

EIOPA strategic outlook for 2016

Policy Unit

Joint meeting of IRSG, OPSG and EIOPA BoS on
1 December 2015

- In the policy unit:
 - o Insurance
 - o Pensions
 - o Processes (Peer Review, IA, RFR, Equity Dampener)
 - o External relations

Insurance – be the change you want to see



- To implementation/supervisory convergence
 - o RFR
 - o Equity dampener
 - o LTG reports
 - o SCR review
 - o SRP Handbook
 - o Framework for regulatory maintenance
 - o Q&A
- To international...

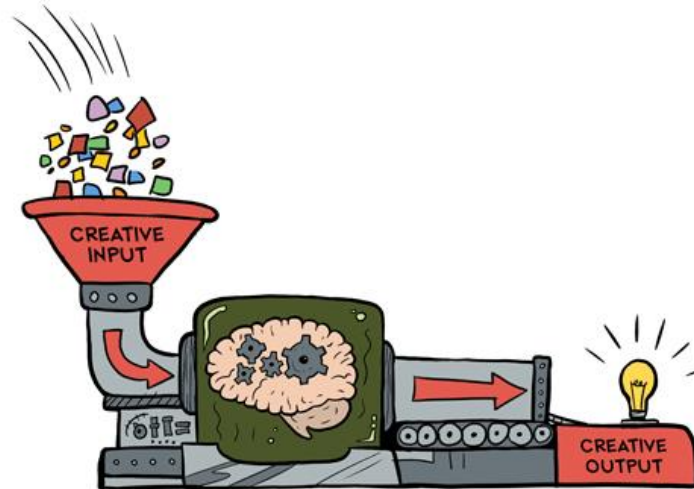
International capital standards – the new regulatory frontier



- Intensified involvement in elaboration of international capital standard (launch of field testing and consultation Q2 2016, leading up to ICS “1.0” in June 2017. Agreement 2019...)
- Work on the revision of the G-SII methodology and definition of non-traditional non-insurance business

- Provide advice to COM on creation of an internal market in personal pensions
- IORPs: opinion on pensions solvency, in light of second quantitative assessment
- IORP II: Trialogue
 - o Information to members and beneficiaries
 - o Risk evaluation for pensions

- Value of creative and independent input



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AND OCCUPATIONAL PENSIONS AUTHORITY

Questions ?

EIOPA strategic outlook for 2016

Cross-sectoral & Consumer Protection

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Strategic Objective 1: Ensure transparency, accessibility and fairness across the internal market for consumers

A) Implementation of strategy towards a comprehensive risk-based and preventive framework for conduct of business supervision and regulation:

- taking consumer into account
- proportionate
- risk-based
- looks forward

Conduct of business strategy, main deliverables in 2016



- Thematic review (monetary incentives & remuneration btw asset managers and insurance undertakings)
- Annual trend report
- Retail risks indicators
- Enhanced market monitoring (incl. bans)
- Big data
- Approach to identifying conduct risk along the life-cycle of a product

B) Other consumer protection related activities, main deliverables



- IDD
 - POG (DA)
 - Conflicts of interest re IBIPS (DA)
 - PID non-life (ITS)
 - Inducements (DA)
 - Assessment of suitability and appropriateness of IBIPs (DA)
 - Execution only sale of IBIPs (GLs)
- Personal pensions (CP parts)
- PRIIPs – L3

Strategic Objective 3: improve quality, efficiency and consistency of supervision:

Implementation of EIOPA's overall strategy by means of the training and events programme, pursuing a state-of-the art approach to training & events

- Implementation of the programme, which e.g. will include training on:
 - on-site supervision
 - risk based supervision in practice
 - SII SRP
 - SII full reporting data
 - POG

Includes annual conference, public events

- Organisation of working group meetings incl. set-up of restructured WGs

Strategic Objective 2: to lead the development of sound and prudent regulations supporting the Internal Market:

Strategy to enhance the cross-sectoral consistency between the financial sectors (cf. ESFS review)

- Main deliverables:
 - EIOPA chairing the JC
 - GLs under FICOD
 - Update list of financial conglomerates
 - AML

Questions ?

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EIOPA Oversight Unit

Joint meeting of Stakeholder Groups and BoS Members
1 December 2015

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.

Oversight Unit's strategic approach to achieve this:





**The task of leading convergence in
SII greatly exceeds our resources**

eioπα



Risk-based, dynamic planning:

- Bring together intelligence from on-site activity and quantitative insights from Business Intelligence (QRT data).
- Choose where to allocate resources for engagement with NSAs and developing tools to promote consistency.

Collaboration with colleagues in NSAs.

Continue to support joint decisions for group models:

- de-scoped entities
- deferred applications
- major model changes

Run consistency projects, including:

- follow up sovereign risk Opinion
- market risk benchmarking

Colleges have matured: time to shift EIOPA's involvement from operation of college to achieving a shared, high-quality supervision of the group:

- Using information exchanged to gain a deep understanding of the risks of the group and letting this drive the college action plan.
- Sharing tasks among members of the college.

EIOPA will develop best-practice QRT information exchange reporting to provide an efficient solution for all colleges.

