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EUROPEAN INSURANCE  
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# **EIOPA strategic outlook for 2017 – Policy Dept.**

Joint meeting of IRSG, OPSG and EIOPA BoS on  
28 November 2016

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## Strategic Objective 2: to improve the functioning of the EU internal market in the field of pensions and insurance

**Strat Action Area 2.1: leading the development of a sound and prudent regulatory framework**

**Strat Action Area 2.2: to maintain and develop a common supervisory reporting and data framework**

Strat Action Area 2.3: leading in convergence to consistent and high-quality supervision

Pensions data

Upcoming years: Evidence-based feedback loop into policy

- SCR Review
  - 1<sup>st</sup> delivery
  - 2<sup>nd</sup> delivery
- LTG Reports + Opinion
  - 2016 - 2020
- RFR methodology/ UFR

- ICS
- EU US Project
- MoU with CIRC

- Impact Assessment:  
Shift from consumer protection to pensions

- Pensions data
- Pan-European DC framework
- PEPP product pilots
- IORP Directive Implementation

- Ensure risk-sensitivity
- Reduce complexity
- Avoid pro-cyclicality
- Apply proportionality

## SCR Review

- Objective: respond to COM's call for advice, received during July, and provide an opinion on the appropriateness of the methods, assumptions and standard parameters used when calculating the SCR standard formula
  - Article 111 (3) of the Solvency II Directive "*the Commission shall make an assessment [...]of the Solvency Capital Requirement standard formula*".
  - Recital 150 of the SII Delegated Regulation: review to be done by December 2018
  - Scope is wide: the whole standard formula
- Staggered approach: Annual QRT data needed (impact assessment) but available at EIOPA mid-July only
  - 1<sup>st</sup> delivery in Oct 2017 and 2<sup>nd</sup> delivery in Feb 2018

# SCR Review Timetable: 1<sup>st</sup> Delivery



When?	What?
<b>December 2016 until February 2017</b> <b>... until March 2017</b>	Public consultation of the discussion paper Information requests to: market, NSAs, industry associations
<b>April / May</b>	Preparation of the draft advice consultation paper by the SCR review PG, including impact assessment
<b>May</b>	Roundtable
<b>End June 2017</b>	BoS approval of the public consultation of the draft advice
<b>July / August 2017</b>	Public consultation (8 weeks)
<b>September 2017</b>	Finalisation of the advice using stakeholders feedback from public consultation
<b>End October 2017</b>	BoS approval of the advice; submission to COM

# SCR Review Timetable: 2<sup>nd</sup> Delivery



<b>When?</b>	<b>What?</b>
<b>July 2017</b>	Annual QRT data received @ EIOPA: start preparing 2nd delivery
<b>July-August-September 2017</b>	Preparation of the draft advice by the SCR review PG, including impact assessment
<b>IRSG Meeting</b>	Presentation and discussion of the draft advice/2nd delivery
<b>End October 2017</b>	BoS approval of the public consultation of the draft advice
<b>November-December 2017</b>	Public consultation (8 weeks)
<b>January 2018</b>	Finalisation of the advice using stakeholders feedback from public consultation
<b>End February 2018</b>	BoS approval of the advice; submission to COM

## **Long-term Guarantee Report 2017 (2nd)**

- Objective: comply with the mandate laid out in Article 77f of the Solvency II Directive
  - Assess the impact of the long term guarantee measures in national markets
- Main elements of the project:
  - Annual reports (first due end 2016) and Opinion (2020)
  - Based on information to be submitted to EIOPA by the NSAs
- Annual reports to follow a basic common structure + thematic foci on particular aspects

## **RFR Methodology**

- Review of the UFR methodology (as decided by BoS in September 2015)
- Update of the representative portfolios for the volatility adjustment
- Update of the DLT assessment
- Update of the list of currencies for which RFR are provided
- Monitoring tasks (currency adjustment, peer countries)
- Improving the RFR technical documentation



## **International activities**

- IAIS
  - ICS 1.0 incl. field testing
  - G-SIIs
  - Activity-based assessment/macro
- EU US Project
  - Impact of conduct regulation on insurers' business model
  - Cyberrisk
  - Intragroup transactions/supervisory aspect
- MoU with
  - CIRC
  - OECD
- Equivalence assessments (if requested)

## **Pensions**

- Pensions data
- Pan-European occupational DC framework
- Personal pensions product pilot:
  - Pure individual Defined Contributions Schemes
  - Profit sharing products
- Market development report on occupational pensions and cross-border IORPs
- IORPII Directive: risk management, governance, information to members and beneficiaries and cross-border activities
- Implementation of the Opinion on risk assessment/common methodology
- Revision of the Budapest Protocol

