise outsourcing notifications.

The introduction of the new internal database represents an improvement to the supervisory tools available within FIN-FSA in comparison to the picture recorded during the outsourcing peer review in 2021. It consolidates critical and important outsourcing information both at the level of undertakings and service providers, enabling supervisors to monitor concentration risks and assess undertakings' overall outsourcing exposure. The database also supports the determination of outsourcing risk ratings, integrating seamlessly into the risk-based supervisory approach.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**. However, EIOPA strongly suggests FIN-FSA to populate the system with information on outsourcing arrangements existing before its implementation. This will help the Authority in having a complete picture of the outsourcing arrangements in the market.

### RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

#### Main Findings

The recommended action issued to FIN-FSA was in the context of ongoing supervision of outsourcing / Off-site supervision.

The FIN-FSA was recommended to further establish and use internal procedures in ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

#### Evidence

FIN-FSA has integrated the review of RSR and ORSA reports (including outsourcing information) into its supervisory process since 2019. The review incorporates two procedures: an annual overall

supervision procedure focusing on deviations and a theme-based approach addressing specific horizontal themes across the sector. Document Risk Rating of Outsourcing was submitted and reviewed.

A risk-based approach to off-site supervision has also been enhanced by introducing a risk rating system for outsourcing which determines the intensity of supervision and can be used to decide the rotating theme-based assessments of outsourcing practices.

FIN-FSA has implemented several organisational changes to enhance their off-site supervision of outsourcing. For example, two sets of questions to support supervision were developed: a detailed set of questions for in-depth analysis and on-site inspections and a less detailed set of questions for obtaining a general understanding of an undertaking's outsourcing status. These sets of questions address topics such as operational risks, continuity planning, testing, and monitoring of service providers, as well as AMSB materials on outsourcing. Supervisors can select and apply the appropriate set based on supervisory observations, allowing flexibility and precision in their assessment.

From an organizational perspective, FIN-FSA staff shares observations and information in weekly team meetings.

FIN-FSA actively applies a risk-based approach to off-site outsourcing supervision which enables the prioritisation of supervision based on the identified risk levels of each undertaking.

Supervisory activities in 2023–2024 addressed specific outsourcing issues, such as deficiencies in monitoring and reporting systems and outsourcing processes. These findings have been actively followed up as part of the annual supervisory process.

The horizontal supervisory theme in H2/2024 focused on improving the quality of information in RSR reports (including reviewing outsourcing information) and will be further discussed with the undertakings during H2/2025, ensuring alignment with regulatory expectations. Supervisory actions are supplemented by targeted reviews, such as a thematic assessment of the preparedness of significant insurance companies in Finland.

FIN-FSA has also conducted a thematic review in 2023 on ICT provider outsourcing covering the most significant undertakings of the entire Finnish financial sector (Teema-arvio: valvottavien tietojärjestelmätalouden (ICT) ulkoistusten tilanne - 2023). The thematic review assessed outsourcings to ICT providers as well as their concentrations and possible outsourcing chains creating risks.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / ON-SITE SUPERVISION

### Main Findings

The recommended action issued to FIN-FSA was in the context of Ongoing supervision of outsourcing / On-site supervision.

The FIN-FSA was recommended to further develop and use internal guidelines to:

1. guide the scope of its supervisory activities, such as the decision on whether:
  - an on-site inspection focused on outsourcing should be performed, at the undertaking's premises or at the service provider's premises
  - to include a focus of outsourcing as part of the scope of on-site inspections not specifically focused on it (e.g. in case of inspections on the overall system of governance)
2. identify the documentation and/or information to be requested from undertakings before carrying out an on-site inspection with outsourcing in its scope. Such documentation and/or information can include, for example, the outsourcing policy; the list of all outsourced services; the list of the service providers; the internal procedures of the undertaking to monitor and control the outsourced services; and
3. provide a list of the typical areas to be assessed during an on-site inspection covering outsourcing.

### Evidence

FIN-FSA performed, between 2021 and 2024, four on-site inspections focusing on the system of governance. In all of these inspections outsourcing has been included as a key topic.

FIN-FSA has implemented organisational measures to enhance the efficiency and consistency of its on-site inspections:

- an advanced set of inspection criteria to strengthen regulatory alignment and improve oversight were implemented in 2024.
- A technical solution, the VTP system (used by the entire FIN-FSA, including banking and capital markets departments), has been deployed to manage several FIN-FSA activities (e.g. inspection process, thematic reviews, etc.). The VTP system supports uniform application of inspection criteria, harmonizing the supervisory practices across the organization. Supervisors have been trained to use the VTP system, the updated inspection criteria, and the outsourcing question framework.

It is noted that FIN-FSA executes one on-site inspection a year focusing on the system of governance. Outsourcing has been and is an important aspect of these inspections (i.e. possible outsourcing arrangements are included in all the inspections).

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action as **partially fulfilled**.

The FIN-FSA has partially fulfilled the recommended action by developing an advanced set of inspection criteria, implementing organisational measures to enhance the efficiency and consistency of its on-site inspections, and training supervisors to use the VTP system and the outsourcing question framework. However, FIN-FSA did not demonstrate that it had incorporated into its internal guidelines how and whether it would carry out on-site supervision at the undertaking's premises or at the service provider's premises, which is a crucial aspect of the recommended action.

### RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / SUPERVISION OF INTRA-GROUP OUTSOURCING (SOLO PERSPECTIVE)

#### Main Findings

The recommended action issued to FIN-FSA was in the context of Ongoing supervision of outsourcing / Supervision of intra-group outsourcing (solo perspective).

From the perspective of subsidiaries (outsourcing functions), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the FIN-FSA was recommended to dive deeper into its assessment primarily, but not limited to, at notification stage to analyze the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference to the assessment of the costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.

#### Evidence

FIN-FSA created internal guidance to instruct supervisors on how to assess intra-group outsourcing arrangements based on the notification template which addresses which aspects they should consider when analysing the management body's control, influence, and independence within the group.

As mentioned above, FIN-FSA introduced an outsourcing risk rating system which incorporates intra-group outsourcing into its assessment criteria.

Furthermore, as part of the above-mentioned guidance FIN-FSA developed two sets of questions to support supervisors in their assessment of (group) outsourcing arrangements with the goal of ensuring consistent collection and analysis of the necessary information on how the undertaking controls the service provider or has the ability to influence its actions.

Internal training has been provided to ensure that FIN-FSA staff is equipped to use the internal guidance, notification template, risk rating system, and the sets of questions. According to the FIN-FSA, these training sessions enhanced consistency and clarity in supervisory practices, ensuring alignment with organisational objectives.

FIN-FSA insurance sector supervision team also facilitates the sharing of insights and findings among supervisors to foster a collective understanding of complex outsourcing arrangements.

FIN-FSA has incorporated these tools and guidance into its supervisory activities. Between 2023 and 2024, FIN-FSA issued supervisory review reports with remarks of intra-group outsourcing concerns, such as the undertaking's ability to influence service providers, deficiencies in monitoring systems, and issues with outsourcing processes. These remarks have been actively followed up as part of the annual supervisory cycle.

In 2024, FIN-FSA conducted a deep-dive study into the outsourcing arrangements of one specific insurance group, focusing on the sufficiency of key functions' outsourcing from a solo perspective.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## 4.10. FRANCE

### RECOMMENDED ACTION - NOTIFICATION PROCESS / FEEDBACK TO THE NOTIFICATION ("RIGHT TO OBJECT")

#### Main findings

The recommended action issued to ACPR was in the context of Notification process / Feedback to the notification ("right to object").

While the existence of a vast array of supervisory tools (e.g. supervisory dialogue, recommendation; ex-post corrective actions; enforcement measures, etc.) was recognized as being at the disposal of the ACPR, the NSA was recommended to pursue, together with the relevant authorities the establishment of a pre-emptive power reflecting the right to object the entering into force of an outsourcing agreement, where the NSA has serious and motivated concerns on the compliance of the intended outsourcing with the regulatory requirements in place (i.e. when the NSA is of the opinion that the requirements of Article 49(2) of the Solvency II Directive are breached by the proposed outsourcing).

#### Evidence

Following the recommendation issued by EIOPA and exchanges involving the French Treasury, it was considered that granting the ACPR the legal pre-emptive power to object the entering into force of an outsourcing agreement would be a deviation from the Solvency 2 directive which does not provide such powers to NSAs.

Although from a formal perspective the ACPR is not granted the power to object to a notification of outsourcing received from an undertaking, ACPR instruct the undertakings to describe in their notifications the scope of the outsourced activities or functions, as well as the reasons for outsourcing. As part of their notifications, undertakings need to demonstrate that the outsourcing does not breach the requirements of Article 49(2) of Solvency II. Furthermore, in the process of assessing the notifications has the practice to liaise with undertakings when they submit a notification concerning outsourcing. More specifically, with the objective of supervising the compliance of undertakings with outsourcing requirements:

- ACPR could be involved by undertakings before the formal notification process starts. In these cases, ACPR provides undertakings with their advisory opinion concerning the outsourcing arrangements that then are reflected by the undertakings in the documentation submitted to ACPR within the formal notification.
- ACPR reviews the notifications submitted by undertakings as part of the ongoing supervision of the undertakings. In these cases, should the ACPR identifies a non-



compliance with the outsourcing requirements, the supervisors would immediately inform (either via email or letter) the undertakings indicating the areas of the arrangement that should be reviewed to achieve compliance with the regulatory framework. Typically, undertakings comply with ACPR's suggestion. However, in case they decide to proceed with the outsourcing arrangement without following ACPR's advice, this triggers a formal investigation by the ACPR which translates into a formal recommendation to the undertaking, which is obliged to follow the requirements or to be subject to sanctions.

In a nutshell, it is true that ACPR does not have direct powers to immediately object to an outsourcing notification. However, the overall supervisory process ensures that *de facto* ACPR has the capacity to intervene when the planned outsourcing of critical or important functions is not compliant with the law. For this reason, the PRC considered the recommended action fulfilled.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - DOCUMENTATION AND INFORMATION MANAGEMENT

### Main Findings

The recommended action issued to ACPR was in the context of Documentation and information management.

ACPR was recommended to further develop their internal register/database which already includes information on outsourcing ensuring that is designed in a way allowing for an overall view both at aggregated (e.g. market), undertaking level of the critical or important functions or activities outsourced and service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and support the identification of empty shells. Finally, to the extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

ACPR was recommended to include in such an internal register or database all existing outsourcing arrangements, including those entered into before the entry into force of the Solvency II Directive, such as to integrate the possibility to distinguish between notifications of new outsourcing and those concerning material developments.

### Evidence

The ACPR has implemented an internal register/database that includes information on outsourcing, which allows for an overall view at the aggregated (e.g., market), undertaking, and service provider levels. The register/database is regularly updated with new notifications and significant

developments in the activities outsourced by undertakings. The ACPR has also conducted a survey on outsourcing in 2023, which covered 86% of the French insurance market. However, the results of this survey were not used to create a comprehensive dataset of all outsourcing of critical or important functions in France.

### Conclusion

Based on the assessment of the information provided, the recommended action is considered **partially fulfilled**. The ACPR has developed its internal register/database to include information on outsourcing and has taken steps to update it regularly. However, the ACPR has not fully implemented the recommendation to include all existing outsourcing arrangements, including those which entered into force before the entry into force of the Solvency II Directive, which limits the usefulness of the internal register/database in identifying concentration risks at market level and supporting the identification of empty shells. Overall, while the ACPR has made progress in implementing the recommended action, further work is needed to fully address the recommendations.

### RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / ON-SITE SUPERVISION

#### Main Findings

The recommended action issued to ACPR was in the context of Ongoing supervision of outsourcing / On-site supervision.

The ACPR was recommended to consider a higher focus on outsourcing on its supervisory plans. This will allow a better view of the outsourcing and its risks in the market.

#### Evidence

The ACPR conducted a survey with French insurance and reinsurance undertakings in 2023 to analyze how they perform the outsourcing of critical or important functions and activities. The survey was a twofold exercise, including an online self-assessment questionnaire and a template to be used by undertakings with information regarding their critical or important service providers. The supervision objective was to know more about outsourcing for activities such as governance, policies and procedures, steering arrangements, selection process for service providers, notification process to the ACPR, contracting, risk management, internal control, and Business Continuity Plan.

The survey results highlighted the awareness of the main compliance obligations, such as the existence of a procedure for selecting subcontractors, notification of the ACPR of subcontracted activities, and the existence of a written subcontracting policy.

The ACPR also included its main expectations in its 2023 Annual Report and has drafted public guidance (“Notice”) to be published soon. Furthermore, the ACPR has enhanced the controllers’ awareness on the topic and the documentation is available on a dedicated workspace for insurance supervisors. The ACPR claims that the survey also had a strong impact on the market, and this specific topic has been reinforced during on-site inspections. Outsourcing remains a supervisory priority for ACPR, especially with the entry into application of DORA.

Furthermore, ACPR has reviewed its methodological guide on the Supervisory Review Process (SRP), which encompasses also outsourcing. More specifically, the SRP includes the requirement for supervisors to assess the level, and the risks associated to outsourcing according to a specific scorecard. The outcome of this assessment triggers further supervisory actions, including onsite inspections.

### Conclusion

Based on the assessment of the information provided, the recommended action is considered **fulfilled**.

## 4.11. GERMANY

### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

#### Main findings

The recommended action issued to BaFin was in the context of Notification / Structure of the notification.

BaFin was recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the notification documentation:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

## Evidence

Thanks to the introduction in Germany of the Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz - FISG), which introduced more detailed provisions on notifications of outsourcings of functions and insurance activities in Section 34(3) of the [Insurance Supervision Act \(Versicherungsaufsichtsgesetz, VAG\)](#), the BaFin fulfilled the recommended action.

The new requirements mentioned above entered into application on 29 November 2022. From that date, German (re)insurance undertakings and pension funds notify the BaFin with all the information included in the recommended action ([Insurance Outsourcing Notification Regulation – VersAusgl-AnzV<sup>4</sup>](#)).

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - SUPERVISION OF OUTSOURCING AT NOTIFICATION / FRAMEWORK FOR THE NSA (INTERNAL PROCEDURES – SUPERVISION OF NOTIFICATIONS)

### Main Findings

The recommended action issued to BaFin was in the context of Supervision of outsourcing at notification / Framework for the NSA (internal procedures – supervision of notifications).

BaFin was recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35 in order to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.

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<sup>4</sup> Art 2 covers all the requirements of the recommended action or in certain cases, exceeds it.

## Evidence

BaFin's updated internal guide to outsourcing provides information on all relevant outsourcing audit topics and is updated annually, which ensures that findings from local audits and ongoing supervision as well as current regulatory issues are taken up and integrated.

The guide covers all requirements of the recommendation, including risk-based supervision, risk assessment of the outsourced function, due diligence of the service provider, and compliance with Article 274 of the Commission Delegated Regulation (EU) 2015/35.

BaFin uses a risk-oriented approach when deciding on the further course of action in each individual case and received most of the information listed via the electronic outsourcing notifications.

## Conclusion

Based on the assessment of the information provided, the recommended action is considered **fulfilled**.

BaFin has fulfilled the recommended action by further developing internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings, and by implementing a risk-based supervision approach that includes explanation of the means and tools used to carry out the assessment of the notification received. The updated internal procedures or guidance reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which covers at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35.

## RECOMMENDED ACTION - DOCUMENTATION AND INFORMATION MANAGEMENT

### Main Findings

The recommended action issued to BaFin was in the context of Documentation and information management.

BaFin was recommended to ensure that any new development on tools leading to databases with information on outsourcing includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. Such tools should be designed in a way allowing for an overall view both at aggregated (e.g. market) and undertaking level of the critical or important functions outsourced and at service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and helping to identify empty shells. Finally, to the

extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

### Evidence

Following the peer review the BaFin has undertaken a project to strengthen their information management. On the basis of the outcome of that project, it is noted that the outsourcing database currently used by BaFin fully complies with the recommended action and it contains detailed information about the various outsourcing arrangements in place (e.g. Information regarding the arrangement, Subservice Provider)

To evaluate and understand the data and to gain actionable insights from it, BaFin uses a leading software in the field of visual data analysis and business intelligence (BI), which allows for an overall view of the critical or important functions outsourced at both the aggregated and undertaking levels, as well as at the service provider level.

### Conclusion

BaFin has implemented a technical system which is able to identify the specific service provider, the outsourced functions and processes and document this information in user-friendly interface.

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to BaFin was in the context of Ongoing supervision of outsourcing / Off-site supervision.

BaFin was recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan,

and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and

- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

The competent supervisory Divisions within BaFin receive most of the information listed via the electronic outsourcing notifications. In each individual case, the supervisors then decide on a further course of action in a risk-oriented manner, i.e. whether further information or documents on information already received (e.g. ORSA, AMSB-Meetings) are requested.

The basis for an in-depth assessment is regular knowledge from ongoing supervision. BaFin's internal guide to outsourcing provides information on all relevant outsourcing topics and is updated annually, which ensures that findings from ongoing supervision as well as current regulatory issues are taken up and integrated.

### Conclusion

Based on the assessment of the information provided, the recommended action is considered **fulfilled**.

BaFin has fulfilled the recommended action by further establishing and using internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing, including the review of regular supervisory reports, the use of triggers to request additional information, and the assessment of undertaking's documentation.

The electronic outsourcing notifications and the internal guide to outsourcing provide a solid foundation for BaFin's ongoing supervision of outsourcing.



## 4.12. GREECE

### RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

#### Main findings

The recommended action issued to BoG was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The BoG was recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

#### Evidence

The Bank of Greece (BoG) has provided evidence of the implementation of internal procedures for ongoing supervision of outsourcing, including off-site supervision. The internal procedure sets out steps followed by BoG supervisors to oversee the outsourcing of critical functions.

As part of this procedure, BoG established specific procedure for the supervisory actions regarding:

- a new outsourcing agreement,
- a modification of an outsourcing agreement,
- the reassessment of an outsourcing agreement
- an increase of the risk that this agreement entails

The BoG has established a process for reviewing regular supervisory reports, such as ORSA and other supervisory reporting on outsourcing.

In the same process, BoG included an extended list of specific criteria / data points that should be derived from the analysis of the reports mentioned above, which can trigger the decision for request of further detailed information to the undertakings.

Finally, the procedure requires supervisors to fill in a scorecard on the undertakings where they require further supervisory actions, including on-site inspections, on the basis of their assessment.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## 4.13. HUNGARY

### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

#### Main findings

The recommended action issued to MNB was in the context of Notification / Structure of the notification.

The MNB was recommended to further develop a structured approach regarding the information being requested from the undertaking at notification, possibly by improving the template used for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, the template for notification should include, in addition to general information on the undertaking, at least, the following information:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

### Evidence

The MNB has provided the template used by undertakings to notify them about new outsourcing arrangements or material changes to existing ones. The notification template includes various fields for undertakings to provide information when submitting an outsourcing notification. The template used by MNB covers general information on the undertaking, as well as details on the service provider, such as name, address, and contact information. The template also requires a description of the scope of outsourcing and the rationale for outsourcing. Additionally, it asks for information on the results of the risk assessment and due diligence performed by the undertaking, as well as evidence of compliance with relevant regulations. In the case of intragroup outsourcing, the template requires a description of the extent to which the undertaking controls the service provider or is able to influence its actions.

The MNB has also implemented a process for handling notifications, where undertakings must submit notifications using these templates.

The MNB has also taken steps to inform the industry about the innovations and developments, including the new template and the notification platform.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - DOCUMENTATION AND INFORMATION MANAGEMENT

### Main Findings

The recommended action issued to MNB was in the context of Documentation and information management.

The MNB was recommended to adjust the internal register/database in a way allowing for an overall view at an aggregated (e.g. market) level of the critical or important functions outsourced, highlighting concentration risks at market level, and helping to identify empty shells. Finally, to the extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

## Evidence

The MNB developed an internal report by using a leading software in the field of visual data analysis and business intelligence (BI) to fulfil the recommended action. The report's structure and data content were designed to meet the expectations included in the recommended action.

More specifically, that report is used by MNB to visualise the following information:

- identification of concentration risk,
- critical, important functions and activities,
- outsourced functions and activities among insurance undertakings.

The new report is used in the course of the quarterly risk assessment by the Insurance Supervision Department.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to MNB was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The MNB was recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

MNB performs off-site supervision by checking the outsourcing activities of insurance companies during quarterly risk assessments and ongoing supervision.

The risk assessment documents provided by insurance undertakings follow a risk-based approach and are evaluated quarterly accordingly (e.g. RISK Report by the risk management function). Beyond the quarterly risk assessment, the Insurance Supervision Department may request additional documents from insurance undertakings in justified cases. MNB annually reviews the RSR by using an assessment template, which has been enhanced in order to encompass the supervisory review on outsourcing.

The assessment documents used by MNB include questions to support supervisors in their supervisory review, but do not include triggers to be followed by supervisors to understand whether deep dives are needed

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. When triggers will be included in the supervisory review process, the recommended action will be considered fulfilled.

## 4.14. IRELAND

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / BOUNDARIES BETWEEN OUTSOURCING OF DELEGATED AUTHORITY TO UNDERWRITE AND SETTLE CLAIMS AND (RE)INSURANCE DISTRIBUTION

#### Main findings

The recommended action issued to CBI was in the context of Outsourcing Framework - Definition and rules on certain type of outsourcing / Boundaries between outsourcing of delegated authority to underwrite and settle claims and (re)insurance distribution.

The CBI was recommended to clarify with the market the understanding set out in Guideline 61 of EIOPA Guidelines on the System of Governance, this is, that the activity of an insurance intermediary, who is not an employee of the undertaking, under delegated authority to underwrite business or settle claims in the name and on the account of an undertaking, is subject to outsourcing requirements, and therefore may be subject to notification if considered a critical or important function or activity.

#### Evidence

The CBI has addressed this recommended action by publishing a newsletter in September 2022 (see link [September 2022 insurance newsletter](#)), which included a detailed article on the outsourcing of delegated authority to underwrite and settle claims. The article clarified the CBI's expectations regarding the outsourcing of such activities and emphasized the importance of undertakings aligning their approach to the governance and oversight of underwriting Managing General Agents (MGAs) with the Solvency II requirements on the outsourcing of critical or important operational functions or activities.

The CBI also published an updated newsletter in December 2024 (see link [December 2024 Newsletter](#)), which further emphasized the importance of undertakings carrying out detailed due diligence to ensure that the service provider has the necessary ability to carry out the outsourcing function or activity. Additionally, the CBI has developed a set of internal documents to guide supervisors when supervising firms' outsourcing of critical or important functions or activities to MGAs.

#### Conclusion

Based on the assessment of the information provided, the recommended action is considered **fulfilled**.

The CBI has fulfilled the recommended action by clarifying with the market the understanding set out in Guideline 61 of EIOPA Guidelines on the System of Governance, and by emphasizing the importance of undertakings aligning their approach to the governance and oversight of underwriting MGAs with the Solvency II requirements on the outsourcing of critical or important operational functions or activities. The CBI has also provided guidance to the industry through its newsletters and has developed internal processes to supervise firms' outsourcing arrangements.