Strategic Themes in 2016: Supervisory Oversight (SPOT)

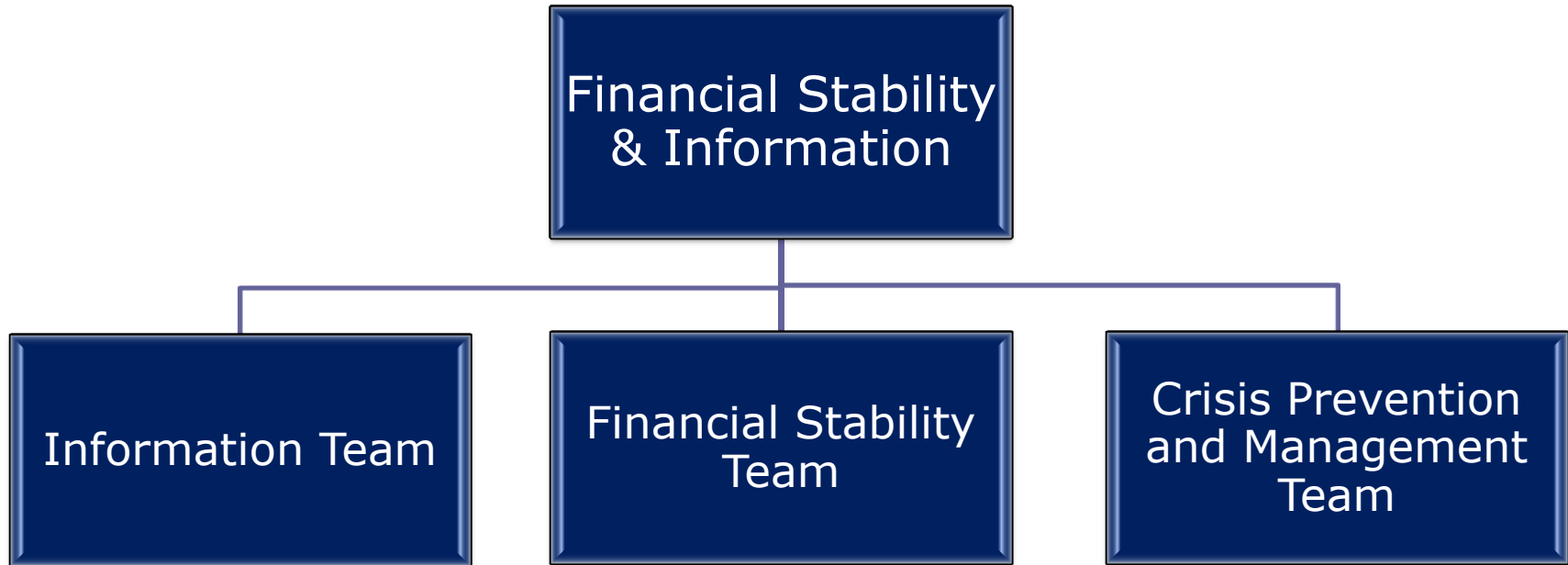


Since 2014, bilateral visits with 28 of 31 EEA NSAs ⇒ team now has knowledge of good practices across Europe.

Continue with bilateral engagement.

Expect further extended support projects e.g. balance sheet reviews.

EIOPA Financial Stability & Information Unit



Unit Focus:

Strategic Objective 3: Strengthen the financial stability of the insurance and occupational pensions sectors



- Information Team
 - o Data collection and quality assurance
 - o Data storage
 - o Data analysis, collation, publication of
- Financial Stability Team
 - o Risk identification
 - o Assessment of vulnerability and resilience
 - o Developing methodologies
- Crisis Prevention and Management Team
 - o Coordinated actions to deal with risks and vulnerability
 - o Crisis management policy and methods
 - o Recovery and Resolution in Insurance

What have we actually done?



- 2014 – Insurance Stress Test
- 2014 – Thematic exercises:
 - Search for Yield
 - Sovereign Stock Take
- 2014 – Sound principles for Crisis Prevention, Management and Resolution
- Participation in Crisis Management Groups of European GSIIIs
- 2015- IORPS Stress Test
- 2015 - A macroprudential approach to the low interest rate environment in Solvency II
- 2015 – Combined Exercise: Follow up to the ST 2014 and Solvency II preparedness
- Cooperation with academia - top down stress test methodologies
- Regular Risk & vulnerabilities monitoring (FS Report, Risk Dashboard, Opinions & Recommendations)

Main themes for 2016: Information Team



- Functioning full SII data collection and storing into the EIOPA's Central Repository
- Functioning registers of all financial institutions under EIOPA competence
- Clear and stable taxonomy update process
- Established BI solution facilitating regular and ad-hoc analytical reports
- Enhance data provision and analytical services

Main themes for 2016:

Crisis Prevention & Management EIOPA

- Formulate a comprehensive stance on recovery and resolution for the insurance sector
- Focus on G-SII by organising and hosting G-SII Forum meetings and participating in CMGs
- Maintain, update and exploit EIOPA's database on insurance failures and near misses
- Operationalise EIOPA's crisis prevention and management Handbook
- Follow-up and actively contribute to the discussion on developing a macroprudential policy beyond banking

Main themes for 2016: Financial Stability Team



- Adjust/design models and risk indicators (i.e. risk dashboard) to the forthcoming Solvency II regime
- Migration to Solvency II reporting use in all EIOPA's FS products
- Develop top down methodology for assessing risks and vulnerabilities
- Insurance Stress Test 2016
- Identification of potential new threats to Financial Stability

Thank you for your attention!

Dimitris Zafeiris
Financial Stability and Information Unit

December 2015