## **Impact Assessment**

- Finalised end 2016: Effective dialogue between auditors and supervisors (GL)
- During 2017, transition expected from IA work on consumer protection towards pensions related topics
  - 1HY2017
    - Focus still on all IDD-related instruments (DA, ITS, GL)
  - 2HY2017
    - Shift to pensions regulatory instruments
- Also: Update IA toolkit; IA seminar

## **Contributing to**

- Pensions stress test
- Joint Committee:
  - Net performance of common investment products incl. long-term savings
  - Securitisation
  - “Green PRIIPs”
- Peer Reviews
  - IORP PPR



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**Questions ?**

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# **EIOPA strategic outlook for 2017 – Consumer Protection Dept.**

Joint meeting of IRSG, OPSG and EIOPA BoS on  
28 November 2016

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## Strategic Objective 1: to strengthen the protection of consumers

*SAA 1.1: develop and strengthen the regulatory framework for the benefit of protection of consumers*

*SAA 1.2: develop and strengthen a comprehensive risk-based and preventive framework for conduct of business supervision that serves as a basis for appropriate supervisory action*

# Conduct of Business Policy - main deliverables



- IDD
  - Finalise TA in Q1:
    - (i) all products: POG
    - (ii) IBIPS: Conflicts of Interest, Inducements, Assessment of suitability and appropriateness
  - Finalise ITS Q1: IPID (non-life)
  - Finalise GLs Q3: Not fit for execution only sales (IBIPS)



- IDD: new deliverables
  - (i) Preparatory work for market monitoring of ancillary insurance products
  - (ii) development of a single electronic register for passporting intermediaries
  - (iii) revision of the Luxembourg Protocol
  - (iv) start analysis for review of IDD

- Joint Committee
  - (i) PRIIPs KID follow up to Level 2 work including work on (a) a comprehension alert and (b) credit risk mitigation
  - (ii) TA on PRIIPs with environmental and social objectives (Q2)
  - (iii) Report on Big Data (Q2)
  - (iv) work on cross-border supervision of financial services
  - (v) Net performance of common investment products including long term savings

# Conduct of Business Oversight - main deliverables 2017



- Annual trend report incl. digitalisation and InsurTech
- Thematic review: finalise on topic of monetary incentives & remuneration btw asset managers and insurance undertakings
- Retail risks indicators
- Enhanced market monitoring



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# **EIOPA strategic outlook for 2017 – Oversight Dept.**

Joint meeting of Stakeholder Groups and BoS Members  
28 November 2016

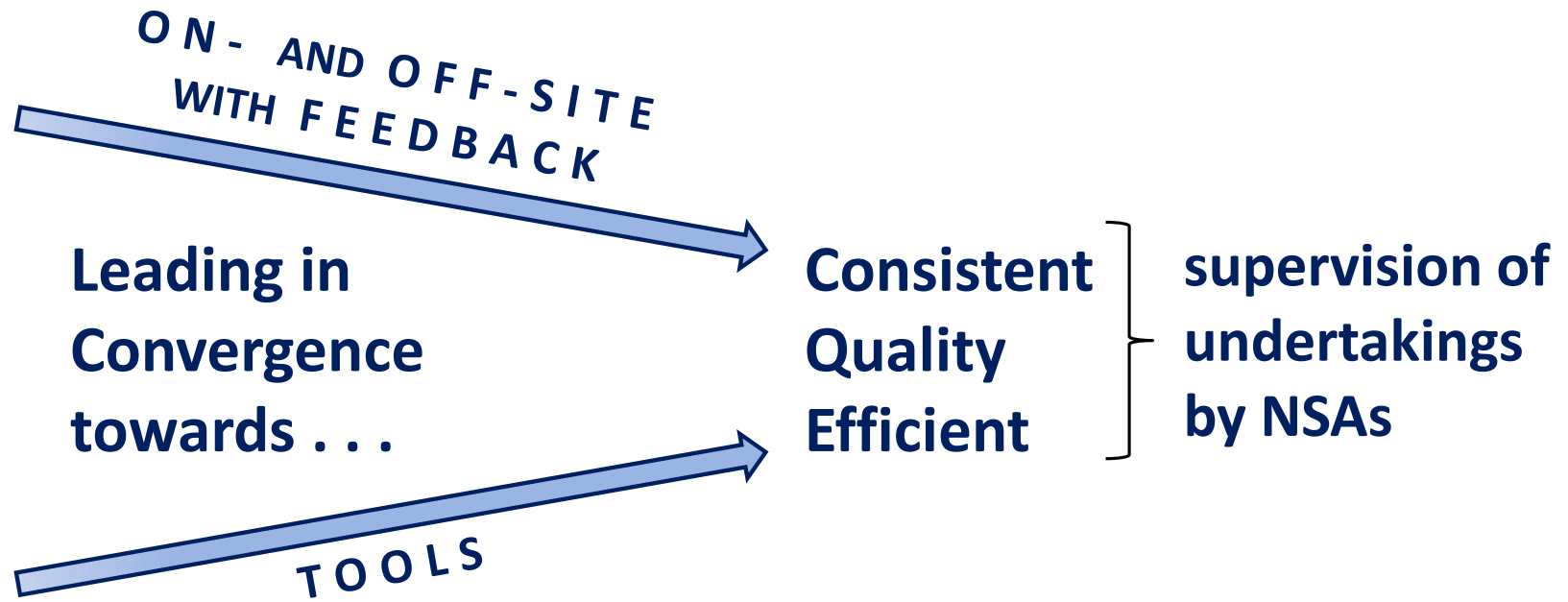
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## EIOPA Strategic Objective 2:

- To improve the functioning of the EU internal market in the field of pensions and insurance . . .
- . . . by leading in convergence to consistent and high-quality supervision.