## RECOMMENDED ACTION - DOCUMENTATION AND INFORMATION MANAGEMENT

### Main Findings

The recommended action issued to CBI was in the context of Documentation and information management.

The CBI was recommended to develop an internal register/database which includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. The internal register/database should be designed in a way allowing for an overall view both at aggregated (e.g. market) and undertaking level of the critical or important functions outsourced and at service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, supporting also the identification of empty shells. Finally, to the extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

### Evidence

The Central Bank of Ireland ("CBI") has developed an internal register/database to gather and aggregate firm-specific outsourcing data. As set out in the [Cross-Industry Guidance on Outsourcing](#) published in December 2021, the CBI expects that each regulated firm to establish and maintain an outsourcing register. The Central Bank has developed [a template](#) (see webpage "Outsourcing Registers – Submission Requirements") for recording all relevant outsourcing arrangements and for reporting purposes. Based on the information contained within the registers, the CBI conducts analyses and assesses the interconnectedness of the financial sector with third party service providers and potential concentration risk at an institution and sectoral level. [Guidance Note: Outsourcing Register Template Insurance](#), published in July 2023, has also been developed which includes instructions for the completion and submission of the register. Furthermore, CBI shared that further work is underway to align templates insisting on outsourcing stemming from the different applicable regulations with the objective of reducing the reporting burden.



## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## 4.15. ITALY

### RECOMMENDED ACTION - DOCUMENTATION AND INFORMATION MANAGEMENT

#### Main findings

The recommended action issued to IVASS was in the context of Documentation and information management.

IVASS was recommended to extend its internal register to cover critical or important functions or activities. The internal register/database should be designed in a way which allow for an overall view both at aggregated (e.g. market) and undertaking level of the critical or important functions or activities outsourced; and also at the service provider level in order to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and supporting the identification of empty shells.

Finally, to the extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

#### Evidence

IVASS has implemented a new IT procedure "Register of Companies and Insurance Groups" (so called "RIGA") for the management of master data of Italian Insurance companies. The implementation of RIGA has innovated the operating methods for collecting information from supervised entities and entered in force in June 2024. Through RIGA, IVASS has extended its internal register to cover critical or important functions or activities, allowing for an overall view both at aggregated (e.g., market) and undertaking level of the critical or important functions or activities outsourced. The register also provides information at the level of the service provider, enabling the supervisors to identify when services are being outsourced to the same service provider, and supporting the identification of concentration risks at market level. The data managed by RIGA relates, among the others, to information about external service providers for each Critical or Important Function (CIF) outsourced by the Italian Insurance undertakings. Each CIF is identified by a unique code, and the register provides information regarding other CIFs outsourced, including the date of the enquiry, the name of the service provider, the name of the person responsible of the outsourced activity within the service provider, the country and the tax code of the service provider, the effective date of the outsourcing contract, and the expiration date of the outsourcing contract.

It is finally noted that the implementation of RIGA improved the overall ongoing supervision activities enabling a data driven risk-based approach, as required by the recommended action. RIGA includes all outsourcing arrangements covering CIFs to date.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## 4.16. LATVIA

### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

#### Main findings

The recommended action issued to FCMC was in the context of Notification / Structure of the notification.

The FCMC was recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the documentation contained in the notification:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development of an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function or activity thereafter.

## Evidence

As of 1 January 2023, the Latvian NSA (Financial and Capital Market Commission - FCMC) has been incorporated within the Central Bank of Latvia (Latvijas Banka).

The Latvijas Banka shared the template for undertakings to complete when submitting an outsourcing notification, which is then reviewed by the Authority. This template includes all the necessary information and regulatory requirements referred to in the recommended action. In particular, the template requires to fill in the following content:

1. the name, number and date of the document submitted;
2. the rationale and characteristics (description) of the document (new outsourcing agreement or amendment);
3. evaluation of the effect of outsourcing on undertaking's operations in general, on separate processes and risks inherent in the business;
4. a short description of a planned co-operation with a service provider and volume and quality requirements of outsourcing service, with reference to particular articles or chapters where the mentioned information is provided;
5. evidence on compliance of the outsourcing agreement with requirements laid down in Article 274.4 of the Commission Delegated Regulation No. 2015/35, indicating articles or chapters where the mentioned information is provided.

In general, there is no requirement to notify Latvijas Banka of the termination of an outsourcing arrangement. Nevertheless, there is a notification requirement in case of changes in the outsourcing arrangement, but termination in this case is not always considered a change. Also, when outsourcing concerns key functions, Latvijas Banka gets notified about the respective changes within Fit & Proper process for the key function holders.

Overall, the submitted documents provide evidence of the Latvijas Banka implementation of a structured approach for outsourcing notifications. Latvijas Banka updated their process as well to supervise outsourcing within their supervisory handbook. In addition, Latvijas Banka plans to publish supervisory expectations on its webpage to further stimulate notification requirements for outsourcing arrangements.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. The recommended action can be considered fulfilled when Latvijas Banka populates the template with information on the termination of outsourcing arrangements.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / SUPERVISION OF INTRA-GROUP OUTSOURCING (SOLO PERSPECTIVE)

### Main Findings

The recommended action issued to FCMC was in the context of Ongoing supervision of outsourcing / Supervision of intra-group outsourcing (solo perspective).

From the perspective of subsidiaries (outsourcing functions), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the FCMC was recommended to dive deeper into its assessment primarily, but not limited to, at notification stage to analyze the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference to the assessment of the costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.

### Evidence

Where an insurance undertaking and the service provider are members of the same group, Latvijas Banka evaluates the extent to which the undertaking controls the service provider or has the ability to influence its actions primarily from the conditions of the outsourcing arrangement. This evaluation is performed also for undertakings that conclude outsourcing agreements with service providers that are not part of the same group.

When needed, Latvijas Banka additionally requests and evaluates an undertaking's outsourcing arrangement assessment and risk assessment thereof. While assessing possible outsourcing arrangements or changes thereof, especially in the case of intra-group outsourcing, Latvijas Banka sometimes requests undertakings to submit their own assessment (including risk assessment) of the respective outsourcing arrangements. As good practice, Latvijas Banka circulated a sample template for self-assessment and risk assessment of outsourcing arrangement.

From the excerpt of the internal procedure provided, Latvijas Banka performs an outsourcing evaluation. Annex 4.6 "List of Check Questions for the Evaluation of Outsourced Services" of the manual contains specific questions on the risk assessment:

- Has the Company carried out and documented a risk assessment?
- Has the Company performed an overall risk assessment?

Furthermore, it is noted that Latvijas Banka performed a thematic review on key functions in 2023 with substantial follow-up in 2024, that thematic review included, *inter alia*, a review of outsourcing arrangements and especially intra-group ones. Latvijas Banka publishes on its webpage results on thematic reviews and explanations for the most common observations.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**. However, it is suggested that Latvijas Banka considers more directly also the cost dimension when assessing intragroup outsourcing arrangements as this dimension does not appear directly in the material shared by Latvijas Banka.

## 4.17. LIECHTENSTEIN

### RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

#### Main findings

The recommended action issued to FMA-LI was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The FMA-LI was recommended to further establish and use internal procedures in ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

#### Evidence

FMA's circular "[FMA Guidelines 2020/6 – Outsourcing of functions in accordance with the Liechtenstein Insurance Supervision Act \(ISA\)](#)" was amended in line with the recommended action.

The process in Liechtenstein is slightly different, as outsourcing activities do not require merely a notification, but a formal application and the prior approval by FMA. All relevant data and documentation have to be submitted to the FMA for assessment and approval. The relevant data is stored in an accessible and structured way within the FMA's CRM/DMS system. The respective undertakings' requests have to contain a whole variety of documents and information to be provided, e.g. draft contracts, own declarations and assessments, excerpts from registers etc. If concerns or specific risks arise in FMA's assessment, FMA asks for further additional information (risk-based approach).



The FMA examines outsourcing not only as part of initial requests for approval, but also as part of ongoing supervision. In particular, if there are any ambiguities, additional information is requested from the insurance company, and this can be used as an opportunity to carry out a topic-specific on- or off-site inspection. As part of ongoing supervision, it is examined whether the company's internal systems relating to the control of outsourcing are appropriately implemented. This can be done by means of desk reviews (e.g. review of regular supervisory reporting, review of own risk and solvency assessments, review of documents submitted as part of ad hoc reporting, etc.) or as part of topic-specific on-site inspections. On-site inspections are planned and prioritized based on the results and assessments obtained as part of ongoing supervision.

As a description of recent supervisory activities, FMA declared that in the period 2023-2024, a total number of five on-site inspections and one management meeting have featured the topic 'outsourcing'. FMA has also identified contexts where the steering and control of outsourced functions were not documented in a satisfactory manner, i.e. steering and control were executed but not documented properly.

Following a risk-based approach, FMA generally examines whether and to what extent the internal control system of an insurance company takes into account the extent and type of outsourcing.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## 4.18. LITHUANIA

### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

#### Main findings

The recommended action issued to BoL was in the context of Notification / Structure of the notification.

The BoL was recommended to further develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the documentation contained in the notification:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

### Evidence

Bank of Lithuania released, on 29 May 2014, an updated Resolution of the Board of the Bank of Lithuania [No 03-95 "ON APPROVAL OF THE PROVISIONS ON TRANSPARENT, RELIABLE AND PRUDENT MANAGEMENT OF INSURANCE COMPANIES"](#) (points 54, 541). The Resolution requires insurance undertakings to notify the Bank of Lithuania of material changes to an existing outsourcing agreement concerning critical or important functions, and the notification template contains a mandatory field for indicating such changes. The new template, in place from 1 April 2023, aligns with EIOPA's request and addresses the requirement to report material developments.

During the assessment process insurance undertaking may be asked to provide additional explanations if the answers provided in the Notification are not detailed or clear. Generally, the submitted Notification are of good quality and consequently the Bank of Lithuania typically does not ask the market for further explanations. This approach takes also into account the small size of the market, which enables a close contact between supervisors and supervised undertakings, enabling the opportunity for Bank of Lithuania to provide the undertakings with individual consultations if needed.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**. The Bank of Lithuania has demonstrated that the requirement to report material developments regarding existing outsourcing agreements is addressed through the submission of notification templates, which include a mandatory field for indicating changes to an existing agreement.

## 4.19. LUXEMBOURG

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK

#### Main findings

The recommended action issued to CAA was in the context of Outsourcing Framework.

Acknowledging that for the first years of Solvency II the CAA presented several shortcomings as regards the supervision of compliance of undertakings with outsourcing regulatory requirements, the CAA has made certain progress in structuring their supervisory framework on outsourcing. However, shortcomings are still evident at the time of the reference period of this peer review. The CAA is recommended to further develop and implement the review that has been initiated on its own initiative and implement the supervisory framework on outsourcing considering all the findings identified above. It is expected that the implementation also takes into account the conclusions set out in the peer review report, which will be approved by the Board of Supervisors of EIOPA.

It is also recommended that after the finalization of the supervisory framework on outsourcing, the CAA engages in supervisory dialogues (through off-site, on-site or other supervisory actions) with the undertakings under its supervision to ensure that the supervisory framework and any other relevant requirements are well understood by them.

#### Evidence

Regarding the outsourcing framework, the CAA provided to the PRC the [internal circular 22/16, in force from 1 November 2022](#), and the notification template to be used by undertakings. The key information provided by undertakings to the CAA through their outsourcing notifications (e.g. type of function, name of service provider, country of location...) are stored in an *ad hoc* register which is the source of a centralized internal database on outsourcing, which is used for more detailed analysis of specific topics. Up to December 2024, the CAA reported that 322 notifications regarding the outsourcing of critical or important functions (concluded or amended agreements) have been submitted to the CAA by undertakings.

In the context of on-site inspections conducted between 2021 and 2022 (31 on-site inspections carried out), on 29 January 2024, the CAA published the [information note 24/3](#) which provides an overview of the results of these on-site inspections. This includes the main areas where points of attention were identified. In this regard, the “management of outsourcing” is listed among the identified areas of improvement

To sum up, supervision on outsourcing has increased significantly since EIOPA’s peer review assessment.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**. EIOPA suggests that CAA continues its focus on monitoring the deficiencies of the market in relation to the management of outsourcing. As the trend of the market is to outsource more, it is crucial that such deficiencies are rapidly resolved.

## 4.20. MALTA

### RECOMMENDED ACTION - SUPERVISION OF OUTSOURCING AT NOTIFICATION

#### Main findings

The recommended action issued to MFSA was in the context of Supervision of outsourcing at notification.

The MFSA was recommended to extend the scoring tool to other types of outsourcing. As part of the follow-up of the peer review, a full review of the tool under development will be performed to ensure it supports a risk-based approach regarding supervision.

#### Evidence

*On the 9th July 2024, the MFSA has issued a Circular to the market entitled "[Setting the MFSA's Expectations with regards to Outsourcing Arrangements including Delegation of Authority provided by Authorised Undertakings](#)". Furthermore, on the 20th November 2024, the MFSA organised a specific conference addressed to the Insurance Market on Outsourcing Outsourcing Arrangements including Delegation of Authority provided by Authorised Undertakings - MFSA.*

The primary objectives of this event was to:

1. explain the risk-based approach that will be adopted by the MFSA in relation to outsourcing arrangements;
2. explain the scope of the new revised forms and how to be completed;
3. set the Authority's expectations in relation to the entire notification process and post obligations following the no-objection;
4. Share Good and Bad indicators identified by the MFSA; and
5. To respond any queries from the market in relation to this process.

MFSA designed a scoring tool to support their supervisory activities in the context of outsourcing of a key and/or critical/important function to a service provider, including arrangements with delegated authorities to underwrite and settle claims to Management General Agents (MGAs), for which additional information is required being the riskier and most frequent form of outsourcing in Malta. Initially, that scoring tool was designed to determine whether a binding arrangement warranted a detailed review or a less rigorous assessment, with the ultimate goal of applying risk-based supervision. This process involved Licence Holders (LHs) submitting extensive information, which the MFSA would then input into the scoring tool. However, the MFSA has reviewed this process extending it to other types of outsourcing to reduce the administrative burden on the supervisory team, increase efficiency, and alleviate the workload for LHs.

The revised methodology is expected to achieve:

- higher level of convergence across the market;

- more clarity on the information and documentation which is to be provided to the Authority; and
- increased efficiency and a more timely “no objection” process.

In light of the revised methodology, the MFSA has assigned clear responsibilities for the different teams (compliance, finance and actuarial) to review and assess the documentation submitted by the LHs.

The information that needs to be provided by a LH which intends to outsource a key or critical function/delegation of authority has been structured in two separate tables containing sub-sections. The risk-based approach is embedded in the forms because the extent of information that needs to be provided, depends on the level of risk posed by the specific delegation of authority outsourcing arrangement (such as the product characteristics, countries where the product will be sold, the GWP etc..).

In a nutshell, MFSA implemented the recommended action while keeping their focus on the outsourcing of delegated authority being the most significant and riskier type of outsourcing in the member state.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

### RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / SUPERVISION OF OUTSOURCING OF DELEGATED AUTHORITY TO UNDERWRITE AND SETTLE CLAIMS

#### Main Findings

MFSA was recommended to strengthen its performance of specific controls and follow-up actions regarding outsourcing of delegated authority to underwrite and settle claims. As part of these controls, the MFSA was recommended, following a risk-based approach and in a proportionate manner, to:

- a) perform a thorough assessment of the conflicts of interest and the interlinks between the undertaking and that type of service provider; and
- b) formally engage with undertakings where such conflict of interest occurs, in order to address them;
- c) ensure that the written agreement concluded between the undertaking and the service provider complies with the policies approved by the undertaking, which should follow MFSA’s supervisory expectations, and apply corrective measures where such provision is not set out in the written agreement.

## Evidence

On the 9th of July 2024, the MFSA has issued a Circular to the market entitled “Setting the MFSA’s Expectations with regards to Outsourcing Arrangements including Delegation of Authority provided by Authorised Undertakings”. In light of the revised methodology, the MFSA has assigned clear responsibilities for the different teams (compliance, finance and actuarial) to review and assess the documentation submitted by the LHs. The MFSA has revised its internal procedures to include this assessment and provided job training to its staff.

Information in relation to conflict of interest is being requested. The authorised undertaking is requested to provide the following information:

- i. the outcome of the assessment carried out to identify all possible conflicts of interest between the authorised undertaking and any of the MGAs/INTs/TPAs (including distributors);
- ii. explanation of how such identified conflicts of interest have been triggered;
- iii. controls put in place by the authorised undertaking to manage identified conflicts of interest if these cannot be eliminated completely;
- iv. confirmation that the MGAs/INTs/TPAs has/have in place and maintain an effective policy to identify, assess, manage and mitigate or prevent actual or potential conflicts of interest that may arise; and
- a. v. confirmation that the MGAs/INTs/TPAs has/have appropriate organisational measures to ensure conflicts of interests do not harm the clients’ interests.

On a risk-based approach, the MFSA may request to review the undertakings approved policies, as necessary. Where required, the MFSA will engage with the LH to ensure that the agreement is amended accordingly, thereby enabling the authority to grant its ‘no objection’ approval. On an ongoing basis, this assessment can be re-evaluated using various supervisory tools as part of the MFSA’s supervisory review process, which is grounded in a risk-based approach.

## Conclusion

Based on the assessment of the information provided, the recommended action is considered **fulfilled**. However, while acknowledging the progress made by the MFSA in improving its supervisory framework, EIOPA encourages the authority to continue strengthening its supervision on MGAs to ensure effective risk management and compliance with regulatory requirements.

The MFSA's decision to adopt a light supervisory approach in the initial stages, given the recent implementation of the new tool in September 2024, is understandable. However, EIOPA would like to emphasize the importance of continued strengthening of supervision on Managing General Agents (MGAs). The MFSA's internal procedures appear to be in place, and the authority has



reported some initial supervisory activities, including requesting additional information from authorized undertakings and identifying potential conflicts of interest.

Notably, the MFSA has confirmed that the information provided in the tables has been sufficient for concluding its reviews, and the authority is currently delving deeper into a case related to conflict of interest following a notification from an undertaking.

Overall, EIOPA acknowledges the progress made by the MFSA in improving its supervisory framework and encourages the authority to continue strengthening its supervision on MGAs to ensure effective risk management and compliance with regulatory requirements.

## 4.21. NETHERLANDS

### RECOMMENDED ACTION - DOCUMENTATION AND INFORMATION MANAGEMENT

#### Main findings

The recommended action issued to DNB was in the context of Documentation and information management.

The DNB was recommended to consider, in the further development of the internal register, to also include in the latter information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers and be designed in a way allowing for an overall view both at aggregated (e.g. market) and undertaking level of the critical or important functions outsourced, and at service provider level in order to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and helping identifying empty shells. Finally, to the extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

#### Evidence

The DNB has conducted detailed thematic reviews on outsourcing, which have provided a comprehensive picture. However, these reviews are not supported by a structured register of outsourcing arrangements, making it challenging for the DNB to produce an updated overview of the outsourcing situation in their market. Furthermore, the knowledge of outsourcing is currently limited to the supervisory teams responsible for individual undertakings.

The DNB reported that in 2022, they conducted a pilot exercise where they requested the outsourcing register from a set of insurance companies and pension funds. They implemented an Excel file to collect data on critical outsourcing chains, including service providers, and imported this data into a tool to create visualizations providing an overview of the outsourcing chains. The DNB aims to implement this tool in the future, as it offers valuable insights into outsourcing chains and concentration risks. Additionally, they plan to adapt the data model of this information system to align with the EIOPA template for the information register in 2025.

The DNB reported that the Concentration Risk project had been put on hold due to mandatory DORA projects that took priority. They aim to continue the project in Q3 2025.

#### Conclusion

Based on the assessment of the information provided, the recommended action is considered **partially fulfilled**. The recommended action can be considered fulfilled only when the implementations listed above are finalised.

## 4.22. NORWAY

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / CRITERIA TO IDENTIFY CRITICAL OR IMPORTANT FUNCTIONS OR ACTIVITIES (CIF)

#### Main findings

The recommended action issued to NFSA was in the context of Outsourcing framework - Definition and rules on certain types of outsourcing / Criteria to identify critical or important functions or activities (CIF).

The NFSA was recommended to further develop all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.

Such criteria, to be applied in a proportionate manner, should include at least the following elements:

- undertakings' ability to continue to comply with the conditions required to maintain its operating authorizations;
- undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;
- undertakings' operational impact;
- undertakings' stability or the continuity and quality of its services to policyholder;
- undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and
- the cumulative impact of (the combination of) several outsourced activities.

#### Evidence

NFSA-NO has issued and published a circular with guidance on outsourcing towards the insurance sector in December 2021. This circular provides guidance on the definition of outsourcing (with examples), restrictions to the right to outsource and how the supervised insurance undertakings should identify, assess and manage the risks that are associated with outsourcing.

The circular specifies that insurance undertakings may only outsource tasks and activities if it is considered prudent. The undertaking is required to perform a risk assessment before and in connection with the conclusion of any outsourcing agreement. This risk assessment is also the basis for the assessment whether there is a duty to notify the supervisor. The notification of the supervisor is only required when the tasks or activities that are part of the outsourcing agreement are considered critical or important, which is aligned with regulations.

The circular also sets some limitations and restrictions regarding the outsourcing of “insurance core activities” (e.g. pricing of insurance contracts, determination of underwriting limits, setting of risk appetite, ...) and the outsourcing of control functions. These tasks and activities are always subject to a notification to the supervisor.

In case an insurance undertaking wishes to make amendments to outsourcing contracts, the supervisor has to be notified when the criticality of the outsourcing changes after the amendments: when it is no longer critical or when it becomes critical. A change of service provider must always be reported.

### Conclusion

The circular includes all necessary elements to assess the criticality and importance of a certain task or function.

The recommended action can be considered **fulfilled**.

## RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

### Main Findings

The recommended action issued to NFSA was in the context of Notification / Structure of the notification.

The NFSA was recommended to further develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the documentation contained in the notification:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);

4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

### Evidence

The circular with guidance on outsourcing that was published in December 2021 includes the elements that should be included in the notification (based on a template). The NFSA-NO shared the template ([Altinn-skjema KRT-1121](#)) for undertakings to complete when submitting an outsourcing notification, which is then reviewed by the NFSA-NO. This template includes most of the necessary information and regulatory requirements referred to in the recommended action to the NFSA-NO. In particular, the template includes information on the nature, scope and duration of the outsourcing agreement, the name and details of the service provider and the results of the risk assessment performed by the undertaking. This risk assessment should be attached to the notification form and includes the reason why the outsourced function or activity is considered critical or important by the undertaking and the due diligence on the service provider performed by the undertaking.

The obligation to notify also applies to outsourcing internally within a group or similar. Within the template, the undertaking is asked to provide a brief description of the background to the agreement, and to state how the undertaking is going to follow-up on its responsibility for the outsourced activity.

