



EIOPA-BoS-17/080
31 March 2017

EIOPA Board of Supervisors Meeting

30-31 March 2017

Approved Deliberations and Conclusions

Chairman: Gabriel Bernardino

Voting: AT: Peter Braumüller, BE: Jean Hilgers, BG: Karina Karaivanova, CY: Nicos Koullapis, CZ: Zuzana Silberová, DE: Frank Grund, DK: Jan Parner, EE: Andres Kurgpõld, ES: Francisco Carrasco Bahamonde, FI: Teija Korpiaho, FR: Sandrine Lemery, HR: Gordana Letica, GR: Ioanna Seliniotaki, HU: Koppány Nagy, IE: Sylvia Cronin, IT: Alberto Corinti, LT: Vytautas Valvonis, LU: Annick Felten (1st day), Claude Wirion (2nd day), LV: Dina Mikelsona, MT: Marisa Attard, NL: Thijs van Woerden, PL: Damian Jaworski, PT: José Almaça, RO: Ion Giurescu, SK: Júlia Cillikova, SI: Mojca Piškurič, SE: Asa Larson, UK: David Rule

Non-voting: BE: Dominik Smoniewski, BE: Henk Becquaert, DE: Thomas Schmitz-Lippert, IE: Brendan Kennedy, IS: Unnur Gunnarsdóttir, IS: Runar Gudmundsson, IT: Alessia Angelilli, Ambrogio Rinaldi, LI: Alexander Imhof, LU: Yves Baustert, NL: Olaf Sleijpen, NO: Emil Steffensen, PL: Mariusz Smętek, PT: Mario Ribeiro, UK: Lesley Titcomb, UK: Fiona Frobisher, COM: Nathalie Berger, EBA: Philippe Allard, EFTA SA: Frank Büchel (1st day), ESMA: Mette Sicard Filtenborg, ESRB: Tuomas Peltonen, Francesco Mazzafero

Experts:

AT: Gerlinde Taurer, CZ: Hana Marčíková, CZ: Jaroslav Kovanda, DE: Petra Faber-Graw, ES: Javier Castillo, FR: Emilie Quema, HU: Beatrix Denes, IE: Mary Burke, PL: Mariusz Smetek, RO: Adina Dragomir, SK: Zuzana Kardošová, UK: Caroline Parsons, COM: Vera Alexandrova, EFTA SA: Per Christian Bærøe (1st day)

EIOPA Working Group Chairs:

Ludwig Pflieger (CCPFI Chair)

EIOPA Staff:

Fausto Parente (EIOPA Executive Director), Susanne Rosenbaum, Catherine Coucke (Legal), Ineta Galubicke, Manuela Zweimüller (items 3, 8, 9, 11, 13, 14), Justin Wray (items 3, 8, 9, 13, 14), Pamela Schuermans (item 3), Petr Jakubik (item 3, 10, 20), Danny Janssen (item 5), Katja Wuertz (item 6, 16), Patrick Hoedjes (items 6, 21, 23), Kai Kosik (item 7), Florian Quillades (item 7), Carlos Guine (item 8), Jesus Cisneros Item 8), Tomas Walter (item 9), Barthold Kuipers (item 10), Daniel Perez (item 10, 20), Sandra Hack (item 11), Frederik Vandenweghe (item 11), Jan Rauland (item 12), Radena Dragieva (item 12), Lars Dieckhoff (items 13, 14), Timothy Shakesby (item 16), Pedro Pires (item 16), Ana Teresa Moutinho (item 17), Andrew Candland (items 17, 18, 19, 20), Yvonne Schmerfeld (item 17), Vesa Ronkainen (item 19), Louis De Louvencourt (item 19), Dimitris Zafeiris (items 20, 21, 22), Dennis Sno (item 21), Josep Marquez (item 22), Philip Kitzmantel (item 23)

**Welcome and introductory remarks by the
EIOPA Chairman**

Information

1. Adoption of the Agenda

Decision by SMV¹

Conclusions: BoS adopted, by simple majority voting, the agenda.

