

Summary of Conclusions

Insurance and Reinsurance Stakeholder Group (IRSG)

Inaugural meeting

Date: 26 April 2016

Time: 10:00 – 16:00

Location: EIOPA premises

Contact: peter.kleisen@eiopa.europa.eu

List of participants:

IRSG: Maria Aranzazu Del Valle (Chair), Jean Berthon (Vice-Chair), Huub Arendse, Petra Chmelová, Alexandru Ciuncan, Teresa Czerwińska, Desislav Danov, Marie Gemma Dequae, Daniel Eriksson, Hugh Francis, Teresa Fritz, Benoît Hugonin, Jimmy Johnsson, Olav Jones, Thomas Keller, Stefan Materne, Marc Michallet, Annette Olesen, Anthony O’Riordan, Ioannis Papanikolaou, Juan-Ramón Plá, Valter Trevisani, Greg Van Elsen, Karel Van Hulle, Rick Watson, Małgorzata Więcko-Tułowicka, Rickard Ydrenäs

Not present: Alexandre Caget, Roger Laeven, Lorian Pelizzon

EIOPA: Gabriel Bernardino (Chair), Fausto Parente (Executive Director), Frank Grund (Management Board member), Manuela Zweimueller (Head of Regulations), Justin Wray (Head of Policy), Katja Wuertz (Head Cross-Sectoral and Consumer Protection Unit), Gabriele Arnoldi (Coordinator External Relations), Pamela Schuermans (Coordinator Insurance), David Cowan (Project Manager on the Insurance Distribution Directive), Pieter Hulst (Cross-Sectoral and Consumer Protection Unit), Peter Kleisen (External Relations Team), Timothy Walters (Insurance Team)

European Commission (EC, DG FISMA) : Steve Ryan (via telco)

1. Approval of the agenda

The EIOPA Chair welcomed the IRSG members to the inaugural meeting and introduced the draft agenda. The IRSG members were informed that the EIOPA Chair shall lead the meeting on an exceptional basis until and including agenda item 7 – Election of IRSG Chair and Vice-Chair. From agenda item 7 onwards, the elected IRSG Chair shall lead the meeting.

It was requested to include a short discussion on the Stress Test in the agenda and tentatively scheduled for 15:50. Due to time constraints this discussion did not take place.

Conclusion/Action:

- The Agenda was approved.

2. Introductory remarks by Gabriel Bernardino, EIOPA Chair

The Chair highlighted the diversity in the IRSG and called to maintain the good interaction as with the previous IRSGs. With the implementation of Solvency II, the IRSG is now an important forum to discuss how the Regulation is implemented. Supervisory convergence was, together with consumer protection and financial stability, mentioned as one of the 3 strategic

objectives by the EIOPA Chair. Also, the EIOPA Chair named 3 topics, on which he would encourage the IRSG to work: cyber risk, climate change and the 'digital revolution'.

Attending member of the EIOPA Management Board (MB), Frank Grund (BaFin) affirmed the Chair, stating that it is of utmost importance and benefit to EIOPA to interact with the SGs.

3. Tour de Table – introduction of IRSG members

Each IRSG member provided a brief overview of his/her professional background and of the input he/she expects to provide to the Group's work.

Especially highlighted amongst the various topics of interest were natural catastrophes, the digital space (Cyber Risk and Big Data), infrastructure, IORP Directive, international and cross-sectoral developments (IAIS and 'spill overs' from banking regulation such as EMIR), reinsurance, supervision and enforcement, consumer protection (consumer redress and quality of advice, such as with automated advice facilities) and the Solvency II review in 2018.