Although the form to notify the NFSA-NO includes multiple elements as requested by the recommended action, the element related to the intragroup outsourcing is missing. The form includes the possibility to flag whether the entities that outsource are part of a group but does not ask if the outsourcing concerns an intragroup outsourcing and if the requirement of Article 274 of the Delegated Regulation is fulfilled. Furthermore, the circular on outsourcing does not contain reference to article 274 of the Delegated Regulation, nor does it contain a specific chapter on intragroup outsourcing. It only contains the requirement to notify NFSA-NO if the outsourcing concerns an outsourcing within the group.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. When the elements relating to intragroup outsourcing as reported above are implemented, the recommended action will be considered fulfilled.

## RECOMMENDED ACTION – SUPERVISION OF OUTSOURCING AT NOTIFICATION

### Main Findings

The recommended action issued to NFSA was in the context of Supervision of outsourcing at notification.

NFSA was recommended to extend the approach for assessing outsourcing arrangements in the area of IT to outsourcing arrangements other than IT, provided they entail the outsourcing of a key function or of a Critical Important Function, especially at the time of the notification.

### Evidence

The NFSA-NO has implemented an internal procedure for handling outsourcing notifications. Supervised insurance undertakings should notify NFSA when they:

- Enter into an outsourcing agreement,
- Amend an outsourcing agreement,
- Change the service provider.

The risk assessment from the undertaking is a central part of the assessment by the supervisor. NFSA – NO follows up any findings related to this risk assessment and has processes in place for requesting further information and supporting documents if needed.

Since the outsourcing of a key control function or a critical or important function is always subject to the notification of the supervisor, NFSA-NO will always review the undertaking's risk assessment with regards to the outsourcing arrangements.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION – DOCUMENTATION AND INFORMATION MANAGEMENT

### Main Findings

The recommended action issued to NFSA was in the context of Documentation and information management.

The NFSA was recommended to develop an internal register/database which includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. The internal register/database should be designed in a way allowing for an overall view both at aggregated (e.g. market) and undertaking

level of the critical or important functions outsourced, and at the service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, supporting also the identification of empty shells. Finally, to the extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

### Evidence

The outsourcing notifications from the undertakings are reported in [Altinn](#), which is a public internet portal that is able to create a digital dialogue between the entities and the supervisor. The notification forms are structured in the form of a digital template (KRT-1121).

After the reporting, the notifications and all attachments are stored in the case management system WebSak, which collects and stores information by undertaking. In addition to that, NFSA uses a leading software in the field of visual data analysis and business intelligence (BI), which enables NFSA to extract an overview of the outsourcing of critical and important functions and/or activities by undertaking and on market level. It is possible with the system to display the distribution by type of outsourced function and task (such as ICT). The BI-tool also provides the possibility to follow the link to the stored notification in WebSak. It is also possible to extract information on a certain service provider and see how much insurance undertakings outsource tasks and /or functions to that specific service provider.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION – ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to NFSA was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The NFSA was recommended to establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement,



internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and

- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

The NFSA-NO has provided evidence that they conduct ongoing off-site supervision regarding outsourcing, primarily through their internal procedure of annually reviewing the ORSA (Own Risk and Solvency Assessment) report. The information contained in the ORSA report enables the NFSA-NO to monitor and follow up on the operational risk related to outsourced activities, which is a crucial aspect of outsourcing supervision.

Additionally, the NFSA-NO performs other monitoring tasks as part of their usual supervisory activities. However, it is noted that the NFSA-NO has not introduced a specific risk-based approach to trigger requests for additional information regarding outsourcing, as recommended by EIOPA.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. The recommended action will be considered fulfilled when NFSA introduces a specific risk-based approach to trigger requests for additional information regarding outsourcing, as recommended by EIOPA.

## 4.23. POLAND

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / CRITERIA TO IDENTIFY CRITICAL OR IMPORTANT FUNCTIONS OR ACTIVITIES (CIF)

#### Main findings

The recommended action issued to KNF was in the context of Outsourcing framework - Definition and rules on certain types of outsourcing / Criteria to identify critical or important functions or activities (CIF).

The KNF was recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.

Such criteria, to be applied in a proportionate manner, should include at least the following elements:

- undertakings' ability to continue to comply with the conditions required to maintain its operating authorizations;
- undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;
- undertakings' operational impact;
- undertakings' stability or the continuity and quality of its services to policyholder;
- undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and
- the cumulative impact of (the combination of) several outsourced activities.

#### Evidence

KNF published and shared with the market a statement, which is called "KNF's statement on certain aspects of the use of outsourcing by insurance and reinsurance undertakings" (see [link](#)), in which a chapter on the criteria for the assessment of functions belonging to the management system or activities considered essential or important for the undertaking specifies how KNF implemented the recommended action of EIOPA. It specifies that the undertaking should assess whether, without a

specific function or activity working properly, it would be able to provide services to policyholders, insured persons and beneficiaries. In carrying out that assessment, the undertaking should also take into account the impact of the outsourcing of functions or activities on the maintenance of a stable management system, the maintenance of financial soundness and the compliance of the activity with legal provisions.

It also says that in accordance with the principle of proportionality, the impact assessment of the undertaking should take the following elements into account:

- Type of activity or function outsourced;
- Undertaking's ability to meet the requirements arising from its authorisation as an insurance or reinsurance undertaking;
- Undertaking's ability to comply with other regulatory requirements in relation to its activities;
- Undertaking's stability, continuity and quality of operations, including services provided to policyholders, insured persons and beneficiaries;
- Undertaking's financial impact of the outsourcing, including the costs of the supplier's remuneration and any cost arising from the supplier's failure to comply with the contract;
- The cumulative impact on the undertaking when outsourcing several functions or activities when they are performed by providers of capital- and organisationally linked services.

Furthermore, KNF provided some examples of changes they observed in the market practices after the publication of the statement. Some functions or activities that were previously classified as non-critical (e.g. storage of data, IT-maintenance and IT-support) are now classified as critical and the outsourcing policies and contracts were adapted accordingly, outsourcing policies were adapted to take the statement into account for future identification of CIF and KNF has since the publication of the statement received new notifications of functions or activities that previously were not notified. This provides evidence that the statement has been correctly embedded in the Polish market.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to KNF was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The KNF was recommended to establish and use internal procedures in ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

KNF is currently establishing an internal procedure in the area of ongoing off-site supervision of outsourcing. This internal procedure places the supervisory off-site supervision on outsourcing in the context of the risk assessment framework in which a review of the regular supervisory reports (RSR, SFCR and ORSA) is carried out. With regards to the outsourcing, this risk assessment focusses on the following elements:

- Rules of outsourcing,
- List of critical or important functions or operational activities that are subject to outsourcing,
- Law governing the service providers,
- Reasons for outsourcing and evidence of the appropriate internal supervision of service providers,
- Information on the service providers of critical or important functions or activities, including their compliance with the requirements of Article 274(3)(a) Commission Delegated Regulation (EU) 2015/35,

- Information on the persons appointed by the undertaking to supervise the service providers.

Whenever KNF has reservations or doubts on the above points, KNF informs the undertakings and in case of an increased risk of irregularities in outsourcing, KNF submits a request for additional information (e.g. Possible irregularities related to the service provider, information from surveillance departments on services provided or publicly available opinions on a service provider). The analysis of the Business Continuity Plan, Disaster Recovery Plan and business contingency plans is part of the standard analysis done at notification of the outsourcing as the undertakings are required to report information on the analysis they have done to verify if the service provider has adequate contingency plans in place, and , where necessary, how they have verified the periodic testing of back-up infrastructure by the service providers.

The internal procedure also provides guidance on requesting additional information whenever an undertaking notifies KNF in case of a subsequent material development and for guidance in which cases an on-site inspection should be performed.

Currently, the KNF is still working on the internal procedure dedicated to outsourcing risk assessment and ongoing off-site supervision, a methodology for supervision on outsourcing. The completion of the internal procedure is planned in the coming months of 2025.

## Conclusion

Based on the assessment of the information provided, the recommended action is considered **partially fulfilled**. The recommended action will be considered fulfilled as soon as KNF implements the internal procedure.

## 4.24. PORTUGAL

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK

#### Main findings

The recommended action issued to ASF-PT was in the context of Outsourcing Framework.

ASF-PT was recommended to finalize the regulatory standard.

#### Evidence

ASF (PT) during the reference period was in the process of defining a Regulatory Standard on System of Governance to further incorporate EIOPA guidelines into the Portuguese framework. Following the public consultation carried out in 2021, ASF published the Regulatory Standard on the System of Governance in April 2022 on their website (see [link](#)), which was outside of the reference period of the original Peer Review.

The published Regulatory Standard has been assessed by the follow-up Peer review Committee.

The Regulatory Standard is organised in 12 chapters:

- General provisions
- General requirements for the system of governance
- Adequacy of persons who effectively run the business
- Risk management system
- Internal Control system
- Internal audit function
- Actuarial function
- Outsourcing
- Remuneration
- Internal reporting of irregularities
- Specific governance requirements for insurance or reinsurance groups
- Supplementary and final provisions

The chapter on outsourcing contains all necessary elements for a well-functioning and supervised outsourcing framework:

- Outsourcing of key functions
- Critical or important operational functions and activities
- Underwriting (as part of outsourcing)
- Intra-group outsourcing

- Outsourcing written policy
- Written notification to the supervisory authority

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / CRITERIA TO IDENTIFY CRITICAL OR IMPORTANT FUNCTIONS OR ACTIVITIES (CIF)

#### Main Findings

The recommended action issued to ASF-PT was in the context of Outsourcing Framework / Definition and rules on certain type of outsourcing / Criteria to identify critical or important functions or activities (CIF).

The ASF-PT was recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.

Such criteria, to be applied in a proportionate manner, should include at least the following elements:

- undertakings' ability to continue to comply with the conditions required to maintain its operating authorizations;
- undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;
- undertakings' operational impact;
- undertakings' stability or the continuity and quality of its services to policyholder;
- undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and
- the cumulative impact of (the combination of) several outsourced activities.

## Evidence

The ASF-PT has defined the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) in Article 71(1) of the ASF's Regulatory Standard no. 4/2022-R (published in 2022). A function or activity is considered critical or important when it is essential for the operation of the undertaking and, without that function or activity, the undertaking is unable to:

- Comply, at all times, with the conditions for access to the insurance or reinsurance activity;
- Comply, at all times, with the applicable regulatory framework in the event of non-compliance by the service provider;
- Ensure stability, continuity and quality of the services provided to policyholders, insured persons and beneficiaries.

With regards to the financial and operational impact for the undertaking, ASF requires in Article 73 of the Regulatory Standard, that the insurance undertakings define in their outsourcing policy a methodology and the designation of a responsible person for identifying significant events that could affect the criticality and importance of the outsourced function or activity, as well as a procedure for reporting such events to the ASF.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

### Main Findings

The recommended action issued to ASF-PT was in the context of Notification / Structure of the notification.

The ASF-PT was recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the documentation contained in the notification:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;



3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

### Evidence

The ASF defines in the second paragraph of article 71 of the Regulatory Standard, which information should be provided by the undertakings when notifying outsourcing of a critical or important function/activity.

This paragraph in article 71 provides for all the necessary information and regulatory requirements referred to in the recommended action.

In particular, the information in the notification includes the description of the scope of outsourcing, the rationale for outsourcing, the name and details of the service provider, the results of the risk assessment and due diligence performed by the undertaking, as well as the required information on intragroup outsourcing (where applicable). Additionally, the information in the notification requires a brief summary of why the outsourced function or activity is considered critical or important.

Where the outsourcing relates to a subsequent significant event affecting the outsourced function or activity, the notification includes a description of the significant event and its impact on the

undertaking's risk profile and an update of the information elements. Where the occurrence of the subsequent significant event entails the termination of the outsourcing arrangement, the notification includes also the reason for this and the consequences for the performance of the outsourced function or activity.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION – ONGOING SUPERVISION OF OUTSOURCING / ON-SITE SUPERVISION

### Main Findings

The recommended action issued to ASF-PT was in the context of Ongoing supervision of outsourcing / On-site supervision.

The ASF-PT was recommended to further develop and use internal guidelines to:

1. guide the frequency and scope of its supervisory activities, following a risk-based approach, such as the decision on whether:
  - an on-site inspection focused on outsourcing should be performed, at the undertaking's premises or at the service provider's premises
  - to include a focus of outsourcing as part of the scope of on-site inspections not specifically focused on it (e.g. in case of inspections on the overall system of governance)
2. identify the documentation and/or information to be requested from undertakings before carrying out an on-site inspection with outsourcing in its scope. Such documentation and/or information can include, for example, the outsourcing policy; the list of all outsourced services; the list of the service providers; the internal procedures of the undertaking to monitor and control the outsourced services; and
3. provide a list of the typical areas to be assessed during an on-site inspection covering outsourcing.

### Evidence

The ASF has established internally a handbook/manual on the supervision of outsourcing, which was shared with the peer review committee. The handbook aims to systemize the supervisory process associated with the outsourcing of key or important functions or activities by insurance undertakings in two distinct areas: as part of the notification about the intention to outsource (pre-contractual phase) and in the context of ongoing oversight of the system of governance.

This handbook specifies that on a yearly basis an assessment of the risks underlying the outsourcing of key or important operational functions has to be carried out based on different sources of information (notifications in the pre-contractual phase, the SFCR (including the confirmation of the content by the auditor), the RSR, previously performed on-site inspections, previous risk assessments, meetings with the management body and key function holders and the minutes of the meetings of the management body, if available). If any significant risk is identified within the ongoing supervisory risk assessment or if there are reservations or doubts about the outsourcing by an insurance undertaking, the off-site supervision team should decide on either performing a detailed analysis of a specific outsourcing arrangement or the outsourcing policy as a whole, or either call for an on-site inspection of the system of governance as a whole (including outsourcing) or of the outsourcing arrangement only.

The handbook also contains a "guide to carry out an on-site inspection" in which the objectives of the inspection, the main aspects to be analysed and the documents/elements to be requested from the insurance undertaking are specified.

Overall, the shared handbook provides evidence of the ASF's implementation of internal guidance on the on-site supervision of outsourcing which has been embedded in the ongoing supervision of outsourcing.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION – ONGOING SUPERVISION OF OUTSOURCING / SUPERVISION OF INTRA-GROUP OUTSOURCING (SOLO PERSPECTIVE)

### Main Findings

The recommended action issued to ASF-PT was in the context of Ongoing supervision of outsourcing / Supervision of intra-group outsourcing (solo perspective).

From the perspective of subsidiaries (outsourcing activities), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the ASF-PT was recommended to dive deeper into its assessment to analyse the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference to the assessment of the costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.

## Evidence

The ASF has established internally a handbook/manual on the supervision of outsourcing, which was shared with the peer review committee. The handbook aims to systemize the supervisory process associated with the outsourcing of key or important functions or activities by insurance undertakings in two distinct areas: as part of the notification of the intention to outsource (pre-contractual phase) and in the context of ongoing oversight of the system of governance.

This handbook contains a chapter on intra-group outsourcing, which provides guidance for the ongoing supervisory risk assessment of the specific case where the service provider belongs to the same group as the outsourcing undertaking. This chapter specifies that the assessment of the undertaking's independence in monitoring the outsourced key or important functions or activities should have a particular focus when analysing the risks of an intragroup outsourcing. This implies that the undertaking must consider the extent to which it controls the service provider or has the ability to influence its actions. This information is to be included in the notification to the authority in the specific case of an intragroup outsourcing.

Overall, the chapter in the internal handbook with regards to outsourcing fulfils the implementation of the recommended action. However, no concrete actions to further address the issue of intragroup outsourcing have been taken yet. Within the risk-based framework, ASF did not consider as a supervisory priority the ongoing assessment of the independence in monitoring the outsourced key or important functions or activities at intra-group level.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. Once the internal handbook will be used in practice the recommended action will be considered as fulfilled.

## 4.25. ROMANIA

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / CRITERIA TO IDENTIFY CRITICAL OR IMPORTANT FUNCTIONS OR ACTIVITIES (CIF)

#### Main findings

The recommended action issued to ASF-RO was in the context of Outsourcing framework - Definition and rules on certain types of outsourcing / Criteria to identify critical or important functions or activities (CIF).

The ASF-RO was recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.

Such criteria, to be applied in a proportionate manner, should include at least the following elements:

- undertakings' ability to continue to comply with the conditions required to maintain its operating authorizations;
- undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;
- undertakings' operational impact;
- undertakings' stability or the continuity and quality of its services to policyholder;
- undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and
- the cumulative impact of (the combination of) several outsourced activities.

#### Evidence

The ASF has published on its website a document named "[Recommendations on critical functions](#)" in 2022. This document requires insurance undertakings to identify and organise other critical functions next to the four key functions (compliance, internal audit, actuarial function and risk management) and specifies 7 recommendations for the Romanian insurance sector:

- The establishment of a policy regarding critical functions to be understood in the broader scope of all the functions of the undertaking, not only those outsourced;
- The identification of the claims management and underwriting activities as critical functions or activities;
- Given the nature, scale and complexity of the activity, critical functions should be diversified into subfunctions;
- Internal coordination of each critical function by at least one person within the management;
- Information and reports on critical functions should be submitted to the management which has to take these into account in the decision-making process;
- Where failures are identified, management should take all necessary measures to remedy the situation and prevent further failures;
- Management shall assume full responsibility if companies fail to comply with these recommendations.

Insurance undertakings were required to comply (or explain why they do not comply) with these recommendations by 31 March 2022.

After the first assessment of all Romanian insurance undertakings based on the comply or explain procedure, the follow-up of the compliance with these recommendations is organised within the ongoing supervisory assessment.

However, the criteria and instructions provided by the ASF are rather limited and do not cover all elements that were identified in the recommended action. Since the document “Recommendations on critical functions” is a general document only on the definition of what is to be considered as a critical or important function or activity, it does not make the link to the outsourcing of such a function or activity. The recommended action described above makes a link between outsourcing and the assessment of the criticality of a function or activity being outsourced. E.g. when a critical or important function or activity is outsourced, the undertaking is required to make sure that the service they provide to the policyholders is continued and of good quality, even when the function is outsourced. The ASF only identifies claim management and underwriting as critical functions.

## Conclusion

Based on the assessment of the provided and publicly available information, the recommended action is considered **partially fulfilled**. When ASF introduces the missing elements relating to outsourcing indicated above, the recommended action can be considered fulfilled.

## RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

### Main Findings

The recommended action issued to ASF-RO was in the context of Notification / Structure of the notification.

The ASF-RO was recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the documentation contained in the notification:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;
7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

## Evidence

ASF has published in 2024 the [Norm 20/2024](#) in which a template/form for the notification of the intention to outsource a critical or important function or activity is defined ("*Form for the notification of the outsourcing of a key function or other critical function*").

This form is very detailed, and a lot of information is asked to the insurance company. All elements set out in the recommended action are part of the notification form. In particular, the form asks for a description of the outsourced function (scope of outsourcing), the reason why the function is outsourced (rationale for outsourcing), the description of the characteristics for which the function is considered critical, whether the outsourced function is intra-group or extra-group outsourcing, information regarding the service provider (including a comprehensive supplier assessment on financial aspects, on risk aspects, on aspects like conflicts of interest, legal aspects and security aspects) and information regarding the written agreement.

Norm 20/2024 introduces this form to notify the ASF before the outsourcing of key and other critical functions and whenever there are significant changes that may affect the ability of companies to comply with their obligations to policyholders, insured persons and beneficiaries. ASF is also notified when a service provider intends to conclude a subcontracting agreement.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - NOTIFICATION PROCESS / FEEDBACK TO THE NOTIFICATION ("RIGHT TO OBJECT")

### Main Findings

The recommended action issued to ASF-RO was in the context of Notification process / Feedback to the notification ("right to object").

Where the notified intention to outsource a critical or important function or activity raises concerns as regards its compliance with applicable regulatory requirements, the ASF-RO was recommended to act prior to the entry into force of outsourcing arrangements, making use of the already available supervisory tools.

While the existence of a vast array of supervisory tools (e.g. supervisory dialogue, recommendation; ex-post corrective actions; enforcement measures, etc.) was recognized as being at the disposal of the ASF-RO, the NSA was recommended to pursue, together with the relevant authorities, the establishment of a pre-emptive power reflecting the right to object the entering into force of an outsourcing agreement, where the NSA has serious and motivated concerns on the compliance of



the intended outsourcing with the regulatory requirements in place (i.e. when the NSA is of the opinion that the requirements of Article 49(2) of the Solvency II Directive are breached by the proposed outsourcing).

### Evidence

ASF published, in 2024, Norm 20/2024, which sets out that ASF has the ability to recommend to the insurance companies to modify the terms and conditions of contracts to be concluded or already concluded with service providers after analysis of the notification forms. ASF may also impose, by a reasoned decision, the change of the service provider (Article I, point 1(10)).

This provides evidence that when the notified intention to outsource a critical or important function or activity raises concerns, ASF is able to act prior to the entry into force of the outsourcing arrangement, both by issuing recommendations or by imposing modifications in the arrangement.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - SUPERVISION OF OUTSOURCING AT NOTIFICATION / FRAMEWORK FOR THE NSA (INTERNAL PROCEDURES – SUPERVISION OF NOTIFICATIONS)

### Main Findings

The recommended action issued to ASF-RO was in the context of Supervision of outsourcing at notification / Framework for the NSA (internal procedures – supervision of notifications).

The ASF-RO was recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35.

Furthermore, the ASF-RO was recommended to make use of the above-mentioned procedure, following a risk-based approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.

## Evidence

After receiving a notification of the intention to outsource a key function or a critical function or activity (at the latest 15 days before the outsourcing arrangement is entering into force), ASF verifies that the outsourcing agreement fulfils the requirements of the corporate governance principles and the outsourcing policy. ASF verifies whether the Board takes up the responsibility for the outsourced function and ensures compliance with requirements, both before the conclusion of the outsourcing arrangement, and throughout the entire duration of the contract. ASF verifies that the outsourcing does not have a negative impact on the quality of the governance system and does not hinder the supervisory activities to be performed by ASF. ASF also verifies that the outsourcing has no negative impact on the quantity and quality of services supplied to the customers of the insurance company and that it does not increase operational risk.

ASF verifies that the undertaking has nominated a responsible person within the company, who is monitoring the service level agreement of the outsourced activity. ASF also verifies that the insurance undertakings apply the procedures regarding the assessment of good reputation and integrity also for personnel in outsourced key functions.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to ASF-RO was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The ASF-RO was recommended to consider in the context of the internal procedures under approval to further establish and use internal procedures in ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between

the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and

- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

The ASF has implemented an IT facility in the existing application where insurance undertakings upload all documentation related to outsourced activities, including policies, procedures, instructions, lists of outsourced activities, contracts, and continuity plans. This IT facility is accessible to ASF employees responsible for authorization, supervision, and control activities.

