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IRSG input to EIOPA's work under the Conduct of Business Supervision Strategy

EIOPA-IRSG-19-11

EIOPA Insurance and Reinsurance Stakeholder Group meeting
Frankfurt, 10 April 2019

- Why is the topic on the agenda?
 - The IRSG has provided valuable input on EIOPA's consumer protection;
 - EIOPA wishes to build on this this constructive cooperation going forward.
- What is expected from the IRSG?
 - Provide detailed input on specific topics EIOPA is working on or plans in the area of conduct of business supervision.
- Next steps
 - IRSG to inform EIOPA on specific topics for further in-depth cooperation;
 - EIOPA and IRSG to coordinate the planning for providing input.

EIOPA's Conduct of Business Supervision Strategy



- In **2015** EIOPA adopted the Strategy for Conduct of Business Supervision focused on risk-based and preventive approach.
- The tools outlined in the Strategy are:
 1. Thematic Reviews;
 2. Consumer Trends Report;
 3. Retail Risk Indicators, and
 4. Enhanced Market Monitoring.
- In **2017**, EIOPA revised the Strategy suggesting an increased emphasis on:
 1. Supervisory convergence;
 2. Enhancing market monitoring and conduct risk assessment.

New emphasis of the Conduct of Business Supervision Strategy



1. Driving supervisory convergence in practical Conduct of Business Supervision, including notably the supervision of the IDD:
 - The focus is not on a maximum harmonisation of supervisory approaches, but rather ensuring consistent and fair outcomes for consumers;
 - EIOPA decided to start additional activities: conduct country visits with NCAs, NCAs exchanging practices in conduct supervision (workshops), work on conduct themes for the EIOPA Supervisory Handbook.
2. Further enhancing market monitoring and conduct risk assessment:
 - Focus on identifying conduct and consumer protection risks sufficiently early and sufficiently clearly, but there are no supervisory 'magic bullets' that can address these challenges;
 - Understanding undertakings' business models and the risks arising from how they structure, drive and manage their business.

Areas for further cooperation in ongoing activities



- Consumer Trends Reports
 - The IRSG provided input on the trends in the areas of consumer protection, input to the Industry Questionnaire. Separate IRSG Agenda item: 5.3. IRSG input to EIOPA's Consumer Trends Report.
- Thematic reviews
 - The IRSG provided input on topic selection, methodology, draft Industry Questionnaire, data analysis, supervisory actions, etc. IRSG members to continue providing input in current and future Thematic Reviews.
- Retail Risk Indicators
 - Discussion with IRSG to provide input.

Areas for further cooperation on new topics



- Analysis of business models
 - Understanding undertakings' business models and the risks arising from how they structure, drive and manage their business;
 - Business model and management risks can impact customers at the various stages of the product lifecycle.
- Risk dashboards
 - Risk dashboards can be used to give a structured view of potential risks, vulnerabilities and trends in the insurance sector;
 - EIOPA will develop Conduct Risk Dashboards (CRDBs) in consultation with the CCPFI Products and Markets workstream, the CCPFI and EIOPA BoS during the year of 2019. The IRSG members could provide input in the development of the CRDBs' methodology.

- EIOPA to provide further details on the two new topics:
 - Business models – EIOPA to share with IRSG members by 12 April the lifecycle paper that provides background information on the need to look into business models;
 - Conduct Risk Dashboards (CRDBs) - EIOPA to share with the IRSG members the Discussion Note on the CRDBs by 12 April.
- IRSG to inform EIOPA on the specific topics for further in-depth cooperation by 30 April.
- EIOPA and IRSG to coordinate the planning for input and ways of working together: IRSG papers, informal opinions, presentations for discussion, etc.