Action points: Not applicable	
2. Update by Chairman, Executive Director and COM	Information
Conclusions: Not applicable Action points: Not applicable	
3. Update by Chair of IPC and Chair of RFSC	Information
Conclusions: Not applicable Action points: Not applicable	
4. Election of MB Members	Decision by SMV¹
<p>Conclusions:</p> <ul style="list-style-type: none"> Alberto Corinti (IVASS, IT), Jean Hilgers (NBB, BE) and Sandrine Lemery (ACPR, FR) were re-elected, by simple majority voting, as MB members (EIOPA-BoS-17/093; 14 march 2017). <p>Action points:</p> <ul style="list-style-type: none"> Not applicable 	
5. Revised Rules on Professional Secrecy	Discussion
<p>Conclusions:</p> <ul style="list-style-type: none"> The BoS endorsed the 'Adopting Rules of Procedure on Professional Secrecy for Non-Staff, and repealing Decision of the Management Board of 10 January 2011 on Professional Secrecy and Confidentiality (EIOPA-MB-11/008)' (EIOPA-BoS-17/058, 13 March 2017). <p>Action points:</p> <ul style="list-style-type: none"> The rules will be submitted to the MB for final adoption by a written procedure. 	
6. Election of ITDC and CCPFI Chairs	Decision by SMV¹
<p>Conclusions:</p> <ul style="list-style-type: none"> Véronique Hijl, De Nederlandsche Bank, was elected, by simple majority voting, the new ITDC chair. Ludwig Pfleger, Austrian Financial Market Authority, was re-elected, by simple majority voting, as CCPFI chair. 	

Action points:	
<ul style="list-style-type: none"> • Not applicable 	
7.	Replacement of IRSG Member Decision by SMV¹
Conclusions:	
<ul style="list-style-type: none"> • The BoS adopted, by simple majority voting, the list of proposed candidates for the replacement of an IRSG member belonging to the "industry" category (EIOPA-BoS-17/095, 15 March 2017). Åmund Lunde, Chief Executive Officer of Oslo Pensjonsforsikring AS was appointed as new IRSG member as of 1 April 2017. 	
Action points:	
<ul style="list-style-type: none"> • EIOPA to proceed with IRSG member replacement on the basis of the adopted candidate list. 	
8.	ICS: EU supervisors' position on 2017 extended field testing Decision by SMV¹
Conclusions:	
<ul style="list-style-type: none"> • The BoS adopted, by simple majority voting, the "Global Insurance Capital Standard (ICS) - ICS 1.0 for 2017 Extended Field Testing ("ICS1.0 - EFT")" (EIOPA-BoS-17/098, 30/31 March 2017). 	
Action points:	
<ul style="list-style-type: none"> • EIOPA to analyse potential meetings of a small group of EIOPA members involved in ICS while maintaining reporting to the BoS and IPC. • Members not attending the upcoming IAIS FSTC and Exco meetings to provide proxies to EIOPA. 	
9.	SCR review: call for advice on investments Decision by SMV¹
Conclusions:	
<ul style="list-style-type: none"> • The BoS adopted, by simple majority voting, the suggested process including the call for evidence and the timeline for responding to the second call for advice - "SCR review project" (EIOPA-BoS-17/070, 13 March 2017). 	
Action points:	
<ul style="list-style-type: none"> • EIOPA to publish a call for evidence on the subjects of the 2nd call for advice as soon as possible. • SCR review project team to identify options and feasibility as a basis for steer by IPC. 	
10.	IORPs Stress Test 2017: Approval of consultation package Decision by SMV¹

Conclusions:

- BoS adopted, by simple majority, the 'Draft IORP Specifications Stress Test 2017 Specifications' (EIOPA-BoS-17/075, 8 March 2017).
 - EIOPA to further develop cash-flow analysis for DB/hybrid IORPs by including sponsor support and benefit reductions to enhance assessment of real economic impacts within the next IORP stress test exercise.