Additionally, the supervisory plan for 2024 included the assessment of outsourced activities, and the off-site supervision plan for both 2024 and 2025 includes actions focusing specifically on how the internal audit function verifies outsourced activities.

The ASF also requests minutes and holds discussions with managers and persons responsible for outsourced activities within the undertaking as needed. The results of the assessment of outsourced activities are reflected in the Risk Assessment Framework (RAF) by scoring the identified risks.

Recently, in March 2025, the ASF implemented two templates on a monthly and quarterly basis to gather information related to the analysis of risks identified during the period, including those related to outsourcing, which will be used to address issues with undertakings and potentially require on-site control actions.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**.

The ASF has made significant progress in implementing off-site supervision of outsourcing, including the review of regular supervisory reports and the assessment of undertaking's documentation. The implementation of the IT facility, supervisory plans, and risk assessment frameworks, as well as the recent introduction of templates to gather information on outsourcing risks, demonstrate a comprehensive approach to off-site supervision of outsourcing.

However, it is not entirely clear if the ASF has fully implemented triggers to request additional information regarding outsourcing.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / ON-SITE SUPERVISION

### Main Findings

The recommended action issued to ASF-RO was in the context of Ongoing supervision of outsourcing / On-site supervision.

The ASF-RO was recommended to consider in the context of the internal procedures under approval to further develop and use internal guidelines to:

1. guide the scope of its supervisory activities, such as the decision on whether:
  - an on-site inspection focused on outsourcing should be performed, at the undertaking's premises or at the service provider's premises
  - to include a focus of outsourcing as part of the scope of on-site inspections not specifically focused on it (e.g. in case of inspections on the overall system of governance)
2. identify the documentation and/or information to be requested from undertakings before carrying out an on-site inspection with outsourcing in its scope. Such documentation and/or information can include, for example, the outsourcing policy; the list of all outsourced services; the list of the service providers; the internal procedures of the undertaking to monitor and control the outsourced services; and
3. provide a list of the typical areas to be assessed during an on-site inspection covering outsourcing.

### Evidence

Outsourcing is part of the risk assessment framework and risks are assessed and quantified twice a year (half year and end of year), based on the review of regular reports such as ORSA, SFCR and RSR.

In case of identification of deficiencies and/ or risks related to outsourced activities, the prudential and conduct supervision unit within ASF can propose the initiation of an on-site inspection having as thematic assessment of system of governance and internal controls and in particular outsourced activities in scope.

However, there is no clear evidence that ASF has fully implemented the recommended action by developing internal guidelines to guide the scope of its supervisory activities, identifying the necessary documentation and/or information, and providing a list of typical areas to be assessed during an on-site inspection covering outsourcing.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. When ASF implements the missing elements as described above, the recommended action can be considered fulfilled.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / SUPERVISION OF INTRA-GROUP OUTSOURCING (SOLO PERSPECTIVE)

### Main Findings

The recommended action issued to ASF-RO was in the context of Ongoing supervision of outsourcing / Supervision of intra-group outsourcing (solo perspective).

From the perspective of subsidiaries (outsourcing services), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the ASF-RO was recommended to dive deeper into its assessment to analyze the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference to the assessment of the costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.

### Evidence

The ASF has taken steps to assess the governance system of insurance companies under the Solvency II supervision regime.

Specifically, the operational internal procedure regarding the evaluation of the governance system, approved in May 2021, includes an analysis of whether the key/critical function is outsourced within the group.

The ASF verifies that the company has documented and analyzed the relationships between the respective functions and the legal entities that take care of the execution in such a way that the monitoring/activity of the key/critical functions at the level of the companies are not affected by these agreements.

## Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## 4.26. SLOVAKIA

### RECOMMENDED ACTION - SUPERVISION OF OUTSOURCING AT NOTIFICATION / FRAMEWORK FOR THE NSA (INTERNAL PROCEDURES – SUPERVISION OF NOTIFICATIONS)

#### Main findings

The recommended action issued to NBS was in the context of Supervision of outsourcing at notification / Framework for the NSA (internal procedures – supervision of notifications).

The NBS was recommended to consider in the generic internal procedure on off-site supervision being prepared, to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities, as well as any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35.

Furthermore, the NBS was recommended to make use of the above-mentioned procedure, following a risk-based approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity in order to anticipate potential issues and drawbacks, which may arise from an outsourcing arrangement before it enters into force.

#### Evidence

NBS plans to significantly improve the notification process from the reporting of a notification by an insurance undertaking to the supervisory assessment of the notification. The reporting of the notification has been standardized: a reporting template has been prepared to be provided to the insurance industry together with a methodology document and a frequently asked questions (FAQ) document. Both documents supplement the reporting of the notification by the insurance undertakings. All these new documents and the template will be introduced into the regulatory framework through a new decree that will enter into force in January 2026.

Since the new decree has not yet been legally adopted, the NBS misses the formal evidence of the improved notification process. NBS provided, however, the new methodology document, the FAQ document and the reporting template which demonstrate the ongoing improvement in the notification process.

As the recommended action for NBS is more situated in the context of further developing internal procedures to cover the supervisory assessment and the review of the notification received by the undertakings, the lack of formal evidence in the improved notification process is not important. It is worth mentioning it in this follow-up report because it demonstrates the willingness of NBS to implement the recommendations given by EIOPA.

With regards to the internal procedure for the supervisory assessment of the notifications, NBS provided a "blueprint" of the outsourcing notification tool that still is in development. It is clear from that blueprint that NBS will use the outsourcing notification form as an input for their supervisory assessment of the outsourcing, as was meant by the recommended action.

The submitted documents provide sufficient evidence of the intention of NBS to implement the recommended action. This is both shown by the content of the improvements of the internal procedure and the planned development of the notification tool. However, the recommended action cannot be considered fully fulfilled until the implementation of these changes is completed.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. The recommended action would be considered fulfilled when the improvements are implemented.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to NBS was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The NBS was recommended to consider in the generic internal procedure on off-site supervision being prepared to further establish and use internal procedures in ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan,

and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and

- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

The NBS has a complex risk assessment system of insurance undertakings consisting of quantitative and qualitative parts. The qualitative part consists of many non-financial aspects or categories that are assessed by inspectors on a yearly basis, including assessment of outsourcing as one of six main topics. Risk assessments are based on information from all available sources, including ORSA and RSR reports.

With regards to the triggers to request additional information regarding outsourcing, NBS refers to the improved notification process and the supervisory assessment at notification which is not exactly the goal of this recommended action.

In this recommended action, EIOPA focusses on the ongoing supervision of the outsourcing in the risk assessment framework of the supervisor. NBS is recommended to determine within the risk assessment procedure certain cases in which the supervisory assessment goes deeper in detail than in other cases and requires some additional information from the insurance undertaking. This specific part of the recommended action seems not to be implemented.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. The recommended action will be considered fulfilled when NBS introduces a specific risk-based approach to trigger requests for additional information regarding outsourcing, as recommended by EIOPA.



## 4.27. SLOVENIA

### RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

#### Main findings

The recommended action issued to AZN was in the context of Notification / Structure of the notification.

The AZN was recommended to further develop its structured approach regarding the information being requested from the undertaking at notification. On the basis of an assessment of the practices highlighted by the peer review, such an approach should ensure that the following additional (compared to the current practices) information is part of the documentation contained in the notification:

- in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the areas, which were part of the notification.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

#### Evidence

The AZN has further expanded the existing regulatory framework on outsourcing to take the recommendations of the peer review on outsourcing into account.

The AZN has provided evidence that the expectations towards new outsourcing notifications include all required elements including the information regarding the intragroup outsourcing. The AZN does not rely on a standardised form or template, but the expectations towards the market are clearly communicated. When the AZN receives a notification, a supervisory assessment of the notification is performed.

The AZN has also provided evidence that the notification which relates to a material development in the outsourcing contract covers the impact of the change on the risk profile of the insurance undertaking and includes an update on certain areas that are part of the notification.

Finally, the AZN has provided evidence that the notification which relates to the termination of an outsourcing arrangement includes the reasons for terminating the contract and a description of what will happen to the function or activity of the insurance undertaking after the termination of the contract.

Overall, the AZN proved that the expanded regulatory basis implements the recommended action.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **fulfilled**.

## 4.28. SPAIN

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / CRITERIA TO IDENTIFY CRITICAL OR IMPORTANT FUNCTIONS OR ACTIVITIES (CIF)

#### Main findings

The recommended action issued to DGSFP was in the context of Outsourcing framework - Definition and rules on certain types of outsourcing / Criteria to identify critical or important functions or activities (CIF).

The DGSFP was recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.

Such criteria, to be applied in a proportionate manner, should include at least the following elements:

- undertakings' ability to continue to comply with the conditions required to maintain its operating authorisations;
- undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;
- undertakings' operational impact;
- undertakings' stability or the continuity and quality of its services to policyholder;
- undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and
- the cumulative impact of (the combination of) several outsourced activities.

#### Evidence

The DGSFP has provided evidence that it has not undertaken any activities in the regulatory context to fulfil the recommendation.

However, the Authorizations and System of Governance Division has developed an internal handbook to process the supervisory assessment and review of the notification received by the undertakings prior to the outsourcing, which includes an internal assessment of the consideration

of the activity/function as critical or important, bearing in mind the provisions of EIOPA Guidelines on System of Governance.

The handbook is not accessible to undertakings, but they can be informed on a case-by-case basis about the criteria taken into account for each assessment. The DGSFP has also explained that they solved every consultation from insurance undertakings regarding the matter on a case-by-case basis, without finding any additional need or concern, and therefore, no need for additional guidance has been identified.

Regarding ongoing supervision, the internal handbook on supervision (ASIS) is under revision for its update, including the part of the Handbook referred to outsourcing supervision. The DGSFP claims that currently, such part of the handbook already contains instructions wide enough to cover the aspects mentioned in the recommendation. The DGSFP has also carried out supervisory actions on the system of governance, including outsourcing, as part of its on-site supervision, and has required information on all the aspects mentioned in the recommendation.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**.

The DGSFP has developed an internal handbook that includes criteria for assessing the criticality or importance of outsourced activities and has implemented supervisory actions to review outsourcing arrangements. However, the DGSFP has not defined and shared with all relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important and has not made the internal handbook accessible to undertakings. Additionally, the DGSFP has not addressed the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes. Therefore, while the DGSFP has taken some steps to implement the recommended action, further work is needed to fully fulfil the recommended action.

### RECOMMENDED ACTION - SUPERVISION OF OUTSOURCING AT NOTIFICATION / FRAMEWORK FOR THE NSA (INTERNAL PROCEDURES – SUPERVISION OF NOTIFICATIONS)

#### Main Findings

The recommended action issued to DGFSP was in the context of Supervision of outsourcing at notification / Framework for the NSA (internal procedures – supervision of notifications).

The DGFSP was recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the

outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35.

Furthermore, the DGFSP was recommended to make use of the above-mentioned procedure, following a risk-based approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity in order to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.

### Evidence

The DGFSP has developed an internal handbook to process the supervisory assessment and review of the notification received by undertakings prior to entering into an outsourcing arrangement. This procedure includes an analysis on aspects such as the importance of the function or activity, the fit and proper assessment of the responsibility within the undertaking, whether the outsourcing agreement complies with Article 274 of the Commission Delegated Regulation (EU) 2015/35, among others.

The DGFSP uses an *ad hoc* tool named for the ongoing supervision where an insurance supervisor responsible for the whole supervision of each undertaking uploads observations and assessments for the different risk areas (as a risk map of the undertaking). In this tool, DGFSP can perform an ongoing assessment of every risk area, including the outsourcing. The methodology is based on Solvency II principles for supervision and is in line with the ASIS handbook.

Two different kinds of ongoing supervision have taken place in the last two years:

- a) Supervisory actions on the system of governance (including outsourcing), as part of our on-site supervision.
- b) Questionnaire launched to those undertakings belonging to groups under our supervision, regarding outsourcing in a cloud service provider. Off-site supervision as part of the DGFSP's DORA implementation efforts.

In a nutshell, DGFSP has taken steps to develop internal procedures for the supervisory assessment and review of notifications, including the development of an internal handbook. However, it seems that DGFSP did not fully implement a risk-based approach to strengthen its supervisory review of notifications, and the current assessment process may not be sufficient to anticipate potential issues and drawbacks that may arise from an outsourcing arrangement.

## Conclusion

Based on the assessment of the information provided, the recommended action is considered **partially fulfilled**.

## RECOMMENDED ACTION - ONGOING SUPERVISION OF OUTSOURCING / OFF-SITE SUPERVISION

### Main Findings

The recommended action issued to DGSFP was in the context of Ongoing supervision of outsourcing / Off-site supervision.

The DGSFP was recommended to further establish and use internal procedures in ongoing supervision regarding off-site supervision of outsourcing including but not limited to:

- the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;
- triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (e.g. AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and
- the assessment of undertaking's documentation requested to be performed off-site by the NSA.

### Evidence

The DGSFP has stated that no additional measures have been taken since 2022.

The internal handbook for supervision, ASIS, is used as a handbook for both off-site and on-site supervision. The internal organization of DGSFP implies that the ongoing supervision of system of governance (either off-site or on-site) is carried out by the insurance inspector who is in charge of the corresponding insurance undertaking within the MARCCUS tool. The inspector shall follow the handbook to supervise each area of risk of the undertaking and can seek support from the experts in each area of DGSFP. The DGSFP explained that the ASIS handbook already includes special instructions for the supervision of outsourcing.

Since 2022, there have been a few supervisory actions have been carried out on the system of governance of some undertakings. In the scope of such actions, it was included a wide review of the

outsourcing, requiring information on every aspect of the outsourced activities, including the service providers, following the ASIS handbook.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **not fulfilled**.

## 4.29. SWEDEN

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / CRITERIA TO IDENTIFY CRITICAL OR IMPORTANT FUNCTIONS OR ACTIVITIES (CIF)

#### Main findings

The recommended action issued to FI was in the context of Outsourcing framework - Definition and rules on certain type of outsourcing / Criteria to identify critical or important functions or activities (CIF).

The FI was recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF), either by reference to EIOPA Guidelines on System of Governance and the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.

Such criteria, to be applied in a proportionate manner, should include at least the following elements:

- undertakings' ability to continue to comply with the conditions required to maintain its operating authorizations;
- undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;
- undertakings' operational impact;
- undertakings' stability or the continuity and quality of its services to policyholder;
- undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and
- the cumulative impact of (the combination of) several outsourced activities.

#### Evidence

To demonstrate progress towards fulfilling the recommended action, the FI refers to the existing regulatory framework established by the Insurance Business Act 2010:2043 (FRL), which requires insurance undertakings to notify the FI prior to entering into an outsourcing arrangement for critical and important functions or activities. The regulation sets out key principles to ensure that



outsourcing arrangements do not compromise the quality of the system of governance, increase operational risk, impede supervisory analysis, or disrupt service quality to policyholders.

While this framework provides a foundation for overseeing outsourcing arrangements, it does not explicitly require insurance undertakings to establish a methodology for assessing the criticality or importance of functions or activities.

Furthermore, the regulation does not provide detailed guidance on the criteria to be used in determining what constitutes a critical or important function or activity, which may lead to inconsistencies in application and supervision.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**.

The Swedish regulation indeed contains certain elements for insurance undertakings to define criteria to classify critical and important functions or activities but does not contain the requirement for the insurance undertakings to define in an outsourcing policy a methodology to assess the criticality or importance of a function or activity. The outsourcing framework in Sweden is not as complete as in other countries. Insurance undertakings have more freedom in defining what they see as critical and important functions or activities and receive little guidance from the authority, making the ongoing supervisory analysis more complex and increasing the risk that the outsourcing does not fulfil the regulatory requirements.

### RECOMMENDED ACTION - OUTSOURCING FRAMEWORK - DEFINITION AND RULES ON CERTAIN TYPE OF OUTSOURCING / BOUNDARIES BETWEEN OUTSOURCING OF DELEGATED AUTHORITY TO UNDERWRITE AND SETTLE CLAIMS AND (RE)INSURANCE DISTRIBUTION

#### Main Findings

The recommended action issued to FI was in the context of Outsourcing Framework - Definition and rules on certain types of outsourcing / Boundaries between outsourcing of delegated authority to underwrite and settle claims and (re)insurance distribution.

The FI was recommended to clarify with the market the understanding set out in Guideline 61 of EIOPA Guidelines on the System of Governance, that the activity of an insurance intermediary, who is not an employee of the undertaking, under delegated authority to underwrite business or settle claims in the name and on the account of an undertaking, is subject to outsourcing requirements, and therefore may be subject to notification if considered a critical or important function or activity.

### Evidence

The Peer Review Committee has not received any evidence on the implementation of this recommended action.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **not fulfilled**.

The current regulation does not specify that the activity of an insurance intermediary, who is not an employee of the undertaking, under delegated authority to underwrite business or settle claims in the name and on the account of an undertaking, is subject to outsourcing requirements, and therefore may be subject to notification if considered a critical or important function or activity. The outsourcing framework in Sweden is not as complete as in other countries.

## RECOMMENDED ACTION – NOTIFICATION / STRUCTURE OF THE NOTIFICATION

### Main Findings

The recommended action issued to FI was in the context of Notification / Structure of the notification.

The FI was recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such an approach should ensure that the following information is part of the documentation contained in the notification:

1. description of the scope of outsourcing;
2. description of the rationale for outsourcing;
3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);
4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;
5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;
6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;

7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and
8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).

In case the notification relates to material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above, as deemed necessary.

Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.

#### Evidence

The Peer Review Committee did not receive any evidence on the implementation of this recommended action.

#### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **not fulfilled**.

Although Finansinspektionen (FI) does require insurance undertaking to notify the supervisory authority before entering in an outsourcing arrangement, FI does not provide to the market a structured notification form. Insurance companies have to rely on the regulation to know the content of the notification and receive little guidance from the supervisory authority. The outsourcing framework in Sweden is not as complete as in other countries.

#### RECOMMENDED ACTION - NOTIFICATION PROCESS / FEEDBACK TO THE NOTIFICATION ("RIGHT TO OBJECT")

##### Main Findings

The recommended action issued to FI was in the context of Notification process / Feedback to the notification ("right to object").

While the existence of a vast array of supervisory tools (e.g. supervisory dialogue, recommendation; ex-post corrective actions; enforcement measures, etc.) was recognized as being at the disposal of the FI, the NSA was recommended to pursue, together with the relevant authorities the establishment of a pre-emptive power reflecting the right to object the entering into force of an

outsourcing agreement, where the NSA has serious and motivated concerns on the compliance of the intended outsourcing with the regulatory requirements in place (i.e. when the NSA is of the opinion that the requirements of Article 49(2) of the Solvency II Directive are breached by the proposed outsourcing).

### Evidence

According to the internal procedure of Finansinspektionen, the assessment of a notification on outsourcing is limited to the verification of the completeness of the notification. FI assesses that the notification meets the content requirements laid down in EIOPA's Guidelines. To ensure that the notification is complete, FI uses a standardized checklist. If information is missing, FI requests additional information either by means of an oral request, a formal letter or an e-mail. When the notification is considered complete, FI closes the notification process via communication towards the insurance undertaking. This communication is preferably done by e-mail or by official letter.

Although from a formal perspective Finansinspektionen is not granted the power to object to a notification of outsourcing received from an undertaking, Finansinspektionen has the practice to liaise with undertakings when they submit a notification concerning outsourcing. More specifically, with the objective of supervising the compliance of undertakings with outsourcing requirements. More specifically, Finansinspektionen demonstrates that they do assess an outsourcing notification before the arrangement enters into force and that when serious concerns arise FI has discussions with insurance undertakings clarifying their objections. When the insurance undertaking decides to enter into an outsourcing arrangement on which FI has expressed concerns, the authority assesses once the arrangement enters into force if the outsourcing arrangement fulfills the regulatory requirements.

In a nutshell, it is true that Finansinspektionen does not have direct powers to immediately object to an outsourcing notification. However, although the supervisory process at notification is more a completeness check rather than an assessment of the notification, Finansinspektionen has the capacity to intervene when the planned outsourcing of critical or important functions presents a material risk profile. For this reason, the PRC considered the recommended action partially fulfilled.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**.

## RECOMMENDED ACTION - SUPERVISION OF OUTSOURCING AT NOTIFICATION / FRAMEWORK FOR THE NSA (INTERNAL PROCEDURES – SUPERVISION OF NOTIFICATIONS)

### Main Findings

The recommended action issued to FI was in the context of Supervision of outsourcing at notification / Framework for the NSA (internal procedures – supervision of notifications).

The FI was recommended to develop internal procedures to cover, following a risk-based approach, the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities, as well as any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35. This should recognize the variety of the circumstances already identified by FI while ensuring a more tailored, structured, consistent and focused review of the application package at notification.

Furthermore, the FI was recommended to make use of the above-mentioned procedure, following a risk-based approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity, in order to anticipate potential issues and drawbacks, which may arise from an outsourcing arrangement before it enters into force.

### Evidence

As already stated in the previous recommended action, the internal procedure of Finansinspektionen for the assessment of a notification on outsourcing is limited to the verification of the completeness of the notification. Insurance undertakings are not required to attach the outsourcing arrangement to the notification of an outsourcing agreement. This demonstrates that the internal procedure of FI in the supervisory analysis of a notification is very light in comparison with other countries.

### Conclusion

Based on the assessment of the information provided, EIOPA considers the recommended action **partially fulfilled**. The internal procedure of FI is limited to a completeness assessment of the notification of an outsourcing agreement. This makes the internal procedure of Sweden very light in comparison with other countries.

## 5. BEST PRACTICES

This section presents the best practices identified across NSAs during the follow-up of the 2022 peer review on outsourcing. The practices outlined here are derived from evidence of supervisory improvements and concrete implementation measures that have enhanced supervisory convergence across the EEA.

### 5.1. OUTSOURCING FRAMEWORK - COMMUNICATION OF THE OUTSOURCING FRAMEWORK TO THE MARKET

A well-structured outsourcing framework is most effective when supported by transparent, consistent and multi-channel communication with the supervised undertakings.

In the 2022 outsourcing peer review report, the Central Bank of Ireland (CBI) was indicated as best practice as it employed a multi-layered strategy, including the publication of detailed discussion papers and guidance notes, stakeholder roundtables, and sector-specific regulatory clarifications. These tools were designed not only to communicate expectations but also to facilitate continuous dialogue between supervisors and the market. The papers specifically addressed emerging risks such as concentration risk in cloud outsourcing and intra-group dependencies, thus contributing to market awareness and proactive risk mitigation.

In the follow-up to the peer review, EIOPA invited NSAs to report whether and how they had implemented similar best practices to reinforce their communication strategies. The responses received indicate that the majority of NSAs have taken meaningful steps to enhance supervisory transparency and engagement.

Overall, several NSAs across the EU have actively embraced an approach that aims not only at clarifying their expectations but also fostering dialogue with the market.