4. General introduction to the role and tasks of EIOPA and the Stakeholder Groups

Presentation is available on the IRSG website: [link](#)

Fausto Parente (EIOPA Executive Director) presented the IRSG members with an overview of the Authority, including:

- EIOPA's Strategic Goals
- EIOPA's Powers
- Stakeholder Group's role and responsibilities
- EIOPA's role with regard to its Stakeholder Groups

IRSG members asked about a potential interaction between the IRSG and the Occupational Pensions Stakeholder Group (OPSG) as well as the interaction of the EIOPA Stakeholder Groups with the other ESAs' Stakeholder Groups. While a combination of efforts with the OPSG is useful for some topics, an IRSG member stated that the interaction with the Stakeholder Groups of the other ESAs was previously limited to a meeting of the Chairs of the respective Stakeholder Groups but generally considered as too ambitious.

Regarding the interaction with the BoS and the use of information the IRSG produces, it was mentioned that one member of the MB will be present at every meeting. Furthermore, while IRSG's input to consultations is part of the overall input, IRSG is treated preferentially, such as receiving documents already before they are published for public consultation, and the IRSG response is ranked first in the resolution documents. It was emphasised that EIOPA always gained from consultations with the Stakeholder Groups. EIOPA will investigate how to further formalize presenting IRSG views to the EIOPA BoS, e.g. via a standing item in the update of the EIOPA Chair at the BoS meetings. EIOPA Chair made clear that participation of IRSG Members in the BoS is not in line with the governance of the different bodies.

Conclusion/Action:

- Reports, especially the End-of-term Report, from the previous IRSG to be shared with the new group.
- EIOPA will investigate how to further formalize presenting IRSG views to the EIOPA BoS, for instance through an update of IRSG work and opinions by EIOPA Chair during his regular updates at the beginning of each BoS meeting.
- EIOPA Chair made clear that participation of IRSG Members in the BoS is not in line with the governance of the different bodies.
- Chair of the IRSG to meet with the Chairs of OPSG and the other ESAs' SGs, if needed.

5. Rules of procedure of the EIOPA Insurance and Reinsurance Stakeholder Group

Manuela Zweimueller (Head of Directorate Regulations) introduced the draft Rules of Procedure (revised) that the Authority has circulated to IRSG members for the purpose of discussion. The

wording was slightly amended to avoid repetition and enhance presentation, but no revision on content was made.

IRSG members were informed that the same draft was shared with the OPSG, with the objective to have the same Rules of Procedure, in order to ensure consistency of the IRSG and OPSG management within EIOPA.

Special attention was drawn to the following points:

- The members of the IRSG are members in their personal capacity. This means they are not bound to express their institutional opinion/views and due to their personal commitment, they are not allowed to send alternates to the Groups or Subgroups meetings or nominate an alternate to represent their views.
- The Professional Secrecy and Confidentiality rules of the European Union apply. Documents must not be distributed to the market.
- Opinions of the Group shall be, as far as possible, adopted by consensus. In case of dissent, under circumstances elucidated in Article 7 of the Rules of Procedure, minority opinions (at least 3 Members) shall be noted.
- The impact of 'Silence' was clarified. 'Silence' in written procedure shall be counted as consensual vote, whilst 'Silence' during a vote in a meeting shall count as abstention. An active feedback therefore is encouraged.
- Members are expected to attend and actively participate in the meetings of the Group. Failure to attend three consecutive meetings of the Group shall be deemed a failure to perform the member's duties.

EIOPA staff further suggested that the document is approved through a written procedure, for which IRSG members will be invited to submit written comments in a 2 weeks period. Comments from both the IRSG and OPSG members will be integrated in a single revised document, which shall be submitted for written approval.

Conclusion/Action:

- The Draft Rules of Procedure (revised) will be circulated by EIOPA staff for comments and approval in written procedure.

6. Housekeeping

Presentation is available on IRSG website: [link](#)

Peter Kleisen provided the IRSG members with an overview of the Authority, including:

- Stakeholder Groups website – access via the quick link on the EIOPA page
- Stakeholder Groups support – the External Relations Team is the central point of contact for the IRSG members
- Registration to meetings – attendance and non-attendance
- Changes in professional activity – inform EIOPA as soon as possible of changes to your employment and/or other non-remunerated professional activities. Also if a member is resigning, for whatever reason, it should inform EIOPA as soon as possible
- Reimbursement – members representing consumers, users, employees and academics, are eligible for reimbursement. More information on the allowances and reimbursement practices has been communicated already to these members.