Action points:

- EIOPA to initiate informal consultation with stakeholders on the draft stress test package.

11. Pensions data project - update on proposal for implementation Decision by SMV¹**Conclusions:**

- BoS adopted, by simple majority, the 'Pensions data project: update on proposal for implementation' (EIOPA-BoS-17/071, 15 March 2017).
- BoS supported the implementation of activities and the scope of the reporting (balance sheet information, valuation inputs, flow data).
- BoS approved the envisaged timeline to develop draft reporting templates to publicly consult after the June BoS meeting (with the view to further improve the templates following the public consultation).

Action points:

- EIOPA to continue work on clarifying the objectives and rationale for data requests to improve analyses and statistics (financial stability, market monitoring).
- EIOPA to continue to promote consistency with other institutions data projects and collaboration to further improve draft data requests.
- EIOPA to apply a proportionate approach: elaborate relevant thresholds or criteria to determine relevant set of IORPs reporting individual data.
- The further work on the templates shall assess, and where possible, address national legal issues which need to be resolved to enable members to provide additional data on IORPs.

12. Criteria of Data decisions: Decision by SMV¹**12.1 Data dissemination Decision EIOPA-NCAs****12.2 Update of Data Decision NCAs-EIOPA**12.1 Data dissemination Decision EIOPA-NCAs

Conclusions: BoS adopted, by simple majority voting, the 'Criteria to be followed by EIOPA when deciding on additional requests for data dissemination to national competent authorities' (EIOPA-BOS-17-061, 14 March 2017).

Action points: Not applicable

12.2 Update of Data Decision NCAs-EIOPA

Conclusions: BoS adopted, by simple majority voting, the 'Criteria to be followed by EIOPA when deciding on amendments to the usage of Solvency II reporting data' (EIOPA-BOS-17-062, 14 March 2017).

Action points: Not applicable

13. Risk free rate: adjustment of UFR

Decision by SMV¹

Conclusions:

BoS agreed on a methodology to derive the UFR with the following features:

- First implementation of the UFR methodology will be on 1 January 2018.
- The limit to annual changes of the UFR is 15 bps.
- The threshold for changing the UFR will be when the current UFR is 15 bps from the calculated UFR.
- Past interest rates will be calculated using a simple average rather than a weighted average.
- EIOPA endorsed a statement that provides flexibility to supervisors when projecting the UFR into the future. The text of the statement reads:

"When projecting the UFR into the future on the basis of the UFR methodology, the uncertainty with regard to future real rates and with regard to changes of inflation targets should be taken into account.

In particular, it may be taken into account that the future real rates can differ from the last observed real rates, especially with regard to longer projection periods.

Action points:

- EIOPA to inform co-legislators (Commission, European Parliament, European Council) about the BoS decision on the UFR methodology.
- EIOPA to communicate subsequently the BoS decision publicly, sharing communication material with Members.
- EIOPA to calculate the UFR in accordance with the methodology from 1 January 2018, and on 1 January of subsequent years.

14. Long Term Guarantees report 2017: information request to NCAs

Decision by SMV¹

Conclusions:

- The BoS adopted, by simple majority, the 'LTG review – Information request to NCAs' (EIOPA-BoS-17/073, 14 March 2017).