For instance, the AT-FMA, DE-BaFin, EL-BoG, FI-FIN-FSA, FR-ACPR, LI-FMA, MT-MFSA, NL-DNB, PL-KNF, and RO-ASF actively engage with their markets through participation in conferences, thematic seminars, public events and dialogues with insurance associations. These initiatives serve to contextualize regulatory expectations, address sector-specific challenges, and share supervisory insights.

In parallel, NSAs including BE-NBB, BG-FSC, CY-ICCS, CZ-CNB, IS-FME, IT-IVASS, HU-MNB, PT-ASF and others have issued formal supervisory documentation—such as ordinances, circulars, or letters to

the market—and maintain an open Q&A process to support regulated entities in complying with outsourcing rules. In several cases, these communications are aligned with broader digital operational resilience efforts, including DORA implementation.

Furthermore, supervisory authorities such as LU-CAA, DK-DFSA, SK-NBS, and FR-ACPR have undertaken or planned thematic reviews to assess and report on the state of outsourcing practices within their jurisdictions. These reviews often identify key areas for improvement, feeding back into both guidance and inspection priorities.

Overall, while the scope and intensity of engagement vary, a consistent supervisory baseline is evident across the Union: expectations on outsourcing are being communicated in a clear and increasingly structured manner. NSAs are leveraging a growing range of tools to ensure alignment between regulatory requirements and market practices, contributing to improved operational resilience across the European insurance sector.

## **5.2. OUTSOURCING FRAMEWORK – DEFINITIONS AND RULES ON CERTAIN TYPE OF OUTSOURCING – CRITERIA TO IDENTIFY CRITICAL OR IMPORTANT FUNCTIONS OR ACTIVITIES (CIF)**

Given that the overall outsourcing supervisory framework focuses mostly on the cases when undertakings outsource critical or important functions (CIF), a key element of effective outsourcing supervision is the clarification to the market of the meaning of Critical or Important Functions (CIF) and a continuous supervision of the approaches followed by undertakings.

In this context, the 2022 outsourcing peer review report indicated the approach undertaken in France as best practice. Article R354-7 of the French Insurance Code and supporting guidance provided by ACPR articulate multiple dimensions of criticality to be considered by undertakings when determining their CIF. Those dimensions include the operational impact of the function, the difficulty of replacing the service provider, its integration into key governance structures, and the implications of failure for regulatory compliance. The guidance also sets out mechanisms for re-assessing CIF status considering changes to the nature, scale, or complexity of the function.

In this case a good maturity level can also be observed across all NSAs. The preferred approach of NSAs is to provide the market with information on what constitutes a CIF and what does not according to the final report on public consultation of EIOPA System of Governance Guidelines (EIOPA-BoS-2014-017). This approach is followed by the vast majority of NSAs.

Alternative approaches are those of IE-CBI and SI-AZN, which are less prescriptive on the definition of CIF. The one of LU-CAA is like the one adopted in France, although formalised via a circular.

### 5.3. NOTIFICATION PROCESS – STRUCTURE OF THE NOTIFICATION

The notification of planned outsourcing of critical or important functions (CIF) and of material changes to existing outsourcing arrangements is an important opportunity for supervisors to take preventive actions, including by sharing with undertakings feedback and potential concerns. It is also an important opportunity for NSAs to collect information on the planned outsourcing of CIF that will be useful for ongoing supervision. Therefore, the implementation of a structured, digital, and risk-sensitive notification approach is considered an added value to the supervision of outsourcing.

During the 2022 peer review, EIOPA identified as best practice the approaches to notification and its supervision of NBB (BE), DGSFP (ES) and ACPR (FR) as best practices.

The NBB requires a detailed notification template for outsourcing of CIFs, including specific information on the function, rationale, costs, provider details, and contractual arrangements concerning the CIF. Additional documentation is required depending on the type of function outsourced, such as control functions or third-country providers. Each notification must include a formal opinion from the compliance function confirming the completeness of the submission and compliance with outsourcing requirements, including due diligence, risk assessment, monitoring, and contingency planning.

The DGSFP mandates the use of a structured electronic template for notifying any CIF outsourcing. Required elements include whether a key function is involved, a summary of the outsourced activity, provider and responsible person details (including CV and criminal record), and documentation proving compliance with regulatory requirements. This structured approach is aimed at improving supervisory efficiency and comparability; and the certification by the compliance function strengthens supervisory confidence in the adequacy of the undertaking's assessment.

ACPR's CIF outsourcing notification template includes extensive requirements, such as justification for the outsourcing, information about the legal framework, contract status, and policy approvals. It also demands detailed information about the service provider, including fit and proper assessments and subcontracting arrangements. Furthermore, the template must cover cooperation clauses with the supervisor, and details on the internal control framework, including risk and continuity assessments, reporting, audits, and evidence that the outsourcing does not impair governance or service quality.

In the past three years the insurance supervisory community evolved significantly in the area of documentation and information management, including when asking undertakings to submit notifications.



The vast majority of NSAs have templates that undertakings have to fill in when notifying outsourcing of CIF and structured approaches to store and assess the information. The NSAs (e.g. DK-DFSA, FIN-FSA, HR-HANFA, IS-FME) who have refined their approach after the peer review (or are in the process of refining it), took (are taking) into account the best practices reported in the original reporting.

EIOPA recognises the structured and proportionate notification approach as a best practice. It reduces administrative friction, improves transparency, and enables early detection of systemic risks, such as sector-wide reliance on a small number of service providers.

## 5.4. ONGOING SUPERVISION OF OUTSOURCING (THEMATIC REVIEWS)

Ongoing supervision, particularly through thematic reviews, has emerged as a critical pillar in maintaining oversight of outsourcing arrangements. NSAs that have undertaken systematic, risk-based thematic reviews demonstrate a mature approach to supervision, moving from passive monitoring to proactive risk identification and mitigation. The 2022 peer review identified the approaches of FIN-FSA and PL-KNF in this respect as best practices:

- The FIN-FSA conducted a thematic review covering intra-group outsourcing practices, which led to a comprehensive risk mapping of service provider dependencies across the market. The review led to follow-up actions requiring several undertakings to revise internal governance documents and improve board-level oversight. The FIN-FSA also used these insights to update its internal risk rating models and improve the supervisory review process (SRP).
- The Polish KNF applied a similar approach, using thematic reviews to identify gaps in due diligence procedures and SLA monitoring. These reviews were used not only as assessment tools but also as capacity-building exercises, engaging undertakings in workshops and consultation sessions post-review.

The practice of conducting thematic reviews is one of the tools used by supervisors also in outsourcing. Several NSAs have made use of this tool in the past years (e.g. BG-FSC, DK-DFSA, EE-EFSRA, FR-ACPR, IE-CBI, IS-FME, LU-CAA, SI-AZN)

Other NSAs are considering using this tool in the future, depending on prioritisation and on the developments of the risks observed in the specific Member States in relation to outsourcing (e.g. AT-FMA, BE-NBB, CY-ICCS, CZ-CNB, EL-BoG, HR-HANFA, NO-NFSA, SK-NBS)

Finally, few NSAs do not plan to make use of this tool in the near future as they are focusing on data-driven supervision to prioritise follow up with individual undertakings (e.g. DE-BaFin, MT-MFSA). Other NSAs have not considered the best practice as relevant for their market at the moment on

the basis of the risk assessment they carry out (e.g. ES-DGSFP, LI-FMA, PT-ASF, RO-ASF). They perform regular comprehensive supervisory inspections to undertakings, including as regards 'outsourcing' (e.g. HU-MNB, LV-BoL). Others have engaged with the market via targeted questionnaires, but did not perform a thematic review (IT-IVASS, LT-BOL, NL-DNB).

The performance of thematic reviews in outsourcing may serve as an effective foundation for horizontal analyses, enabling NSAs to detect trends such as sectoral concentration risks, operational resilience issues, or deficiencies in documentation and governance. However, it is recognised by EIOPA that it is not the only tool available to supervisors to get that understanding.

## ANNEX I – OVERVIEW OF RECOMMENDED ACTIONS

In this annex an overview is provided of the recommended actions to NSAs by country by topic and type of recommended actions. The recommended actions set out in this report, which are addressed to the relevant NSAs, should not be considered per se as EIOPA Recommendations for the purposes of Articles 16 and 30(4) of the EIOPA Regulation or of Article 25(4) of the EIOPA Decision on Peer Reviews.

The improvements that several NSAs have implemented as an immediate response on the peer review or to the recommended actions issued are not reflected in the table below.

Area: Outsourcing Framework	
MS	Recommended action
<b>BG</b>	<p>Acknowledging that for the first years of Solvency II the FSC has not duly assessed compliance of the market to the outsourcing requirements, the FSC has made certain progress in structuring their supervisory framework on outsourcing with the publication of Ordinance on the requirements to the system of governance of insurers and reinsurers.</p> <p>However, the supervisory framework still presented several shortcomings at the time of the reference period of this peer review. The FSC is recommended to further develop and implement the supervisory framework on outsourcing considering all the findings identified above.</p> <p>It is also recommended that FSC engages in supervisory dialogues (through off-site, on-site or other supervisory actions) with undertakings under its supervision to ensure that the new supervisory framework and the published Ordinance on the requirements to the system of governance of insurers and reinsurers are well understood by the undertakings.</p>

Area: Outsourcing Framework	
MS	Recommended action
<b>HR</b>	<p>HANFA is recommended to publish guidance to the relevant stakeholders regarding its expectations in relation to the information set out in Final Report on Public Consultation No.14.017 on Guidelines on System of Governance, which is not currently disclosed by the Ordinance on documentation for the outsourcing of activities or functions of (re-)insurance undertakings (undertaking). This could be done by referring to the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance.</p>

	<p>Such guidance should include details on the criteria to be followed by an undertaking to classify operational functions or activities as critical or important; risk assessment and due diligence aspects; the documentation that undertakings are expected to keep in relation to outsourcing; etc. in line with EIOPA Guidelines on System of Governance. This would complement the information provided in the above-mentioned Ordinance.</p> <p>Once the guidance is published, HANFA is recommended to engage with undertakings in order to ensure alignment with the published expectations.</p>
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**Area: Outsourcing Framework**


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MS	Recommended action
LU	<p>Acknowledging that for the first years of Solvency II the CAA presented several shortcomings as regards the supervision of compliance of undertakings with outsourcing regulatory requirements, the CAA has made certain progress in structuring their supervisory framework on outsourcing. However, shortcomings are still evident at the time of the reference period of this peer review. The CAA is recommended to further develop and implement the review that has been initiated on its own initiative and implement the supervisory framework on outsourcing considering all the findings identified above. It is expected that the implementation also takes into account the conclusions set out in the peer review report, which will be approved by the Board of Supervisors of EIOPA.</p> <p>It is also recommended that after the finalisation of the supervisory framework on outsourcing, the CAA engages in supervisory dialogues (through off-site, on-site or other supervisory actions) with the undertakings under its supervision to ensure that the supervisory framework and any other relevant requirements are well understood by them.</p>

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**Area: Outsourcing Framework**


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MS	Recommended action
PT	ASF is recommended to finalise the regulatory standard.

**Area: Outsourcing Framework - Definition and rules on certain type of outsourcing***Criteria to identify critical or important functions or activities (CIF)*

MS	Recommended action
<b>CY</b>	<p>The ICCS is recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by own means or by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.</p> <p>Such criteria to be applied in a proportionate manner should include at least the following elements:</p> <ul style="list-style-type: none"> <li>• undertakings' ability to continue to comply with the conditions required to maintain its operating authorisations;</li> <li>• undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;</li> <li>• undertakings' operational impact;</li> <li>• undertakings' stability or the continuity and quality of its services to policyholder;</li> <li>• undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and</li> <li>• the cumulative impact of (the combination of) several outsourced activities.</li> </ul> <p>Moreover, the ICCS is recommended to communicate such criteria and process to all the relevant stakeholders, in a formal manner (<i>e.g.</i> guidelines, circular, publication on its website, other type of publication).</p>
<b>CZ</b>	<p>The CNB is recommended to share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by own means or by reference to the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.</p> <p>Such criteria, to be applied in a proportionate manner, should include at least the following elements:</p> <ul style="list-style-type: none"> <li>• undertakings' ability to continue to comply with the conditions required to maintain its operating authorisations;</li> <li>• undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;</li> <li>• undertakings' operational impact;</li> </ul>

	<ul style="list-style-type: none"> <li>• undertakings' stability or the continuity and quality of its services to policyholder;</li> <li>• undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and</li> <li>• the cumulative impact of (the combination of) several outsourced activities.</li> </ul>
<b>ES</b>	<p>The DGSFP is recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.</p> <p>Such criteria, to be applied in a proportionate manner, should include at least the following elements:</p> <ul style="list-style-type: none"> <li>• undertakings' ability to continue to comply with the conditions required to maintain its operating authorisations;</li> <li>• undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;</li> <li>• undertakings' operational impact;</li> <li>• undertakings' stability or the continuity and quality of its services to policyholder;</li> <li>• undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and</li> <li>• the cumulative impact of (the combination of) several outsourced activities.</li> </ul>
<b>NO</b>	<p>The NFSA is recommended to further develop all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.</p> <p>Such criteria, to be applied in a proportionate manner, should include at least the following elements:</p> <ul style="list-style-type: none"> <li>• undertakings' ability to continue to comply with the conditions required to maintain its operating authorisations;</li> <li>• undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;</li> <li>• undertakings' operational impact;</li> <li>• undertakings' stability or the continuity and quality of its services to policyholder;</li> <li>• undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and</li> <li>• the cumulative impact of (the combination of) several outsourced activities.</li> </ul>

<p><b>PL</b></p>	<p>The KNF is recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.</p> <p>Such criteria, to be applied in a proportionate manner, should include at least the following elements:</p> <ul style="list-style-type: none"> <li>• undertakings' ability to continue to comply with the conditions required to maintain its operating authorisations;</li> <li>• undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;</li> <li>• undertakings' operational impact;</li> <li>• undertakings' stability or the continuity and quality of its services to policyholder;</li> <li>• undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and</li> <li>• the cumulative impact of (the combination of) several outsourced activities.</li> </ul>
<p><b>PT</b></p>	<p>The ASF is recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.</p> <p>Such criteria, to be applied in a proportionate manner, should include at least the following elements:</p> <ul style="list-style-type: none"> <li>• undertakings' ability to continue to comply with the conditions required to maintain its operating authorisations;</li> <li>• undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;</li> <li>• undertakings' operational impact;</li> <li>• undertakings' stability or the continuity and quality of its services to policyholder;</li> <li>• undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and</li> <li>• the cumulative impact of (the combination of) several outsourced activities.</li> </ul>

<b>RO</b>	<p>The ASF-RO is recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF) either by reference to EIOPA Guidelines on System of Governance and the explanatory notes in the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.</p> <p>Such criteria, to be applied in a proportionate manner, should include at least the following elements:</p> <ul style="list-style-type: none"><li>• undertakings' ability to continue to comply with the conditions required to maintain its operating authorisations;</li><li>• undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;</li><li>• undertakings' operational impact;</li><li>• undertakings' stability or the continuity and quality of its services to policyholder;</li><li>• undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and</li><li>• the cumulative impact of (the combination of) several outsourced activities.</li></ul>
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SE	<p>The FI is recommended to define and share with all the relevant stakeholders the criteria to be considered by an undertaking to classify an activity or function as critical or important (CIF), either by reference to EIOPA Guidelines on System of Governance and the Final Report on Public Consultation No.14.017 on Guidelines on System of Governance or by issuing national tools reflecting the content of the Guidelines. In addition, it should address the expected processes of re-assessment of the criticality or importance of the function or activity previously outsourced, if the nature, scale and complexity of the risks inherent in the agreement and/or to the function or activity itself materially changes.</p> <p>Such criteria, to be applied in a proportionate manner, should include at least the following elements:</p> <ul style="list-style-type: none"> <li>• undertakings' ability to continue to comply with the conditions required to maintain its operating authorizations;</li> <li>• undertakings' financial impact as well as the financial impact to the policyholders, or contract beneficiaries, or its reinsurer;</li> <li>• undertakings' operational impact;</li> <li>• undertakings' stability or the continuity and quality of its services to policyholder;</li> <li>• undertakings' ability to comply with regulatory requirements in case of problems with the service provider; and</li> <li>• the cumulative impact of (the combination of) several outsourced activities.</li> </ul>
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**Area: Outsourcing Framework - Definition and rules on certain type of outsourcing**

*Boundaries between outsourcing of delegated authority to underwrite and settle claims and (re)insurance distribution*

MS	Recommended action
DK	<p>The FTNET is recommended to further clarify with the market the understanding set out in Guideline 61 of EIOPA Guidelines on the System of Governance, this is, that the activity of an insurance intermediary, who is not an employee of the undertaking, under delegated authority to underwrite business or settle claims in the name and on the account of an undertaking, is subject to outsourcing requirements, and therefore may be subject to notification if considered a critical or important function or activity.</p>
IE	<p>The CBI is recommended to clarify with the market the understanding set out in Guideline 61 of EIOPA Guidelines on the System of Governance, this is, that the activity of an insurance intermediary, who is not an employee of the undertaking, under delegated authority to underwrite business or settle claims in the name and on the account of an undertaking, is subject to outsourcing requirements, and therefore may be subject to notification if considered a critical or important function or activity.</p>

<b>SE</b>	The FI is recommended to clarify with the market the understanding set out in Guideline 61 of EIOPA Guidelines on the System of Governance, that the activity of an insurance intermediary, who is not an employee of the undertaking, under delegated authority to underwrite business or settle claims in the name and on the account of an undertaking, is subject to outsourcing requirements, and therefore may be subject to notification if considered a critical or important function or activity.
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**Area: Notification**
*Structure of the notification*

<b>MS</b>	Recommended action
<b>AT</b>	<p>The FMA is recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking; evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>7. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ol>

	<p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
<b>CY</b>	<p>The ICCS is recommended to adapt the form in use or develop a dedicated notification form to reflect the specificities of outsourcing. On the basis of an assessment of the practices highlighted by this peer review, such form should ensure that the following information is part of the is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the serve provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> </ol> <p>In case of intra-group outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35). In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
<b>CZ</b>	<p>The CNB is recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the</p>

	<p>basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ol> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
<b>DE</b>	<p>BaFin is recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the notification documentation:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> </ol>

	<ol style="list-style-type: none"> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ol> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
<b>EE</b>	<p>The development of a structured approach, such as the use of a template containing information to be submitted to the EFSRA on the outsourced activity, the service provider, and other elements regarding the exercise of the outsourced activity, including the relevant contractual arrangements governing the outsourcing, may prevent the submission of incomplete and inconsistent information. The EFSRA must ensure that, prior to outsourcing a critical or important function or activity, an undertaking does perform a risk assessment in compliance with Article 49(2) of the Solvency II Directive and Article 274(1),(3)(e) and (5)(b) of the Commission Delegated Regulation (EU) 2015/35; as well as a due diligence on the service provider in accordance with Article 49(2) of the Solvency II Directive and Article 274 (2) and (3)(a), (b) and (f) (5) (a) (c) and (d) of the Commission Delegated Regulation (EU) 2015/35.</p> <p>It is noted that a specific template for information regarding key function holder exists, but no template regarding the notification of outsourcing in other cases. The template used asks for information regarding the Fit &amp; Proper assessment but is not generally suited to report outsourcing arrangements and outsourced functions or activities.</p>
<b>FI</b>	<p>The FIN-FSA is recommended to further develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such</p>

	<p>approach should ensure that the following information is part of the notification documentation:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ol> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
<b>HR</b>	<p>HANFA is recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>a) description of the scope of outsourcing;</li> <li>b) description of the rationale for outsourcing;</li> <li>c) the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available,</li> </ol>

	<p>license to perform the activity, if applicable, address and other relevant contact details);</p> <ul style="list-style-type: none"> <li>d) a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>e) a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>f) a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>g) evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>h) in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ul> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
<b>HU</b>	<p>The MNB is recommended to further develop a structured approach regarding the information being requested from the undertaking at notification, possibly by improving the template used for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, the template for notification should include, in addition to general information on the undertaking, at least, the following information:</p> <ul style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission</li> </ul>

	<p>Delegated Regulation (EU) 2015/35; and</p> <p>8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</p> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
LT	<p>The BoL is recommended to further develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ol> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p>



<p><b>LV</b></p>	<p>The FCMC is recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ol> <p>In case the notification relates to a material development of an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function or activity thereafter.</p>
<p><b>NO</b></p>	<p>The NFSA is recommended to further develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should</p>

	<p>ensure that the following information is part is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (e.g. country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the serve provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ol> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
<b>PT</b>	<p>The ASF is recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> </ol>

	<ol style="list-style-type: none"> <li>3. the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ol> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
<b>RO</b>	<p>The ASF-RO is recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing;</li> <li>2. description of the rationale for outsourcing;</li> <li>3. the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>4. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>5. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> </ol>

	<ol style="list-style-type: none"> <li>6. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>7. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> <li>8. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ol> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
SE	<p>The FI is recommended to develop a structured approach regarding the information being requested from the undertaking at notification, possibly by developing a template for undertakings to complete when they intend to submit an outsourcing notification or to notify material developments regarding a critical or important outsourced function or activity. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following information is part of the documentation contained in the notification:</p> <ol style="list-style-type: none"> <li>1. description of the scope of outsourcing; description of the rationale for outsourcing; the name of service provider and evidence of its corporate details (<i>e.g.</i> country of establishment, shareholders structure, Legal Entity Identifier (LEI), if available, license to perform the activity, if applicable, address and other relevant contact details);</li> <li>2. a brief summary of the reason why the outsourced function or activity is considered critical or important by the undertaking;</li> <li>3. a brief summary of the results of the risk assessment on the function or activity outsourced performed by the undertaking;</li> <li>4. a brief summary of the results of the due diligence on the service provider performed by the undertaking;</li> <li>5. evidence/attestation that the written arrangement between the undertaking and the service provider complies with Articles 274(3)(c) and 274(4) of the Commission Delegated Regulation (EU) 2015/35; and</li> </ol>

	<p>6. in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</p> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the points above, as deemed necessary.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>
<b>SI</b>	<p>The AZN is recommended to further develop its structured approach regarding the information being requested from the undertaking at notification. On the basis of an assessment of the practices highlighted by this peer review, such approach should ensure that the following additional (compared to the current practices) information is part of the documentation contained in the notification:</p> <ul style="list-style-type: none"> <li>in case of intragroup outsourcing, a description of the extent to which the undertaking controls the service provider or is able to influence its actions (Article 274(2) of the Commission Delegated Regulation (EU) 2015/35).</li> </ul> <p>In case the notification relates to a material development on an outsourced critical or important function or activity, it should include a description of the material development and the impact of the latter on the risk profile of the undertaking, including an update of the areas, which were part of the notification.</p> <p>Where the termination of an outsourcing arrangement is notified, it should include the reason for the termination of the contract and what will happen to the function thereafter.</p>