7. Election of IRSG Chair and Vice-Chair

The EIOPA Chair introduced the topic by welcoming the candidates for the two positions of IRSG Chair and IRSG Vice-Chair and presented the procedure to be observed for the purpose of the elections (as per IRSG Rules of Procedure and guidance note prepared by EIOPA).

After a call for impromptu candidates, the candidates were invited to briefly introduce themselves before the election procedure for each position is initiated. For the purpose of the election procedure, a legal expert surveyed the distribution and counting of the ballots. The results of the election were communicated to the EIOPA Chair and subsequently announced to the Group.

Conclusion/Action:

- Following casting of votes for the Chair position, Ms Maria Aranzazu Del Valle was elected as IRSG Chair
- Following the consensus of the Group for the Vice-Chair position, Mr Jean Berthon was elected as IRSG Vice-Chair

8. European Commission update on current work on Insurance

Steve Ryan congratulated the IRSG members to their appointment and provided an update via phone:

- The amendments to the Solvency II Delegated Acts have been published in the Official Journal of 01 April 2016.
- The second implementing act with technical information (RFR tables) has been published in the Official Journal of 07 April 2016.
- The Draft ITS on the mapping of External Credit Assessment Institutions' (ECAIs) credit assessment is currently at the ESAs.
- The Draft ITS on Equity Transitional is further delayed due to constraints at the European Commission's (COM) translation service.
- The Draft RTS on packaged retail and insurance-based investment products (PRIIPs) was adopted by all three ESAs.
- Public consultation on green paper for retail financial services is closed.

IRSG members voiced their concerns about the timing of the PRIIPs implementation and that the PRIIPs KID would only be an additional document on top of already existing local disclosure requirements. The COM representative will contact the colleagues responsible for PRIIPs and come back to the IRSG with more information.

Following a question from an IRSG member, the COM representative stated that all Member States notified the implementation of Solvency II. After completion of the notification phase, the COM now enters into Phase II, checking whether or not Solvency II was consistently implemented in the Member States.

The IRSG members posed questions on the COM's involvement in the IAIS work on a global risk-based international Insurance Capital Standard. COM stated it is actively involved in the negotiations, but will not comment on the upcoming public consultation nor disclose anything about a potential implementation of the ICS. EIOPA announced that the ultimate goal of the negotiations in the IAIS would be to have Solvency II as a practical implementation of the ICS. IRSG members encouraged EIOPA not to lose key Solvency II features and actively engage in the IAIS work.

An in-person attendance of a COM representative in future IRSG meetings would be welcomed by the IRSG-members. Due to resources issues COM made clear they have to prioritize their work.

Conclusion/Action:

- Steve Ryan will come back with more information on PRIIPS and ESAs review.

9. Update on the work on the Insurance Distribution Directive (IDD)

David Cowan, Project Manager on the IDD, provided a progress report on EIOPA's work on the technical advice for the four Commission Delegated Acts and the draft Implementing Technical Standards on the "Insurance Product Information Document (IPID)" under the IDD.

Presentation is available on IRSG website: [link](#)

IRSG Members raised questions/comments around the following issues:

- The need to synchronise the MiFID II and IDD implementation deadlines - EIOPA staff explained that there was a small discrepancy in that MiFID II would need to be transposed by 3 January 2018, whereas the deadline for IDD is 23 February 2018. There will naturally be questions, however, about the timing of the MiFID II delegated acts vis-à-

vis the IDD delegated acts and the type of legal form the different acts take. It seems more likely that the IDD delegated acts would be in the form of Directives and if so, they would probably need to be adopted at least 6 months before the IDD transposition date so by August 2017.