Action points:	
<ul style="list-style-type: none"> EIOPA to circulate questionnaires to NCA's contact points for the LTG review on 3 April 2017. NCA's to provide responses by the agreed deadlines (i.e. 14 July 2017 for the general questionnaire and 31 July 2017 for the questionnaire on public disclosure). 	
15. Closed Session	Confidential exchange of information
16. Thematic review on monetary incentives and remuneration between providers of asset management services and insurance undertakings	Decision by SMV¹
Conclusions:	
<ul style="list-style-type: none"> The BoS adopted, by simple majority, the 'Report on Thematic review on monetary incentives and remuneration between providers of asset management services and insurance undertakings' (EIOPA-BoS-17/074, 14 March 2017) subject to the corrections in Annexes II and III to be suggested by the Members by 7 April 2017. Members agreed to the publication of the report and request CCPFI to undertake further policy work. 	
Action points:	
<ul style="list-style-type: none"> Members to inform EIOPA on any corrections in Annexes II and III of the report by 7 April 2017; EIOPA to publish report on EIOPA's website; CCPFI to undertake further work on policy options. 	
17. EIOPA Supervisory Handbook:	
17.1 EIOPA Supervisory Handbook	Decision by SMV¹
17.2 Up-date on the work of Common supervisory culture	Information
<u>17.1 EIOPA Supervisory Handbook</u>	
Conclusions:	
<ul style="list-style-type: none"> BoS adopted, by simple majority voting, the EIOPA Supervisory Handbook Chapter on 'Approval of model changes and extensions of model scope' (EIOPA-BoS-17/089, March 2017) NCA's should consider the Chapter on 'Approval of model changes and extensions of model scope' in the development and maintenance of their SRP process under SII and share it with field supervisors so that they can use it as 	

appropriate in their day-to-day supervision.

Action points:

- EIOPA to publish the Handbook chapters in EIOPA's restricted area;
- EIOPA to revise the Chapter once NCAs have more experience with minor and major changes to the internal models.

17.2 Up-date on the work of Common supervisory culture

Conclusions:

- Not applicable

Action points:

- EIOPA to schedule the document to the SRP SC in May 2017 and for BoS discussion June 2017.

18. ORSA Supervisory Statement

Decision by SMV1

Conclusions:

- The BoS agreed with the key messages identified in the draft Statement, but noted where further drafting improvements were needed.

Action points:

- Members are invited to send comments with regard to paragraph 2.12 of the cover note and with regard to the draft Statement by 21 April 2017.
- EIOPA to send the revised version of the Statement to BoS for approval by written procedure in May 2017.

19. Update on Internal Models Projects

Discussion

Conclusions:

BoS welcomed work, but expects that final results will take into account the particularities of the observed approaches and practices . Sufficient validation should be done on the results.

Action points:

- Volatility Adjustment (PGVA), Project Group on Sovereign Risk Modeling (PGS) and Market and Credit Risk Benchmark Study (MCRBS) Project reports to be finalized for the June BoS.

20. Insurance Stress Test 2018: Initial considerations

Discussion

Conclusions:

- BoS decided on mandating the RFSC to launch a project group to work on the stress test plan to be undertaken in 2018 and update the RFSC mandate accordingly.

Action points:

- The project group to come back to the BoS meeting in June with the Roadmap/project plan with specific proposals on the key elements of the exercise taking into consideration the steer received.

21. Insurance Stress Test 2016 follow-up**Information****Conclusions:**

- BoS agreed that EIOPA could disseminate solo undertaking data, coming from the 2016 Stress Test exercise, to the relevant group supervisors, in order to facilitate the follow-up of recommendation 3.

Action points:

- EIOPA to get feedback on the template and then send it with data to the relevant group supervisors.

22. Recovery & Resolution Discussion Paper: Consultation Feedback**Information****Conclusions:**

- BoS took note of the consultation feedback and generally agreed on the proposed approach and timeline.

Action points:

- Project Group to finalise the Opinion for submission to the BoS in June 2017.

23. Update on IT developments**Information****Conclusions:**

- BoS took note of the report.

Action points:

- EIOPA to continue to provide regular reports to the BoS.

24. AOB**Information****Conclusions:**

- Next BoS meeting is on 29-30 June.

Action points:

- Not applicable

¹: Decision by simple majority (Article 44(1) 1st para. EIOPA Regulation)

²: Decision by qualified majority (Article 44(1) 2nd para. EIOPA Regulation)