#### Area: Notification process

##### *Feedback to the notification ("right to object")*

<b>MS</b>	Recommended action
<b>FR</b>	<p>While the existence of a vast array of supervisory tools (<i>e.g.</i> supervisory dialogue, recommendation; ex-post corrective actions; enforcement measures, etc.) is recognised as being at the disposal of the ACPR, the NSA is recommended to pursue, together with the relevant authorities the establishment of a pre-emptive power reflecting the right to object the entering into force of an outsourcing agreement, where the NSA has serious and motivated concerns on the compliance of the intended outsourcing with the regulatory requirements in</p>

	place (i.e. when the NSA is of the opinion that the requirements of Article 49(2) of the Solvency II Directive are breached by the proposed outsourcing).
<b>RO</b>	<p>Where the notified intention to outsource a critical or important function or activity raises concerns as regards its compliance with applicable regulatory requirements, the ASF is recommended to act prior to the entry into force of outsourcing arrangements, making use of the already available supervisory tools.</p> <p>While the existence of a vast array of supervisory tools (e.g. supervisory dialogue, recommendation; ex-post corrective actions; enforcement measures, etc.) is recognised as being at the disposal of the ASF, the NSA is recommended to pursue, together with the relevant authorities, the establishment of a pre-emptive power reflecting the right to object the entering into force of an outsourcing agreement, where the NSA has serious and motivated concerns on the compliance of the intended outsourcing with the regulatory requirements in place (i.e. when the NSA is of the opinion that the requirements of Article 49(2) of the Solvency II Directive are breached by the proposed outsourcing).</p>
<b>SE</b>	<p>While the existence of a vast array of supervisory tools (e.g. supervisory dialogue, recommendation; ex-post corrective actions; enforcement measures, etc.) is recognised as being at the disposal of the FI, the NSA is recommended to pursue, together with the relevant authorities the establishment of a pre-emptive power reflecting the right to object the entering into force of an outsourcing agreement, where the NSA has serious and motivated concerns on the compliance of the intended outsourcing with the regulatory requirements in place (i.e. when the NSA is of the opinion that the requirements of Article 49(2) of the Solvency II Directive are breached by the proposed outsourcing).</p>

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**Area: Supervision of outsourcing at notification**
*Framework for the NSA (internal procedures – supervision of notifications)*


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<b>MS</b>	Recommended action
<b>CY</b>	<p>The ICCS is recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35.</p>

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	Furthermore, the ICCS is recommended to make use of the above-mentioned procedure, following a risk-based approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity in order to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.
<b>DE</b>	BaFin is recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35 in order to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.
<b>ES</b>	<p>The DGFSP is recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35.</p> <p>Furthermore, the DGFSP is recommended to make use of the above-mentioned procedure, following a risk based-approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity in order to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.</p>
<b>FI</b>	The FIN-FSA is recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35. Furthermore, the FIN-FSA is recommended to make use of the above-mentioned procedure, following a risk based-approach, to strengthen its supervisory review of the notification of outsourcing of a critical or

	important function or activity in order to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.
<b>RO</b>	<p>The ASF is recommended to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities as well as of any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35.</p> <p>Furthermore, the ASF is recommended to make use of the above-mentioned procedure, following a risk-based approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity in order to anticipate potential issues and drawbacks which may arise from an outsourcing arrangement before it enters into force.</p>
<b>SE</b>	<p>The FI is recommended to develop internal procedures to cover, following a risk-based approach, the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities, as well as any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35. This should recognise the variety of the circumstances already identified by FI while ensuring a more tailored, structured, consistent and focused review of the application package at notification.</p> <p>Furthermore, the FI is recommended to make use of the above-mentioned procedure, following a risk based-approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity, in order to anticipate potential issues and drawbacks, which may arise from an outsourcing arrangement before it enters into force.</p>
<b>SK</b>	<p>The NBS is recommended to consider in the generic internal procedure on off-site supervision being prepared, to further develop internal procedures to cover the process of supervisory assessment and review of the notification received by the undertakings prior to the outsourcing of critical or important functions or activities, as well as any subsequent material developments with respect to those functions or activities. The internal procedures or guidance should reflect a risk-based supervision and include explanation of the means and tools used to carry out the assessment of the notification received, which should cover at least the risk assessment of the outsourced function and due diligence of the service provider</p>



	<p>performed by the undertaking, and the latter's compliance with the other requirements of Article 274 of the Commission Delegated Regulation (EU) 2015/35.</p> <p>Furthermore, the NBS is recommended to make use of the above-mentioned procedure, following a risk-based approach, to strengthen its supervisory review of the notification of outsourcing of a critical or important function or activity in order to anticipate potential issues and drawbacks, which may arise from an outsourcing arrangement before it enters into force.</p>
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**Area: Supervision of outsourcing at notification**


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MS	Recommended action
MT	The MFSA is recommended to extend the scoring tool to other types of outsourcing. As part of the follow-up of this peer review, a full review of the tool under development will be performed to ensure it supports a risk-based approach regarding supervision.

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**Area: Supervision of outsourcing at notification**


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MS	Recommended action
NO	NFSA is recommended to extend the approach for assessing outsourcing arrangements in the area of IT to outsourcing arrangements other than IT, provided they entail the outsourcing of a key function or of a Critical Important Function, especially at the time of the notification.

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**Area: Documentation and information management**


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MS	Recommended action
CY	The ICCS is recommended to improve the excel files in use on information on outsourcing, so it includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. It should be designed in a way allowing for an overall view both at aggregated ( <i>e.g.</i> market), undertaking level of the critical or important functions outsourced and service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and that supports the identification of empty shells. Finally, to the extent possible, the information should maximise its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.
DE	BaFin is recommended to ensure that any new development on tools leading to databases with information on outsourcing includes information on outsourcing per undertaking, such as the

	key functions and other critical or important functions being outsourced as well as the relevant service providers. Such tools should be designed in a way allowing for an overall view both at aggregated ( <i>e.g.</i> market) and undertaking level of the critical or important functions outsourced and at service provider level in order to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and helping identifying empty shells. Finally, to the extent possible, the internal register/database should maximise its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.
<b>DK</b>	The FTNET is recommended to develop an internal register/database which includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. The internal register/database should be designed in a way allowing for an overall view both at aggregated ( <i>e.g.</i> market) and undertaking level of the critical or important functions outsourced, and service provider level in order to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, supporting also the identification of empty shells. Finally, to the extent possible, the internal register/database should maximize its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.
<b>FI</b>	The FIN-FSA is recommended to develop an internal register/database which includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. The internal register/database should be designed in a way allowing for an overall view both at aggregated ( <i>e.g.</i> market) and undertaking level of the critical or important functions outsourced and service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, supporting also the identification of empty shells. Finally, to the extent possible, the internal register/database should maximise its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.
<b>HU</b>	The MNB is recommended to adjust the internal register/database in a way allowing for an overall view at aggregated ( <i>e.g.</i> market) level of the critical or important functions outsourced, highlighting concentration risks at market level, and helping identifying empty shells. Finally, to the extent possible, the internal register/database should maximise its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.
<b>IE</b>	The CBI is recommended to develop an internal register/database which includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. The internal register/database should be designed in a way allowing for an overall view both at aggregated ( <i>e.g.</i> market) and undertaking level of the critical or important functions outsourced and at service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, supporting also the identification of

	empty shells. Finally, to the extent possible, the internal register/database should maximise its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.
<b>IT</b>	IVASS is recommended to extend its internal register to cover critical or important functions or activities. The internal register/database should be designed in a way which allow for an overall view both at aggregated ( <i>e.g.</i> market) and undertaking level of the critical or important functions or activities outsourced; and also at the service provider level in order to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and supporting the identification of empty shells. Finally, to the extent possible, the internal register/database should maximise its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.
<b>NL</b>	The DNB is recommended to consider, in the further development of the internal register, to also include in the latter information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers and be designed in a way allowing for an overall view both at aggregated ( <i>e.g.</i> market) and undertaking level of the critical or important functions outsourced, and at service provider level in order to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and helping identifying empty shells. Finally, to the extent possible, the internal register/database should maximise its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.
<b>NO</b>	The NFSA is recommended to develop an internal register/database which includes information on outsourcing per undertaking, such as the key functions and other critical or important functions being outsourced as well as the relevant service providers. The internal register/database should be designed in a way allowing for an overall view both at aggregated ( <i>e.g.</i> market) and undertaking level of the critical or important functions outsourced, and at the service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, supporting also the identification of empty shells. Finally, to the extent possible, the internal register/database should maximise its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.

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**Area: Documentation and information management**


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<b>MS</b>	Recommended action
<b>FR</b>	ACPR is recommended to further develop their internal register/database which already includes information on outsourcing ensuring that is designed in a way allowing for an overall view both at aggregated ( <i>e.g.</i> market), undertaking level of the critical or important functions or activities outsourced and service provider level to identify when services are being outsourced to the same service provider, highlighting concentration risks at market level, and support the identification of empty shells. Finally, to the extent possible, the internal

	<p>register/database should maximise its usefulness to plan and perform ongoing supervision activities adopting a risk-based approach.</p> <p>ACPR is recommended to include in such internal register or database all existing outsourcing arrangements, including those entered into before the entry into force of the Solvency II Directive, such as to integrate the possibility to distinguish between notifications of new outsourcing and those concerning material developments.</p>
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**Area: Ongoing supervision of outsourcing**
*Off-site supervision*

MS	Recommended action
<b>BE</b>	<p>The NBB is recommended to further establish and use internal procedures in the area of ongoing supervision regarding on-going off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>• the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>• triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>• the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>CY</b>	<p>The ICCS is recommended to further establish and use internal procedures in the area of ongoing supervision regarding on-going off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>• the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>• triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party</li> </ul>

	<p>certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</p> <ul style="list-style-type: none"> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>DE</b>	<p>BaFin is recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>EE</b>	<p>The EFSRA is recommended to further develop its supervisory practices in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreements, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>EL</b>	<p>The BoG is recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> </li></ul>

	<p>AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</p> <ul style="list-style-type: none"> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>ES</b>	<p>The DGFSP is recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>FI</b>	<p>The FIN-FSA is recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>triggers, taking into account the level of outsourcing by the undertaking and following a risk based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>

<b>HR</b>	<p>HANFA is recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>• the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>• triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>• the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>HU</b>	<p>The MNB is recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>• the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>• triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>• the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>LI</b>	<p>The FMA is recommended to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>• the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>• triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business</li> </ul>

	<p>Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</p> <ul style="list-style-type: none"> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>NO</b>	<p>The NFSA is recommended to establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>PL</b>	<p>The KNF is recommended to establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>RO</b>	<p>The ASF is recommended to consider in the context of the internal procedures under approval to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written</li> </ul>



	<p>agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</p> <ul style="list-style-type: none"> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>
<b>SK</b>	<p>The NBS is recommended to consider in the generic internal procedure on off-site supervision being prepared to further establish and use internal procedures in the area of ongoing supervision regarding off-site supervision of outsourcing including but not limited to:</p> <ul style="list-style-type: none"> <li>the review of regular supervisory reports, ORSA and other supervisory reporting on outsourcing;</li> <li>triggers, taking into account the level of outsourcing by the undertaking and following a risk-based approach, to request additional information regarding outsourcing (<i>e.g.</i> AMSB meeting minutes related to the approval of outsourcing, outsourcing written agreement, internal procedures of the undertaking and/or of the service provider relating to the outsourced function; accounting flows; ICT system logs and information exchange between the service provider and the undertaking; Business Continuity Plan, Disaster Recovery Plan, and business contingency plans; third party certifications on the activity of the service provider; Internal and External Audit reports; etc.); and</li> <li>the assessment of undertaking's documentation requested to be performed off-site by the NSA.</li> </ul>

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**Area: Ongoing supervision of outsourcing**
*On-site supervision*

<b>MS</b>	Recommended action
<b>CY</b>	<p>The ICCS is recommended to further develop and use internal guidelines to:</p> <ol style="list-style-type: none"> <li>guide the scope of its supervisory activities, such as the decision on whether: <ul style="list-style-type: none"> <li>an on-site inspection focused on outsourcing should be performed, at the undertaking's premises or at the service provider's premises;</li> <li>to include a focus of outsourcing as part of the scope of on-site inspections not specifically focused on it (<i>e.g.</i> in case of inspections on the overall system of governance); and</li> </ul> </li> <li>identify the documentation and/or information to be requested from undertakings before carrying out an on-site inspection with outsourcing in its scope. Such documentation and/or information can include, for example, the outsourcing policy; the list of all outsourced services; the list of the service providers; the internal procedures of the undertaking to monitor and control the outsourced services.</li> </ol>

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<b>FI</b>	<p>The FIN-FSA is recommended to further develop and use internal guidelines to:</p> <ol style="list-style-type: none"> <li>1) guide the scope of its supervisory activities, such as the decision on whether: <ul style="list-style-type: none"> <li>• an on-site inspection focused on outsourcing should be performed, at the undertaking's premises or at the service provider's premises;</li> <li>• to include a focus of outsourcing as part of the scope of on-site inspections not specifically focused on it (e.g. in case of inspections on the overall system of governance).</li> </ul> </li> <li>2) identify the documentation and/or information to be requested from undertakings before carrying out an on-site inspection with outsourcing in its scope. Such documentation and/or information can include, for example, the outsourcing policy; the list of all outsourced services; the list of the service providers; the internal procedures of the undertaking to monitor and control the outsourced services; and</li> <li>3) provide a list of the typical areas to be assessed during an on-site inspection covering outsourcing.</li> </ol>
<b>FR</b>	<p>The ACPR is recommended to consider a higher focus on outsourcing on its supervisory plans. This will allow a better view of the outsourcing and its risks in the market.</p>
<b>PT</b>	<p>The ASF is recommended to further develop and use internal guidelines to:</p> <ol style="list-style-type: none"> <li>1) guide the frequency and scope of its supervisory activities, following a risk-based approach, such as the decision on whether: <ul style="list-style-type: none"> <li>• an on-site inspection focused on outsourcing should be performed, at the undertaking's premises or at the service provider's premises;</li> <li>• to include a focus of outsourcing as part of the scope of on-site inspections not specifically focused on it (e.g. in case of inspections on the overall system of governance).</li> </ul> </li> <li>2) identify the documentation and/or information to be requested from undertakings before carrying out an on-site inspection with outsourcing in its scope. Such documentation and/or information can include, for example, the outsourcing policy; the list of all outsourced services; the list of the service providers; the internal procedures of the undertaking to monitor and control the outsourced services; and</li> <li>3) provide a list of the typical areas to be assessed during an on-site inspection covering outsourcing.</li> </ol>
<b>RO</b>	<p>The ASF-RO is recommended to consider in the context of the internal procedures under approval to further develop and use internal guidelines to:</p> <ol style="list-style-type: none"> <li>1) guide the scope of its supervisory activities, such as the decision on whether: <ul style="list-style-type: none"> <li>• an on-site inspection focused on outsourcing should be performed, at the undertaking's premises or at the service provider's premises;</li> <li>• to include a focus of outsourcing as part of the scope of on-site inspections not specifically focused on it (e.g. in case of inspections on the overall system of governance).</li> </ul> </li> </ol>

	<p>2) identify the documentation and/or information to be requested from undertakings before carrying out an on-site inspection with outsourcing in its scope. Such documentation and/or information can include, for example, the outsourcing policy; the list of all outsourced services; the list of the service providers; the internal procedures of the undertaking to monitor and control the outsourced services; and</p> <p>3) provide a list of the typical areas to be assessed during an on-site inspection covering outsourcing.</p>
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**Area: Ongoing supervision of outsourcing**
*Supervision of intra-group outsourcing (solo perspective)*

MS	Recommended action
<b>CY</b>	From the perspective of subsidiaries (outsourcing functions), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the ICCS is recommended to dive deeper into its assessment to analyse the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference to the assessment of costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.
<b>FI</b>	From the perspective of subsidiaries (outsourcing functions), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the FIN-FSA is recommended to dive deeper into its assessment primarily, but not limited to, at notification stage to analyse the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference to the assessment of costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.
<b>LV</b>	From the perspective of subsidiaries (outsourcing functions), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the FCMC is recommended to dive deeper into its assessment primarily, but not limited to, at notification stage to analyse the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference to the assessment of costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.
<b>PT</b>	From the perspective of subsidiaries (outsourcing activities), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the ASF is recommended to dive deeper into its assessment to analyse the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference

	to the assessment of costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.
<b>RO</b>	From the perspective of subsidiaries (outsourcing services), and in line with Article 274 (2) of the Commission Delegated Regulation (EU) 2015/35, the ASF-RO is recommended to dive deeper into its assessment to analyse the extent of control held by the undertaking on its service provider and the undertaking's ability to influence the action of the service provider. Reference to the assessment of costs of services and the independence of the management body of undertakings in monitoring the services should be included in the procedure. Concerns raised from such assessments should be discussed in the colleges of supervisors.

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**Area: Ongoing supervision of outsourcing**
*Supervision of outsourcing of delegated authority to underwrite and settle claims*


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<b>MS</b>	Recommended action
<b>MT</b>	<p>MFSA is recommended to strengthen its performance of specific controls and follow-up actions regarding outsourcing of delegated authority to underwrite and settle claims. As part of these controls, the MFSA is recommended, following a risk-based-approach and in a proportionate manner, to:</p> <ul style="list-style-type: none"> <li>a) perform a thorough assessment of the conflicts of interest and the interlinks between the undertaking and that type of service provider; and</li> <li>b) formally engage with undertakings where such conflict of interest occurs, in order to address them;</li> <li>c) ensure that the written agreement concluded between the undertaking and the service provider complies with the policies approved by the undertaking, which should follow MFSA's supervisory expectations, and apply corrective measures where such provision is not set out in the written agreement.</li> </ul>

## ANNEX II – LIST OF BEST PRACTICES

No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
1	<b>Outsourcing Framework Communication of the outsourcing framework to the market</b>	CBI (IE)	<p>EIOPA considers it a best practice when NSAs use a broad range of documentation to express to the undertakings their expectations, for example as regards their obligations towards the regulatory aspects of outsourcing. Such expectations may be transmitted by the NSAs through Q&amp;A, guidance, policy notes, speeches, press releases, conferences, publications, etc.</p> <p><u>Description</u></p> <p>The CBI has published on several occasions consultation papers, discussion papers which offered as guidance on outsourcing.</p> <p>Example of consultation/discussion papers</p> <p>The CBI published, in November 2018, the discussion paper “<a href="#">Outsourcing – Findings and Issues for Discussion</a>”, which explains CBI’s view on the arising risks within the outsourcing landscape (e.g. concentration risk; chain outsourcing; substitutability, etc.) and invites the relevant stakeholders to join a discussion on such issues.</p> <p>Another example is the discussion paper published in 2019 “<a href="#">Use of Services Companies in the Insurance Sector</a>”, which focuses on arrangements observed within the insurance sector involving the extensive provision of staffing and other services, by separate legal entities.</p>
2.	<b>Outsourcing Framework – Definitions and rules on certain type of outsourcing - criteria to identify critical</b>	ACPR (FR);	<p>EIOPA considers it a best practice when NSAs further complements the non-exhaustive list, set out in Paragraph 2.291 of the Final Report on Public Consultation No. 14/017 on Guidelines on System of Governance, of what could be</p>

No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
	or important functions or activities (CIF)		<p>considered a CIF. In addition, for the sake of clarity, there can also be an advantage in proving criteria that highlight what does not constitute a CIF.</p> <p><u>Description</u></p> <p>The French Insurance Code (article R354-7) establishes the criteria to be followed by undertakings in determining CIF: (i) cost of the outsourced activity; (ii) financial and operational impact, as well as impact on the reputation of the undertaking if the service provider is unable to accomplish its activities in due time (iii) difficulties to find other service providers or to (re-)establish the CIF within the undertaking ; (iv) the undertaking's ability to comply with regulatory requirements in case of problems with the service provider; (v) potential losses for policyholders or contract beneficiaries or for reinsured undertakings in case of failure of the service provider.</p> <p>In addition, the French Insurance Code also provides criteria helping insurers in identifying functions or activities that should not be considered as CIF, namely: (i) consulting and other services not forming part of the activities covered by its license, including the furniture of legal advice, staff training, billing services and security of premises and company staff; (ii) the purchase of standard services, including those providing market information or price data feeds.</p> <p>Despite the fact that national law is not necessarily expected to set out the criteria above nor are countries expected to replicate the criteria identified by the French Law, these provide a good example of what can be developed by each NSA. Regardless of the instrument used (whether the latter is a legal act or not), the NSAs should be able to identify</p>

No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
3.	<b>Notification Process – structure of the notification</b>	NBB (BE), DGSFP (ES); ACPR (FR); and MFSA (MT)	<p>similar criteria to classify a CIF, based on the specificities and size of their own market and to communicate them to the market (<i>e.g.</i> by a legal act; guidance to the market; etc.). The establishment of such provisions would allow the insurance market to get a common interpretation and understanding of the meaning of CIF and, therefore, further ensure a consistent supervisory approach.</p> <p>EIOPA considers it a best practice when NSAs have in place a structured approach for the provision of information requested from the undertaking at the notification of a new outsourced activity or of a material change regarding a previously notified outsourced activity and, in addition, have implemented a step-by-step approach as regards a detailed assessment of such information. The digitalisation of this process is also considered as a best practice, as it increases comparability across notifications, transparency of the process and as the potential to be resource efficient. A specific supervisory approach requires a broad set of information on the service provider and assesses the feasibility of communication of the NSA and the service provider if needed is also considered as a best practice, as it may provide more robust conclusions as regards the compliance of outsourcing with regulatory requirements and ascertain the accuracy of the risk assessment and due diligence conducted by the undertaking.</p> <p>This best practice is taken from a supervisory practice carried out by the NBB (BE), DGSFP (ES), ACPR (FR) and MFSA (MT) should be deemed as best practices.</p> <p><u>Description</u></p> <p><b>NBB (BE)</b></p> <p>NBB's template for notifying the outsourcing of a CIF includes information such as: (i) the description of the activity or function to be</p>

No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
			<p>outsourced; (ii) the reasons why the function or activity is considered to be critical or important; (iii), the starting and termination date of the outsourcing arrangement; (iv) the reasons for outsourcing; (v) information on annual costs of the outsourcing; (vi) specific information on service provider; (vii) etc.</p> <p>Depending on what type of CIF is outsourced, further specified information and documents are required to be submitted at notification. For example, when an independent control function is being outsourced, the following information is required: a copy of the written outsourcing agreement; a list of persons to perform function at the service provider; additional information on service provider; a fit and proper file and information on the responsible person at undertaking; information on reporting between undertaking and service provider; and exit strategy. Another example relates to the case where the service provider makes use of sub-outsourcing: a description of the sub-outsourcing; identification of service providers and respective locations. Other types of outsourcing also require additional information, such as the case where the outsourcing relates to the storage of (re)insurance documents at a place different than the registered office; or when the service provider is established in a third country.</p> <p>Moreover, according to NBB's notification requirements, each notification on outsourcing of a CIF contains the opinion of the person responsible for the compliance function at notifying the undertaking. Said opinion provides an assessment and declaration that regulatory requirements for outsourcing are complied with and that the information submitted to NBB is complete. For example, the compliance function assesses whether the authorization conditions are</p>



No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
			<p>met<sup>5</sup>; if a due diligence of the service provider and risk assessment has been conducted in a satisfactory manner; whether minimum requirements for the outsourcing agreement are met; if the service provider's risk management and internal control system are adequate enough; if outsourced functions or activities have sufficiently been taken into account in the risk management and internal control system; whether regular monitoring of the outsourced functions or activities (e. g. using key performance indicators) is performed and if suitable contingency plans and documented exit strategies are in place.</p> <p><b>DGSFP (ES)</b></p> <p>DGSFP provides a specific electronic communication, in the form of a template, to undertakings for notification of outsourcing of any of its CIFs. In case of a new notification of outsourcing, the undertaking must: (i) indicate whether it is outsourcing a key function; (ii) briefly describe the outsourced function or activity; (iii) provide information on the service provider, (iv) provide information (including curriculum vitae and criminal record) regarding the person responsible for the outsourcing; and (v) either submit a copy of the minute of the outsourcing arrangement, or attach a form confirming</p>

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<sup>5</sup> The compliance officer must assess and confirm that the insurance undertaking has ensured that the authorization conditions in relation to the outsourcing of the critical or important function or activity have been complied with, i.e., i) where the performance of the function or activity requires an authorisation or registration, the service provider has been authorised or registered or is allowed to perform these activities or functions in accordance with the applicable national legal framework; to a service provider established in a third country, the specific conditions regarding governance requirements set out in national legislation for such cases have been met.

