

Joint meeting of EIOPA Stakeholder Groups (IRSG and OPSG) and Members of the EIOPA Board of Supervisors

28 November 2012

**Venue: Hotel Steigenberger Frankfurter Hof
Address: Am Kaiserplatz, 60311 Frankfurt/Main, Germany;**

Draft Conclusions and Action points

List of participants:

BoS: Peter Braumüller (AT), Michel Flamee and Greet T'Jonck (BE), Angel Djalazov (BU), Victoria Natar (CY), Zuzana Silberová and Jan Bouška (CZ), Jan Parner (DK), Cyril Roux (FR), Thomas Schmitz-Lippert (DE), Ioannis Chatzivasiloglou (GR), Károly Szász and József Banyar (HU), Fausto Parente (IT), Dina Mikelsone (LV), Mindaugas Salcius (LT), Victor Rod (LU), Runa Saether (NO), Evert Haaksma (NL), Damian Jaworski (PL), Daniel George Tudor (RO), Julia Cillikova (SK), Sergej Simoniti (SI), Rodríguez-Ponga Salamanca and Pablo Muelas Garcia (ES), Martin Noréus (SE) and Paul Sharma (UK).

IRSG: Michaela Koller (IRSG Chair), Kay Blair (Vice chair), Rym Ayadi, Thomas Béhar, Yannick Bonet, Paul Carty, Seamus Creedon, Guenter Droese, Hugh Francis, Lars Gatschke, Pilar González De Frutos, Helmut Gründl, Maria Heep-Altiner, Raffaella Infelisi, Asmo Kalpala, Damien Lagaude, Pierpaolo Marano, Jean-Christophe Menioux, Baiba Miltovica, Alexander Sadovski, Gerard Van Olphen, Chris Verhaegen and Daniela Weber-Rey.

OPSG: Chris Verhaegen (OPSG Chair), Benne van Popta (Vice-Chair), Gunnar Andersson, Gábor Borza, Naomi Cooke, Charles Cronin, Otto Farny, Janda Fritz, Ruth Goldman, Marcin Kawiński, Niels Kortleve, Regis de Laroulliere, Baiba Miltovica, Manuel Peraita, Martine Van Peer, Patricia Plas, Giuseppe Rocco, Joachim Schwind, Philip Shie, Federica Seganti, Maria Isabel Semão, Dariusz Stańko, Yves Stevens, Klaus Struwe, Taylor Douglas and Bernhard Wiesner. Drafting support to OPSG: Eugen Scheinker.

EIOPA: Gabriel Bernardino (EIOPA Chair), Carlos Montalvo (EIOPA Executive Director), Daniela Rode, Sebastien Bonnal, Giulia Conforti and Manuela Zweimueller.

European Commission: Karel van Hulle (Head of Unit), DG Internal Market and Services; ESRB: Jeroen Brinkoff.

11:00	Welcoming	Salon 15
1.	Welcoming by Gabriel Bernardino, Michaela Koller and Chris Verhaegen	
<p>Remarks: EIOPA Chairperson, Gabriel Bernardino, welcomed EIOPA Stakeholder Groups and BoS representatives to the second joint plenary meeting and stressed that the joint meetings – besides being required by the EIOPA Regulation – are an excellent opportunity to reflect on the past and to look into the future: What is going well, what needs to be changed? He welcomed the views from the Stakeholder Groups and invited attendees to interact throughout the day.</p>		

The Chair of the Insurance and Reinsurance Stakeholder Group, Michaela Koller, added that the joint meeting is an opportunity for IRSG to debate topics such as pensions which are relevant for both stakeholder groups. The joint meeting is also a unique possibility for networking.

Finally, Chris Verhaegen, Chair of the Occupational Pension Stakeholder Group, stressed the importance of such a dialogue to enhance the quality of the Stakeholder Groups' work and invited members to think about the work developed up to now and possible improvements, also with regard to contribute to the upcoming ESAs assessment by the European Commission.

2.	Approval of the draft agenda	Decision
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Remarks: EIOPA Chair presented the meeting agenda for approval.

Conclusion/Action points: IRSG and OPSG members approved the Draft Agenda without amendments.

3.	Reflecting visions for the future of EIOPA	Discussion
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Remarks: EIOPA Chair presented the areas in the remit of EIOPA's responsibility and asked Stakeholder Group members to indicate which ones EIOPA should prioritize in the immediate future and why.

The following considerations were made by stakeholder group members:

- **Pension funds** should be a key topic as well as health care since social protection will be impacted negatively due to demographic change in all European countries. Health insurance including long-term (LT) care, and personal pension plans (PPP) could be seriously affected. Ways and means are currently considered moving these issues out of the statutory social security area into the mixed or fully private sector.
- **Pensions** are, in general, supposed to be a major challenge in the coming years. There is a need to ensure a forum for discussing Pillars 1, 2 and 3 in relation to consequences for human beings/individuals as non-professionals being affected: What kind of protection do they need? Who is responsible for what? When is the intermediary, the producer, the public authority or employer responsible? What kind of information does the individual need, and how can we make sure that s/he gets and understands the information? Many will need independent advisors, not only in the pensions but also in other financial services areas. A **transparent** approach to the costs of DC schemes across the EU for all types of providers, regardless whether insurance or pension funds, was proposed. Comparison and disclosure of cost ratios of life insurers and pension funds including administrative costs could be beneficial for consumers. Both insurance companies as well as pension funds are considered to contribute to ensuring a long-term perspective for the benefit of the population. They are thus playing a significant role in society.
- **Risk management topics** discussed were: ways to improve risk management; focus on financial innovation, stability of financial market and long-

term issues such as long-term guarantees (LTG). Sound (qualitative) risk management, i.e. Pillar II of Solvency II is fully supported.