- Clarification over the notion of IBIPs vs non-IBIPs - EIOPA staff explained that "non-IBIPs" covered both non-life insurance products and pure protection life insurance products (with no surrender value). The interesting aspect was that the IPID would capture non-life insurance products and the KID for PRIIPs would capture IBIPs, but no disclosure document was envisaged for pure protection life products. This did not mean, however, that they were not captured by disclosure requirements, given the general disclosure requirements for life products contained in Solvency II
- Clarification of the fact that there was a general definition of "remuneration" in the IDD, compared to the notion of "inducements" in the Commission empowerment in Article 29(4) - EIOPA staff explained that there was no formal definition of "inducements" in the Directive and their understanding from discussions with the Commission is that the empowerment for delegated acts on inducements in Article 29(4), IDD is intended to be limited to third-party payments only. EIOPA staff were aware that there was a broader concept of "remuneration" under Article 2(1)(9), IDD and a general provision in IDD whereby "insurance distributors should not be remunerated or remunerate or assess the performance of their employees in a way that conflicts with their duty to act in accordance with the best interests of their customers" (Article 17(3)). EIOPA's aim would be to clarify that, although its technical advice was limited to third party payments, it would see the need for further Level 3 work to address internal payments to in-house sales forces and thereby promote a level playing field.
- Clarification of scope regarding IPID - it was made clear that the scope of the consumer testing on the IPID was limited to testing of three products (motor, health/private medical insurance and home contents insurance) in four countries.
- Clarification of reciprocal information exchange between manufacturer and distributor in the technical advice on Product Oversight and Governance - EIOPA staff made clear that they would seek to specify further the process for reciprocal exchange of product-related information between the manufacturer and distributor, for example, through bi-lateral written agreements and regular reviews of product-related information exchanged

Conclusion/Action:

- No formal input is needed from IRSG at this preliminary stage in the work, but any ad hoc oral/written input, to assist EIOPA's work, is greatly appreciated.

10. Update on the PRIIPs Key Information Documents

Pieter Hulst, Expert on PRIIPs, updated on the changes in the PRIIPS RTS after the last IRSG meeting, summarised the first reactions from stakeholders and invited market participants to start implementing the RTS now and for the IRSG to feedback on problems that might arise in this practical application.

In a separate presentation Olav Jones raised the issues Insurance Europe has with the RTS:

- mixing market risk with credit risk,
- performance scenarios developed in the last months,
- difficulty to compare costs cross-sectorally and
- lack of time to implement this.

Both presentations are available on IRSG website: [link](#)

On the timing EIOPA agreed to see the issue and promised to continue to flag this with the COM. On the other issues raised by Insurance Europe and a number of other members EIOPA stated that this is a balanced result that involved finding compromises from all sides to reach agreement between the different sectors. For the insurance sector this did not work out so badly as some think. The credit risk measure will in practice be not so relevant for the vast majority of insurance companies, the biometric risk premium is not part of the cost section

(only the actual costs involved in the risk cover) and for Multi Option Products more flexibility was brought into the presentation options.

Conclusion/Action:

- EIOPA will very much welcome input from the IRSG on the practical application of the RTS and will feedback how this input is used in further producing guidance in the form of Q&As or guidelines.
- EIOPA video tutorials, e.g. on PRIIPs and IDD, can be found at the [EIOPA website](#)

11. Public Consultation on 'Further advice on Solvency II requirements for investments by insurers in corporates which carry out infrastructure activities'

Timothy Walters, Insurance Policy Expert, gave a short presentation on the Consultation paper on advice on investments in infrastructure corporates. Main aspects of EIOPA's analysis were the review of the scope of the infrastructure project asset class to cover "project like corporates" and the analysis of the available evidence for corporates in general.

Presentation is available on IRSG website: [link](#)

Due to time constraints there was no discussion.

Conclusion/Action:

- The IRSG is asked to consider the issues and provide initial views, prior to preparing a formal response to the consultation paper.

12. Focus on upcoming IRSG work

Due to time constraints during the meeting, it was decided that Chair, Vice-Chair and EIOPA staff will come back to the IRSG with a proposal on a Subgroup structure and mandates.

13. AOB

No other business was raised. The Chair and EIOPA staff should investigate whether it would be possible to prolong the meetings.