No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
			<p>compliance with Article 274 of the Commission Delegated Regulation (EU) 2015/35 .</p> <p>A structured approach to the notification of a CIF, if specific enough, can improve the quality and efficiency of supervision at notification of outsourcing. With such structured approach, NSAs would already have enough information to assess the outsourcing of CIFs and foreseeably would not need to request much more additional information afterwards for their final assessment. Another benefit of such structured approach is better clarity and easier comparability, by the NSA, of notified information by the undertakings. The use of forms or templates for the digital submission of information also enhances transparency towards undertakings regarding the information they are required to provide when notifying the outsourcing of CIFs.</p> <p>Moreover, where the notified information is already certified by the undertaking's compliance function, this may provide the NSA with an additional level of assurance that the outsourcing of the CIF under notification was properly assessed by the undertaking.</p> <p><b>ACPR (FR)</b></p> <p>ACPR's template for notifying the outsourcing of a CIF includes a comprehensive set of information. Firstly, information on the outsourcing arrangement is required, including, for example: a description of the outsourced activity and why it should be considered critical or important; reason for outsourcing; dates of decision to enter into and implementation of the outsourcing arrangement; law governing the outsourcing arrangement; last date of approval of the written outsourcing policy; next contract renewal date.</p> <p>Secondly, ACPR also requires information of and the assessment performed by the undertaking on the service provider, which shall include, namely:</p>

No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
			<p>the sector of activity; where applicable, the name of the parent company of the service provider; in case of an outsourcing of a key function, information on the person responsible within the service provider including fit and proper assessment of said person; information on the possibility for the service provider to use a subcontractor (sub-outsource); etc.</p> <p>Thirdly, the service provider's potential cooperation with ACPR is also assessed. For example, through a description of the contractual clause(s) setting out the service provider's cooperation with the NSA and the rights and modalities of access of the latter (and of the undertaking and its external auditor) to the data and premises of the service provider.</p> <p>ACPR also requires a description of the internal control framework for outsourcing, including, for example, a summary of the outsourcing risk assessment and of the business continuity plan for outsourcing; reporting arrangements; dates of last audits and expected frequency thereof; and evidence that outsourcing is not likely to seriously compromise the quality of the governance system, to unduly increase operational risk, nor to adversely affect the continuous provision of a satisfactory level of service in respect of insured persons, policyholders and beneficiaries of contracts and reinsured undertakings.</p> <p><b>MFSA (MT)</b></p> <p>MFSA has developed a structured and comprehensive process supported by a well-designed template to collect notifications from its supervised undertakings.</p> <p>Considering the relative importance on the total number of notifications of the ones relating to outsourcing to MGAs, the approach defined by MFSA differentiates between:</p>

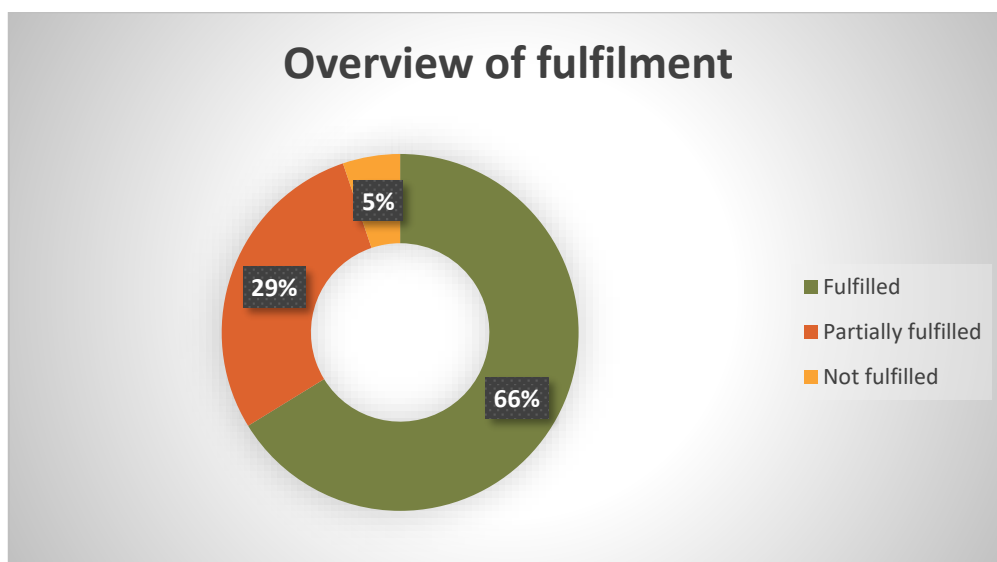
No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
			<ul style="list-style-type: none"> <li>• Notification related to MGAs outsourcing (outsourcing of delegated underwriting activities or claim management), where the MFSA requires undertakings to report several prospective information on the business relationship between the outsourcing undertaking and the MGA. That information includes for example the binder agreement, the development plan of premiums and/or claims managed by the MGA, operational and technical key performance indicators. and</li> <li>• Notifications of outsourcing of other critical or important functions.</li> </ul> <p>To support their supervisory review of the notification, MFSA has developed an internal procedure guiding the supervisory assessment in case of outsourcing of critical or important functions and MGAs, with a focus on the latter.</p>
4.	<b>Ongoing supervision of outsourcing (thematic reviews)</b>	FIN-FSA (FI); KNF (PL)	<p>EIOPA considers it a best practice when NSAs perform horizontal thematic reviews in order to assess compliance of the outsourcing activities with the requirements of the legislation across the insurance sector.</p> <p>The launch of a thematic review and the selection of a topic shall be risk-based and emerge from the risk-assessment exercise carried out by the NSA. Given that a thematic review is extensive and resource intensive, its scope should be clearly circumscribed, and the launch of such exercise should be considered as part of a prioritisation exercise by the NSA.</p> <p>A thematic review can serve as a diagnostic tool, or it can also be used to carry out a deep-dive investigation in already identified risks and issues in order to better fine-tune policy or supervisory measures to address such risks and issues. Such thematic reviews may also be useful in order to</p>

No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
			<p>identify trends in outsourcing by undertakings and to update the NSAs' database on outsourcing.</p> <p><i>Description</i></p> <p><b>FIN-FSA (FI)</b></p> <p>In 2017, FIN-FSA carried out a thematic review specifically on outsourced activities. It targeted all non-life and life insurance companies authorised and regulated in Finland. The purpose of the thematic review was to assess compliance with the outsourcing legal framework including intra-group outsourcing, how critical or important activities have been classified and how the operational risk has been taken into account when outsourcing operations. In 2018 a press release was issued detailing the significant deficiencies discovered from the thematic review.</p> <p>As part of its ongoing supervision, the press release mentions that FIN-FSA required the Board of Directors of undertakings to consider the findings and submit to FIN-FSA a copy of the Board minutes regarding the measures that will be taken to rectify the situation together with a timeframe by when this will be completed. Significant non-compliance by individual insurance company were to be looked into more detail through onsite inspections.</p> <p><b>KNF (PL)</b></p> <p>From 2016 to 2017, KNF performed a thematic review for all undertakings that indicated in their RAF (Risk Assessment Framework for Undertakings) to have outsourcing arrangements in place in 2015. The review was carried out in terms of compliance with the requirements of the relevant Polish regulatory framework, the Commission Delegated Regulation (EU) 2015/35 and EIOPA Guidelines on System of Governance.</p>

No.	Topic of the best practice	NSA/Country	Best practice identified during the reference period
			<p>The thematic review covered both cases – where the undertaking had submitted their outsourcing policy to the KNF on its own initiative and where the undertaking had not submitted their policy. In the latter case, the KNF requested the undertaking to submit its outsourcing policy and to provide explanations for not providing it once the Polish Act of 11 September 2015 on the business of insurance and reinsurance entered into force (transposing Solvency II). The supervisory team assessed whether undertakings complied with all the requirements, including as regards the determination of critical and important functions being outsourced. Comments and observations were addressed to undertakings in case of inaccuracies, lack of information vis a vis the outsourcing policies or in case of non-compliance with the legal requirements. Undertakings were required to provide a response to the findings of the KNF and to change their outsourcing policies when necessary, in order to comply with regulatory requirements.</p>

## ANNEX III – OVERVIEW OF FULFILLMENT OF RECOMMENDED ACTIONS

Out of 77 total recommended actions (RAs) followed-up, the assessment shows overall a good progress, namely that **51 RAs (66%) are fulfilled while 22 RAs (29%) are partially fulfilled, and 4 RAs (5%) are not fulfilled.**



The recommended actions issued during the peer review were grouped into **12 areas**.

AREA (RAs/Total RAs)	Fulfilled (%)	Partially fulfilled (%)	Not fulfilled (%)
1) Documentation and information management (10/77)	8 (80%)	2 (20%)	0 (0%)
2) Notification process Feedback to the notification ("right to object") (3/77)	2 (67%)	1 (33%)	0 (0%)
3) Notification Structure of the notification (15/77)	11 (73%)	2 (13%)	2 (13%)
4) Ongoing supervision of outsourcing Off-site supervision (14/77)	7 (50%)	6 (43%)	1 (7%)

5) Ongoing supervision of outsourcing On-site supervision (5/77)	3 (60%)	2 (40%)	0 (0%)
6) Ongoing supervision of outsourcing Supervision of intra-group outsourcing (solo perspective) (5/77)	3 (60%)	2 (40%)	0 (0%)
7) Ongoing supervision of outsourcing Supervision of outsourcing of delegated authority to underwrite and settle claims (1/77)	1 (100%)	0 (0%)	0 (0%)
8) Outsourcing Framework (4/77)	4 (100%)	0 (0%)	0 (0%)
9) Outsourcing Framework - Definition and rules on certain type of outsourcing Boundaries between outsourcing of delegated authority to underwrite and settle claims and (re)insurance distribution (3/77)	1 (33%)	1 (33%)	1 (33%)
10) Outsourcing Framework - Definition and rules on certain type of outsourcing Criteria to identify critical or important functions or activities (CIF) (8/77)	5 (63%)	3 (38%)	0 (0%)
11) Supervision of outsourcing at notification (2/77)	2 (100%)	0 (0%)	0 (0%)
12) Supervision of outsourcing at notification Framework for the NSA (internal procedures – supervision of notifications) (7/77)	4 (57%)	3 (43%)	0 (0%)



## ANNEX IV – TERMS OF REFERENCE

### Terms of Reference

#### Follow-up on Peer Review on Outsourcing

<b>Description of the topic</b>	<p>To identify on an individual basis the progress made against the recommended actions by seeing into whether the NSAs have effectively fulfilled them.</p> <p>EIOPA issued a number of recommended actions to the different NSAs in order to improve specific areas of their outsourcing supervisory lifecycle.</p> <p>To explore whether the identified best practices have inspired the NSAs in the areas of Outsourcing Framework / Communication of the outsourcing framework to the market, Outsourcing Framework / Definitions and rules on certain type of outsourcing - criteria to identify critical or important functions or activities (CIF), Notification Process – structure of the notification, and Ongoing supervision of outsourcing (thematic reviews).</p>
<b>Purpose and expected outcomes</b>	<p>The follow-up will assess, on an individual basis considering the inputs provided, whether the NSAs have effectively fulfilled the recommended action(s) issued to them as part of the peer review process in accordance with Article 30 of the EIOPA Regulation (see also the two-year peer review work plan 2023-2024) and whether the identified best practices have been considered.</p> <p>The follow-up will assess what kind of regulatory, organizational and / or supervisory changes / actions the NSAs have implemented aiming for improvement in the area of the recommended action(s).</p>

	<p>The NSAs will be asked to describe and document (where needed) in detail these measures via a follow-up questionnaire.</p> <p>In addition, it will be assessed whether NSAs have been inspired by the four best practices identified in the peer review report.</p> <p>The focus of the analysis of the answers to the follow-up questionnaire will be the:</p> <ul style="list-style-type: none"> <li>• Progress attained following the specific recommended action(s) and assessment of the adequacy and effectiveness of the actions undertaken by NSAs.</li> <li>• European overview of the effects of the implemented supervisory practices and actions taken following the recommended actions issued.</li> <li>• Use of best practices and their possible further development by NSAs.</li> </ul> <p>On that basis the ad hoc Peer Review Committee (PRC) will describe the progress made by NSAs in a follow-up report that, once approved by EIOPA BoS, will be published on EIOPA's website<sup>6</sup>.</p> <p>Depending on the outcome, EIOPA may further extend the status of the recommended actions to the NSAs, meaning that further follow-up of actions referring to outstanding issues identified in the context of NSAs' legislation and / or organisation and / or supervisory practice(s) is needed.</p> <p>In order to gain knowledge on the use of the identified best practices, all NSAs in the EEA countries will be invited to answer the question(s) on best practices included in the self-assessment questionnaire. The results of the comprehensive assessment will be shared with the NSAs as part of the follow-up report.</p>
Scope	<p>The topics, coming from the peer review report published in July 2022, to be covered in the follow-up report are:</p> <ol style="list-style-type: none"> <li>I. Outsourcing framework.</li> </ol>

<sup>6</sup> Its outcome will be also incorporated in EIOPA's yearly supervisory activities' report.

	<p>II. Notification process.</p> <p>III. Supervision of outsourcing at notification.</p> <p>IV. Documentation requirements for undertakings.</p> <p>V. Documentation and information management by the NSA.</p> <p>VI. Ongoing supervision of outsourcing.</p>
<p><b>Evaluation criteria, implementation expectations, fulfillment criteria</b></p>	<p>The follow-up will assess:</p> <ul style="list-style-type: none"> <li>○ whether the recommended actions have been addressed; what activities (regarding regulatory framework and/or organisational structure and/or supervisory practice(s)) have been undertaken by individual NSAs to fulfil the recommended action(s) issued to them;</li> <li>○ how the undertaken actions are reflected in NSA's internal policies and procedures.</li> </ul> <p>The follow-up questionnaire will be addressed separately to NSAs depending on their original recommended action(s).</p> <p>The process of the ad hoc PRC's assessment will comprise:</p> <ul style="list-style-type: none"> <li>• Evaluation of the written feedback received from NSAs.</li> <li>• A desk review of the provided answers and evidences including their relevance as summarised by the NSAs, ensuring clear understanding of every NSA's progress; if more clarity or specific information is required the ad hoc PRC will request clarification from respondents (e.g., by email or telephone interviews).</li> <li>• Grading in terms of fulfilment of the recommended actions.</li> </ul> <p>The evaluation criteria have been based on the assessment criteria used during the conduct of the peer review (see full table in Annex III) and developed on the basis of:</p>

- 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 (Solvency II);
- Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II);
- EIOPA Guidelines on System of Governance (EIOPA-BoS-14/253) and the related explanatory text included in the Final Report on Public Consultation No. 14/017 on Guidelines on System of Governance;
- The five principles and key characteristics of high-quality and effective supervision.
- Guideline 16 of the EIOPA Guidelines on outsourcing to cloud service providers on “Supervision of cloud outsourcing arrangements by Supervisory Authorities”
- the IAIS Insurance Core Principles on Outsourcing;
- EIOPA Opinion on supervisory convergence in light of the United Kingdom withdrawing from the European Union.

In line with the peer review report and the assessment letters with the recommended actions the expectations regarding the implementation have been set i.e., actions required from the competent authorities (how) to achieve substantive goals of the relevant recommended actions and what measures taken by the relevant competent authority would be suited to achieve that objectives provided.

Furthermore, the ad hoc PRC has agreed on the fulfilment criteria (how action / inaction will be graded) as described in Annex of the

	Decision of the European Insurance and Occupational Pensions Authority on peer reviews.
<b>Reference period</b>	The reference period for the follow-up on the peer review on EIOPA's Decision on the collaboration of the insurance supervisory authorities is July 2022 – September 2024.
<b>Timeline</b>	<p>The follow-up will be conducted along the following key milestones:</p> <ul style="list-style-type: none"> <li>• Launch of follow-up questionnaire by December 2024.</li> <li>• Submission by NSAs of responses to the follow-up questionnaire including the completeness check of the responses provided by competent authorities and further clarification if needed by January 2025.</li> <li>• Performance of fieldwork to further investigate relevant aspects related to the answers provided in the follow-up questionnaire, assessment, and grading of the responses of the follow-up questionnaire and the fieldwork against the evaluation criteria and assessment of the implementation of best practices by April 2025.</li> <li>• Drafting, by the ad hoc PRC, of a follow-up report, factual check of the report by the national peer review coordinators, consultation with MB on the consistency of the report, approval of the follow-up report by the Board of Supervisors by June 2025.</li> <li>• Publication of the follow-up report on EIOPA's website by end-June 2025.</li> </ul>

## ANNEX V – EVALUATION CRITERIA

Area	Evaluation Criteria	
	Implementation expectations	Fulfilment criteria
OUTSOURCING FRAMEWORK	<ul style="list-style-type: none"> <li>• How Solvency II Directive was transposed and how the relevant provisions set out in Commission Delegated Regulation (EU) 2015/35 (DR) were implemented in supervisory practice;</li> <li>• whether the EIOPA Guidelines on System of Governance, in particular those relevant for outsourcing, were complied with by the NSAs;</li> <li>• the presence of regulations from NSAs or soft tools to provide guidance to the market (e.g. such as circulars, official publications, etc.) and to “share” supervisory expectations (e.g. presentations, white papers, letters to the market, etc.) on outsourcing; and</li> <li>• how all the above contribute to the concrete processes and procedures in place to supervise outsourcing undertaken by the NSA.</li> </ul>	<p><b>Fulfilled:</b> The NSA has:</p> <ul style="list-style-type: none"> <li>• Fully implemented the relevant provisions in supervisory practice (i.e. internal guidance, supervisory manuals, etc).</li> <li>• Complied with the EIOPA Guidelines on System of Governance (outsourcing).</li> <li>• Issued clear and comprehensive regulations and/or soft tools that provide guidance to the market on outsourcing, which are well-documented (e.g., easily searchable, up-to-date, and accessible).</li> <li>• Established clear and effective processes and procedures for supervising outsourcing, which are documented and regularly reviewed and updated.</li> </ul> <p><b>Partially Fulfilled:</b> The NSA has:</p> <ul style="list-style-type: none"> <li>• Fully implemented the relevant provisions in supervisory practice (i.e. internal guidance, supervisory manuals, etc).</li> <li>• Complied with less than 80% of the EIOPA Guidelines on System of Governance (outsourcing).</li> <li>• Issued some regulations and/or soft tools that provide guidance to the market on outsourcing, but they are incomplete, not well-documented (e.g., difficult to search, not up-to-date) or not easily accessible.</li> <li>• Established some processes and procedures for supervising outsourcing, but they are not well-documented and not regularly reviewed and updated.</li> </ul>

		<p><b>Not Fulfilled:</b> The NSA has:</p> <ul style="list-style-type: none"> <li>• Not implemented the relevant provisions in supervisory practice (i.e. internal guidance, supervisory manuals, etc)..</li> <li>• Not complied with the EIOPA Guidelines on System of Governance (outsourcing).</li> <li>• Not issued any regulations or soft tools that provide guidance to the market on outsourcing, or the existing regulations and tools are: <ul style="list-style-type: none"> <li>○ Inadequate (e.g., missing key information, outdated).</li> <li>○ Not well-documented.</li> </ul> </li> <li>• Lacks clear and effective processes and procedures for supervising outsourcing.</li> </ul>
OUTSOURCING FRAMEWORK – DEFINITIONS AND RULES ON CERTAIN TYPE OF OUTSOURCING	<ul style="list-style-type: none"> <li>• <u>Definition and scope of outsourcing.</u> The NSA applies a definition of outsourcing in line to the one set in Article 13(28) Directive and, in case of limitations to outsourcing scope, those are proportionate to the underlying risks in line with Article 49(2) Directive.</li> <li>• <u>Criteria to classify critical or important functions or activities (CIF).</u> The NSA has defined and shared with the market criteria to classify CIF, taking into account Guideline 60 of EIOPA Guidelines on System of Governance, the explanatory text included in the EIOPA Final Report on Public Consultation No.14.017 on EIOPA Guidelines on System of Governance, and the market specificities.</li> <li>• <u>Boundaries between outsourcing of delegated authority to underwrite and settle claims and (re)insurance distribution.</u> Considering Guideline 61 of EIOPA Guidelines on System of Governance, the explanatory text included in the EIOPA Final Report on Public Consultation No.14.017 on EIOPA Guidelines on System of Governance, and the market specificities, the NSA has defined and shared with the market and</li> </ul>	<p><b>Fulfilled:</b> The NSA has fully implemented the expected requirements, with:</p> <ul style="list-style-type: none"> <li>• A definition of outsourcing that is fully aligned with Article 13(28) of the Solvency II Directive, with proportionate limitations to the scope of outsourcing.</li> <li>• Clearly defined and shared criteria for classifying critical or important functions or activities (CIF), taking into account relevant EIOPA guidelines and market specificities.</li> <li>• Clear boundaries between outsourcing of delegated authority to underwrite and settle claims, (re)insurance distribution, and intermediation, with a well-defined approach to distinguish between these concepts, where applicable for the relevant jurisdiction.</li> <li>• Effective supervision of undertakings to ensure they maintain a minimum level of corporate substance, as required by Article 41 of the Solvency II Directive.</li> <li>• A clear definition of material developments regarding outsourced critical or important functions, in line with Article 49(3) of the Solvency II Directive and relevant EIOPA guidelines.</li> <li>• A well-defined approach to intragroup outsourcing, including the use of shared services and sharing of staff, with a clear application of the principle of proportionality.</li> <li>• A supervisory approach to outsourcing to third-country service providers that ensures risks are properly overseen and taken into account by undertakings.</li> </ul>