## Why?





- **Theme-based projects:**
  - Overarching theme is “reliability and robustness of the balance sheet.”
  - Example: using QRT data to assess adequacy of non-life reserves.
- **Joined-up approach to engagement** with NSAs and in colleges, including on internal model topics.
- **Colleges** continuing to evolve: achieving a shared view of the risks of a cross-border group, resolving inconsistencies and implementing a common work plan.
  - EIOPA will continue to support colleges e.g. developing central solution for information exchange in college, enhanced with peer comparisons.
  - EIOPA’s own attendance at colleges will become more risk-based.
- New **training linked to priorities** e.g. supervisory skills.





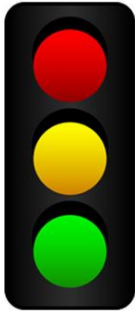
# Implementing the Oversight Cycle

**1**



**Collect risks and issues from on-site, analytics, feedback, macro themes, peer reviews + research**

**2**



**1**  
**2**  
**3**

**Assess and prioritise risks and issues**

**Plan supply vs demand for resources**

**4**



**On-site engagement**  
**Work on themes**

**3**



**Agree:**

- themes
- engagement plan for individual colleges
- engagement plan for individual NSAs
- tools and training to be offered to NSAs
- topics for peer reviews

	A	B	C	D	E
1	Week of	14 Jul	20 Jul	26 Jul	1 Aug
2	Research Design Phase				
3	Analysis				
4	Outline Scope				
5	Review				
6					
7	Data Collection Phase				
8	Schedule Interviews				
9	Conduct Interviews				
10	Summary				
11	Analysis				
12					
13	Final Report Creation				
14	Writing				
15	Copy editing				
16	Layout				
17	Report launch				
18					

**Reporting**  
**Deliver tools**  
**Deliver training**



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# **EIOPA strategic outlook for 2017 – Risks and Financial Stability Dept.**

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### **Strengthen the Financial Stability of the insurance and occupational pensions sectors**

- **Monitoring, analysis, assessment** and **reporting** of risks to the financial stability of the European Insurance & IORPS sectors
- Building the **methodological framework** to assess, monitor, report and mitigate risks to the financial stability of the European Insurance & IORPS sectors
- **Crisis prevention**, preparedness and management

# Department Areas of Focus:



- **Crisis Prevention**
  - o Coordinated actions to deal with risks and vulnerabilities
  - o Crisis prevention policy and methods
- **Statistics**
  - o Developing and maintaining a statistical dataset for the insurance and IORPs sectors
  - o Horizontal Risk Analysis of the Insurance Industry based on micro supervisory data.
  - o EIOPA Statistics publication and distribution, Internal or public risk reports as well as Sectorial Risk Report
- **Financial Stability**
  - o Risk identification
  - o Assessment of vulnerability and resilience
  - o Developing methodologies

# Where are we coming from?



- Insurance Stress Test
- Search for Yield
- Crisis Management Groups – GSII Forum
- Macroprudential approach to the low interest rate environment in Solvency II
- Work on Recovery and Resolution
- Regular Risk & vulnerabilities monitoring (FS Report, Risk Dashboard, Opinions & Recommendations)
- Migration of EIOPA's FS products to Solvency II data & reporting
- Cooperation with academia

# Main themes for 2017: Crisis Prevention



- Follow up and further develop work on recovery and resolution for the insurance sector
- Actively contribute to the discussion on developing a macroprudential policy beyond banking
- G-SII related work
  - G-SII Forum
  - CMG participation
- Maintain, update and exploit EIOPA's database on insurance failures and near misses
- Revision of EIOPA's crisis prevention and management Handbook



# Main themes for 2017: Studies & Statistics



- Develop a statistical dataset for the insurance and IORPs sectors
- Set up a horizontal risk analysis and reporting framework for provision of information to supervisors, academics and the public.

# Main themes for 2017: Financial Stability



- Develop top down methodology for assessing risks and vulnerabilities
- Pension Stress Test 2017
- Identification of potential new threats to Financial Stability
- Revised Risk Dashboard
- Further developments of risk analysis methodologies and integration of SII information



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**Thank you for your attention!**

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**November 2016**

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