	<p>within the NSA a clear approach to distinguish between intermediation and outsourcing of delegated authority to underwrite and settle claims and when its outsourcing is to be considered the outsourcing of a CIF.</p> <ul style="list-style-type: none"> <li>• <u>'Empty shells' undertaking</u>. Having a minimum level of corporate substance is a principle embedded in Article 41 of the Solvency II Directive, and it should be always observed by undertakings and supervised by the NSA.</li> <li>• <u>Material developments</u>. The NSA has defined and shared with the market a definition of material development regarding an outsourced critical or important function in line with Article 49(3) of the Solvency II Directive and taking into account Guideline 64 of EIOPA Guidelines on System of Governance, the explanatory text included in the EIOPA Final Report on Public Consultation No.14.017 on EIOPA Guidelines on System of Governance.</li> <li>• <u>Intragroup outsourcing (including the use of shared services, sharing of staff)</u>. According to Solvency II, intra-group outsourcing does not differ from outsourcing to third party service providers. However, some degree of flexibility is recognised through the application of the principle of proportionality in the process of due diligence of the service provider.</li> <li>• <u>Outsourcing to third-country service providers</u>. Where applicable, the NSA has defined a supervisory approach to make sure the risks posed by third party service providers are properly overseen and taken into account by the undertakings.</li> </ul>	<ul style="list-style-type: none"> <li>• A clear view on how services provided by/to branches should be notified and supervised, including the distribution of activities and functions between branches and head offices.</li> </ul> <p><b>Partially Fulfilled:</b> The NSA has partially implemented the expected requirements, with a limited number of gaps or inconsistencies with reference to the elements indicated in the criteria for "fulfilled"</p> <p><b>Not Fulfilled:</b> The NSA has partially implemented the expected requirements, with a material number of gaps or inconsistencies with reference to the elements indicated in the criteria for "fulfilled" or the NSA did not implement the requirements.</p>
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	<ul style="list-style-type: none"> <li>• <u>Services provided to/by branches.</u> Where applicable, the NSA has developed a clear view on how services provided by/to branches should be notified and supervised (i.e. when an undertaking distribute its activities and functions between its branch(es) and its head office).</li> </ul>	
NOTIFICATION PROCESS	<p>The NSA has defined and shared with the market a notification process in case of “new outsourcing” and “material developments of existing outsourcing”. As part of the definition of the process above, the NSA has defined and communicated to the market:</p> <ul style="list-style-type: none"> <li>• <u>a timeline</u> to be observed by undertakings while performing the above notifications. The minimum requirement is that the notification is submitted before the outsourcing come into effect and allows for sufficient time for the NSA to examine the proposed outsourcing. According to the EIOPA Final Report on Public Consultation No.14.017 on EIOPA Guidelines on System of Governance (§2.312) it should be at least six weeks before the outsourcing is due to come into effect.</li> <li>• <u>a set of minimum information</u> to be notified to the NSA in a structured manner (e.g. through the use of a template) to enable a supervisory assessment;</li> <li>• the NSA retains as a pre-emptive power at notification, the <u>right to object</u> the entering into force of an outsourcing agreement, in case the NSA concerned has serious and motivated concerns on the compliance of the intended outsourcing with the regulatory requirements in place, that cannot be mitigated otherwise</li> </ul>	<p><b>Fulfilled:</b> The NSA has defined and shared with the market a clear notification process for new outsourcing and material developments of existing outsourcing, including:</p> <ul style="list-style-type: none"> <li>• A timeline for notifications that is at least 6 weeks before the outsourcing is due to come into effect, as specified in writing in the NSA's guidelines or regulations.</li> <li>• A structured template or set of minimum information required for notifications, which includes the following elements: (i) description of the outsourcing, (ii) identification of the service provider, (iii) risk assessment, (iv) contractual terms, and (v) contingency plans.</li> <li>• A clear retention of the NSA's pre-emptive power to object to the entering into force of an outsourcing agreement, which is exercisable where the NSA has serious and motivated concerns on compliance with regulatory requirements.</li> </ul> <p><b>Partially Fulfilled:</b> The NSA has partially defined and shared with the market a notification process for new outsourcing and material developments of existing outsourcing, with some gaps or inconsistencies, including:</p> <ul style="list-style-type: none"> <li>• A timeline for notifications that is only partially specified in writing in the NSA's guidelines or regulations.</li> <li>• A structured template or set of minimum information required for notifications, which includes more than 50% of the following elements: (i) description of the outsourcing, (ii) identification of the service provider, (iii) risk assessment, (iv) contractual terms, and (v) contingency plans.</li> <li>• A partially clear retention of the NSA's pre-emptive power to object to the entering into force of an outsourcing agreement, which is exercisable where the NSA has serious and motivated concerns on compliance with regulatory requirements.</li> </ul>

		<p><b>Not Fulfilled:</b> The NSA has not defined and shared with the market a notification process for new outsourcing and material developments of existing outsourcing, or has significant gaps or inconsistencies, including:</p> <ul style="list-style-type: none"> <li>• No timeline for notifications, or a timeline that is not specified in writing in the NSA's guidelines or regulations.</li> <li>• No structured template or set of minimum information required for notifications, or a template that includes less than 50% of the following elements: (i) description of the outsourcing, (ii) identification of the service provider, (iii) risk assessment, (iv) contractual terms, and (v) contingency plans.</li> <li>• No clear retention of the NSA's pre-emptive power to object to the entering into force of an outsourcing agreement, or a power that is not exercisable in practice.</li> </ul>
SUPERVISION OF OUTSOURCING AT NOTIFICATION	<p>The NSA has developed and makes use of internal procedures supporting the supervisory scrutiny of the notification package.</p> <p>Supervision at notifications means to review the notification package with the objective to verify whether undertakings comply with the regulatory requirements set by Solvency II Directive and Delegated Regulation and to adopt a pro-active approach by sharing concerns and/or requiring the undertakings to implement changes to their outsourcing arrangements and/or to their organisational and governance structures to manage the outsourcing before the outsourcing arrangement (or the actions undertaken following a material development) becomes fully operational.</p> <p>Furthermore, in case the NSA receives new application for authorisation of new undertakings, the NSA reviews and challenges outsourcing arrangements as part of application review. Such review and challenge includes the review outsourcing arrangements relating to branches, when applicable.</p>	<p><b>Fulfilled:</b> The NSA has developed and uses internal procedures to support the supervisory scrutiny of the notification package, including:</p> <ul style="list-style-type: none"> <li>• A clear and documented process for reviewing the notification package.</li> <li>• A comprehensive checklist or template that covers the regulatory requirements related to Solvency II Directive and Delegated Regulation.</li> <li>• A proactive approach to sharing concerns and requiring undertakings to implement changes to their outsourcing arrangements and/or organisational and governance structures.</li> <li>• A review of outsourcing arrangements as part of new application reviews, with an auditable risk-based approach to review applications reviewed for outsourcing arrangements.</li> </ul> <p><b>Partially Fulfilled:</b> The NSA has partially developed and uses internal procedures to support the supervisory scrutiny of the notification package, including:</p> <ul style="list-style-type: none"> <li>• A partially clear and documented process for reviewing the notification package.</li> <li>• A partially comprehensive checklist or template that covers more than 50% of the regulatory requirements related to Solvency II Directive and Delegated Regulation.</li> </ul>

		<ul style="list-style-type: none"> <li>• A partially proactive approach to sharing concerns and requiring undertakings to implement changes to their outsourcing arrangements and/or organisational and governance structures.</li> <li>• A review of outsourcing arrangements as part of new application reviews as part of the supervisory practice but without having a specific methodology or approach.</li> </ul> <p><b>Not Fulfilled:</b> The NSA has not developed and does not use internal procedures to support the supervisory scrutiny of the notification package or has significant gaps or inconsistencies.</p>
DOCUMENTATION REQUIREMENTS FOR UNDERTAKINGS	<p>In order to facilitate undertakings compliance to the requirements of Guideline 60 of EIOPA Guidelines on System of Governance (i.e. that undertakings need to document the CIF assessment and the results of the risk assessment on the outsourced function or activity and the due diligence on the service provider), the NSA has shared with the market its supervisory expectations. These supervisory expectations, to ensure that undertakings have a continuous overview and control over their outsourcing arrangements enabling also concentration risk assessment and supervision, may contain (as a “nice to have”) the requirement to develop and maintain a register of outsourced functions and activities.</p>	<p><b>Fulfilled:</b> The NSA has shared with the market its supervisory expectations to facilitate undertakings' compliance with Guideline 60 of EIOPA Guidelines on System of Governance, including:</p> <ul style="list-style-type: none"> <li>• A clear and comprehensive documentation of the CIF assessment and risk assessment on the outsourced function or activity, with a minimum of 80% of all outsourcing arrangements meeting these requirements.</li> <li>• A clear and comprehensive documentation of the due diligence on the service provider, with a minimum of 80% of all outsourcing arrangements meeting these requirements.</li> <li>• A shared expectation for undertakings to maintain a continuous overview and control over their outsourcing arrangements, with a minimum of 80% of undertakings demonstrating compliance with this expectation.</li> <li>• A shared expectation for undertakings to conduct concentration risk assessment and supervision, with a minimum of 80% of undertakings demonstrating compliance with this expectation.</li> <li>• A recommendation or requirement for undertakings to develop and maintain a register of outsourced functions and activities, with a minimum of 50% of undertakings implementing this recommendation.</li> </ul> <p><b>Partially Fulfilled:</b> The NSA has partially shared with the market its supervisory expectations to facilitate undertakings' compliance with Guideline 60 of EIOPA Guidelines on System of Governance, including:</p>

		<ul style="list-style-type: none"> <li>• A partially clear and comprehensive documentation of the CIF assessment and risk assessment on the outsourced function or activity.</li> <li>• A partially clear and comprehensive documentation of the due diligence on the service provider.</li> <li>• A partially shared expectation for undertakings to maintain a continuous overview and control over their outsourcing arrangements.</li> <li>• A partially shared expectation for undertakings to conduct concentration risk assessment and supervision.</li> <li>• A recommendation or requirement for undertakings to develop and maintain a register of outsourced functions and activities, with less than 50% of undertakings implementing this recommendation.</li> </ul> <p><b>Not Fulfilled:</b> The NSA has not shared with the market its supervisory expectations to facilitate undertakings' compliance with Guideline 60 of EIOPA Guidelines on System of Governance, including:</p> <ul style="list-style-type: none"> <li>• No clear and comprehensive documentation of the CIF assessment and risk assessment on the outsourced function or activity.</li> <li>• No clear and comprehensive documentation of the due diligence on the service provider.</li> <li>• No shared expectation for undertakings to maintain a continuous overview and control over their outsourcing arrangements.</li> <li>• No shared expectation for undertakings to conduct concentration risk assessment and supervision.</li> <li>• No recommendation or requirement for undertakings to develop and maintain a register of outsourced functions and activities.</li> </ul>
DOCUMENTATION AND INFORMATION MANAGEMENT	<p>The NSA has implemented a comprehensive, accessible and structured set of information, typically in the form of a register, regarding outsourced functions and service providers both at undertaking and market level.</p> <p>Such structured set of information should enable the NSA to adequately identify potential risks, namely concentration risks, and prioritise supervision of</p>	<p><b>Fulfilled:</b> The NSA has implemented a comprehensive, accessible, and structured set of information, typically in the form of a register, regarding outsourced functions and service providers both at undertaking and market level, including:</p> <ul style="list-style-type: none"> <li>• A register that is updated at least quarterly, with a minimum of 80% of all outsourced functions and service providers included.</li> </ul>

	outsourcing of key functions or other CIF to the same service providers.	<ul style="list-style-type: none"> <li>• A register that enables the NSA to identify potential risks, including concentration risks, and prioritise supervision of outsourcing of key functions or other CIF to the same service providers.</li> </ul> <p><b>Partially Fulfilled:</b> The NSA has partially implemented a comprehensive, accessible, and structured set of information, typically in the form of a register, regarding outsourced functions and service providers both at undertaking and market level, including:</p> <ul style="list-style-type: none"> <li>• A register that is updated at least annually, but less than quarterly, with a minimum of 60% of all outsourced functions and service providers included.</li> <li>• A register that partially enables the NSA to identify potential risks, including concentration risks, and prioritise supervision of outsourcing of key functions or other CIF to the same service providers.</li> </ul> <p><b>Not Fulfilled:</b> The NSA has not implemented a comprehensive, accessible, and structured set of information, typically in the form of a register, regarding outsourced functions and service providers both at undertaking and market level, including:</p> <ul style="list-style-type: none"> <li>• No register or a register that is not updated regularly (less than annually).</li> <li>• A register that does not enable the NSA to identify potential risks, including concentration risks, and prioritise supervision of outsourcing of key functions or other CIF to the same service providers.</li> </ul>
ON GOING-SUPERVISION OF OUTSOURCING	<p><b>Off-site supervision</b></p> <p>The NSA has developed and makes use of internal procedures supporting supervision of outsourcing off-site. Off-site supervision, consisting mostly on desk reviews of documentation and reports produced by the undertakings (e.g. RSR, ORSA, other specific reporting), their auditors and/or service providers, can be used by the supervisors to: (i) identify risks, trends of outsourcing; (ii) review documentation associated to the ongoing outsourcing arrangements of the undertakings; and (iii) produce evidence for the need to launch tailored on-site</p>	<p><b>Off-site Supervision</b></p> <p><b>Fulfilled:</b> The NSA has developed and uses internal procedures to support off-site supervision of outsourcing, including:</p> <ul style="list-style-type: none"> <li>• A clear and documented process for conducting desk reviews of outsourcing arrangements, documentation and reports.</li> <li>• A comprehensive checklist or template for reviewing documentation associated with ongoing outsourcing arrangements.</li> <li>• A system for tracking and analysing data from off-site reviews.</li> </ul> <p><b>Partially Fulfilled:</b> The NSA has partially developed and uses internal procedures to support off-site supervision of outsourcing. Either one or all the</p>

	<p>inspections at the undertaking or the service provider premises or thematic market analysis.</p> <p><b><u>On-site supervision</u></b></p> <p>The NSA has developed and makes use of internal procedures supporting supervision of outsourcing on-site.</p> <p>On-site activities at the undertaking's and/or service provider's premises, has been proven being the most effective tool to verify the overall governance structure around outsourcing and that the outsourcing is kept under control by undertakings. Developing and use internal procedures in this context would allow a consistent approach across different cases by ideally: (i) determining when and where (insurance undertaking or service provider) on-site activities should take place; (ii) identifying the list of information to be required from undertakings before such exercise; and (iii) listing the areas to be assessed during the on-site inspection.</p> <p><b><u>Supervision of intra-group outsourcing (solo perspective)</u></b></p> <p>As part of its ongoing supervisory practices, the NSA is able to ascertain the extent of control held by the undertaking on its intra-group service providers and ability to influence their action. The NSA reviews the independence of the undertaking's AMSB in monitoring the outsourcing of CIF to intra-group service providers with the objective to verify whether the compliance with the requirements set out in Article 274 of the DR is always ensured.</p> <p><b><u>Supervision of intra-group outsourcing (group perspective)</u></b></p> <p>The NSA, as group supervisor and where applicable (i.e. when intra-group shared service providers are used within the group), monitors (following a risk-based approach) the intra-group service providers from a</p>	<p>instruments listed under the criteria "fulfilled" are incomplete or one of the three is missing.</p> <p><b><u>Not Fulfilled:</u></b> The NSA has not developed or does not use internal procedures to support off-site supervision of outsourcing.</p> <p><b><u>On-site Supervision</u></b></p> <p><b><u>Fulfilled:</u></b> The NSA has developed and uses internal procedures to support on-site supervision of outsourcing, including:</p> <ul style="list-style-type: none"> <li>• A clear and documented process for determining when and where on-site activities should take place.</li> <li>• A checklist or template for identifying the list of information to be required from undertakings before on-site activities.</li> <li>• A system for tracking and analysing data from on-site reviews.</li> </ul> <p><b><u>Partially Fulfilled:</u></b> The NSA has partially developed and uses internal procedures to support on-site supervision of outsourcing, Either one or all the instruments listed under the criteria "fulfilled" are incomplete or one of the three is missing.</p> <p><b><u>Not Fulfilled:</u></b> The NSA has not developed or does not use internal procedures to support on-site supervision of outsourcing.</p> <p><b><u>Supervision of Intra-group Outsourcing (Solo Perspective)</u></b></p> <p><b><u>Fulfilled:</u></b> The NSA has developed and uses internal procedures to support supervision of intra-group outsourcing from a solo perspective, including:</p> <ul style="list-style-type: none"> <li>• A clear and documented process for reviewing the independence of the undertaking's AMSB in monitoring the outsourcing of CIF to intra-group service providers.</li> <li>• A checklist or template for verifying compliance with the requirements set out in Article 274 of the DR.</li> </ul> <p><b><u>Partially Fulfilled:</u></b> The NSA has partially developed and uses internal procedures to support supervision of intra-group outsourcing from a solo perspective either one or both the instruments listed under the criteria "fulfilled" are incomplete or one of the two is missing.</p> <p><b><u>Not Fulfilled:</u></b> The NSA has not developed or does not use internal procedures to support supervision of intra-group outsourcing from a solo perspective.</p>
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	<p>holistic perspective to avoid any occasion where they might become a single point of failure for the group itself taking into account the materiality of the operational risk that they pose to the group.</p> <p><b><u>Supervision of outsourcing of delegated authority to underwrite and settle claims</u></b></p> <p>The NSA supervising a (re)insurance undertaking outsourcing delegated authority to underwrite and settle claims on its behalf to a service provider has developed a comprehensive supervisory approach which includes the performance of specific controls on the sustainability of the undertaking business model and on the reliability of the service provider and set up a monitoring system of the business model of the undertaking making use of this type of outsourcing.</p> <p>In case the outsourcing involves a service provider located in a different member state than the outsourcing undertaking, the NSA collaborates with the NSA supervising the service provider and/or where the risks and commitments are underwritten.</p>	<p><b><u>Supervision of Intra-group Outsourcing (Group Perspective)</u></b></p> <p><b><u>Fulfilled:</u></b> The NSA has developed and uses internal procedures to support supervision of intra-group outsourcing from a group perspective, including:</p> <ul style="list-style-type: none"> <li>• A clear and documented process for monitoring intra-group service providers from a holistic perspective.</li> <li>• A checklist or template for identifying potential risks and ensuring compliance with regulatory requirements.</li> </ul> <p><b><u>Partially Fulfilled:</u></b> The NSA has partially developed and uses internal procedures to support supervision of intra-group outsourcing from a group perspective either one or both the instruments listed under the criteria “fulfilled” are incomplete or one of the two is missing.</p> <p><b><u>Not Fulfilled:</u></b> The NSA has not developed or does not use internal procedures to support supervision of intra-group outsourcing from a group perspective.</p> <p><b><u>Supervision of Outsourcing of Delegated Authority to Underwrite and Settle Claims</u></b></p> <p><b><u>Fulfilled:</u></b> The NSA has developed and uses internal procedures to support supervision of outsourcing of delegated authority to underwrite and settle claims, including:</p> <ul style="list-style-type: none"> <li>• A clear and documented process for conducting specific controls on the sustainability of the undertaking's business model and the reliability of the service provider.</li> <li>• A checklist or template for reviewing the business model of the undertaking making use of outsourcing delegated authority to underwrite and settle claims.</li> </ul> <p><b><u>Partially Fulfilled:</u></b> The NSA has partially developed and uses internal procedures to support supervision of outsourcing of delegated authority to underwrite and settle claims either one or both the instruments listed under the criteria “fulfilled” are incomplete or one of the two is missing.</p> <p><b><u>Not Fulfilled:</u></b> The NSA has not developed or does not use internal procedures to support supervision of outsourcing of delegated authority to underwrite and settle claims.</p>
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## ANNEX VI – COUNTRIES AND NSAS PARTICIPATING IN THIS FOLLOW-UP PEER REVIEW AND THEIR ABBREVIATIONS

Country	Abbreviation	Name of concerned Authority	Competent	Abbreviation used in the report (if any)
Austria	AT	Finanzmarktaufsicht		FMA-AT
Belgium	BE	National Bank of Belgium		NBB
Bulgaria	BG	Financial Supervision Commission		FSC
Cyprus	CY	Insurance Companies Control Service		ICCS
Czech Republic	CZ	Czech National Bank		CNB
Germany	DE	Bundesanstalt für Finanzdienstleistungsaufsicht		BaFin
Denmark	DK	Danish Financial Supervisory Authority		DFSA
Estonia	EE	Finantsinspeksioon		EFSA
Greece	EL	Bank of Greece – Occupational and Private Insurance Supervision Directorate		BoG
Spain	ES	Dirección General de Seguros y Fondos de Pensiones - Ministerio de Asuntos Económicos y Transformación Digital		DGSFP
Finland	FI	Financial Supervision Authority		FIN-FSA
France	FR	Autorité de Contrôle Prudentiel et de Résolution(Prudential Control Authority)		ACPR
Croatia	HR	Hrvatska agencija za nadzor financijskih usluga		HANFA
Hungary	HU	Magyar Nemzeti Bank		MNB
Ireland	IE	Central Bank of Ireland		CBI
Iceland	IS	Fjármálaeftirlit Seðlabanka Íslands (Financial Supervisory Authority)		FSA- CBI



<b>Country</b>	<b>Abbreviation</b>	<b>Name of concerned Competent Authority</b>	<b>Abbreviation used in the report (if any)</b>
Italy	<b>IT</b>	Istituto per la Vigilanza sulle Assicurazioni	<b>IVASS</b>
Liechtenstein	<b>LI</b>	Finanzmarktaufsicht Liechtenstein	<b>FMA-LI</b>
Lithuania	<b>LT</b>	Lietuvos Bankas (Bank of Lithuania)	<b>BoL</b>
Luxembourg	<b>LU</b>	Commissariat aux Assurances	<b>CAA</b>
Latvia	<b>LV</b>	Financial and Capital Market Commission	<b>FCMC</b>
Malta	<b>MT</b>	Malta Financial Services Authority	<b>MFSA</b>
Netherlands	<b>NL</b>	De Nederlandsche Bank	<b>DNB</b>
Norway	<b>NO</b>	Finanstilsynet	<b>NFSA</b>
Poland	<b>PL</b>	Komisja Nadzoru Finansowego	<b>KNF</b>
Portugal	<b>PT</b>	Autoridade de Supervisão de Seguros e Fundos de Pensões	<b>ASF-PT</b>
Romania	<b>RO</b>	Financial Supervisory Authority	<b>ASF-RO</b>
Sweden	<b>SE</b>	Finansinspektionen (Financial Supervisory Authority)	<b>FI</b>
Slovenia	<b>SI</b>	Insurance Supervision Agency	<b>AZN</b>
Slovakia	<b>SK</b>	National Bank of Slovakia	<b>NBS</b>

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