- **Systemic risk** and how to deal with it. Banking sector debate; some voices considered it important to bridge the gap between the two sectors, insurance and banking and promoted a “no-silo” approach in regulation..
- **Supportive regulatory environment for IORPs:** tailor-made, no “copy-paste” methodologies from other financial sector regulations. IORPII should be designed to support the most efficient use of pension capital in Europe; it should be made clear that occupational pensions are a social benefit and NOT financial products.
- Attention should be paid with the term “**consumer/consumer protection**”, due to the different regulations and protection implied:
 1. Insurance: customers have to rely on consumer protection law
 2. Occupational pensions: social and labour law is the major protection frame for scheme members
 3. Supervisory law for occupational pension institutions should not primarily focus on consumer protection as over-regulation could become a problem
 4. How both areas (can) fit together
- **Statistical basis IORPs:** it is difficult to understand that supervisors of IORPs do not avail of sound statistical data on IORPs (number of schemes, size, etc). EIOPA should work on this in the near future: It was requested that the collection of sound statistical data on the number of IORPs in Europe should become easily available in the future.
- **Consumer protection/Financial innovation.** The risk of financing a pension benefit or an insurance product (credit/market risk) is more and more transferred to the individual (beneficiary/policyholder), which is not reflecting the spirit of the European Commission’s White Paper. The societal cost of individualisation of risks should also be calculated when considering private pension systems. Costs are considered enormous, e.g. when regulation triggers a massive shift in asset allocation. It is considered to be of utmost importance that savings need to be safe, also in cases should shareholders pull out due to insurers shifting investments into specific/other products. Vivid debate between costs of regulation and costs of not having regulation.
- Last point on **preventive regulation:** lessons learnt from the financial crisis and the current situation should become part of regulation to prevent a similar situation in the future.

EIOPA Chair wrapped up some of the topics put forward by the audience:

1. In his view, the idea of **LT products** in pensions and insurance is key. It is fundamental to have a good balance between the different pillars (1, 2 and 3) as well as complementarity of the pillars on a sound regulatory basis. Member States and individuals alike should be able to rely on it. EIOPA Chair is in favour of **financial innovation** to take place: What EIOPA must ensure is that various options and good

choice be provided to the consumer/ individuals while ensuring effective consumer protection. Some products need to be looked at more closely by the supervisor such as ILS/securitisation.

2. On **Solvency II**, he commented that there is a number of elements of SII which he would be in favour of an early integration into in the supervisory process, as this would be important not only to supervisors, but also to industry for proper preparation. Key elements considered are Pillar II, ORSA, parts of reporting, pre-application of Internal Models (IM).

To this point some IRSG members argued that:

- EIOPA should ensure a harmonised system, in which the text is interpreted in the same way in different Member States, to avoid divergence.
 - Disapproval of a "Solvency 1.5 Scenario"; a quicker implementation of SII would be preferable (not only in 3 years' time).
 - During the transitional period EIOPA should make efforts to measure the risks in insurance and in the pension funds sectors, including an annual review of the formulas.
 - Further development of the standard model is an important topic for the next years, in particular, a fundamental review and simplification is needed due to past changes.
3. On business models and systemic risks, he agreed that action is needed. On **systemic risk** EIOPA is involved in the ESRB work.
 4. On Alternative Dispute Resolution (ADR): EIOPA is monitoring the evolution, but it is not in its remit for the time being.

Then, the EIOPA presentation moved on to the **consumer protection area**. EIOPA Executive Director, Carlos Montalvo, opened the debate on the "duty of care": Should it be imposed on financial institutions when dealing with their customers? He argued that too much focus on consumer protection risks over-regulation. Can there be too much focus?

Individual Stakeholder Groups members shared the following views:

- The problem is not too much protection, but the **right design of protection** of individuals. It is not a matter of quantity but quality and focus, e.g. on remuneration practices for intermediaries, misleading information. In the consumer protection area, however, developments in the legal background have to be **coordinated** as they fall under different frameworks:
 - Insurance – consumer protection
 - Pensions – social labour law plus supervision
- **Effective regulation:** Ineffective consumer protection is usually an issue linked to trust at the sales point. Effective regulation contributes to ensuring

consumers' needs are respected and confidence is being built.

- Concern was expressed that **the pension promise may not be sustainable** due to the high level of debt in some Member States. This would have two negative consequences:
 1. Consumers/beneficiaries would not receive adequate retirement provisions (inadequate value of earnings) and
 2. Undertakings would not be able to amortise the cost of losses and re-balance the system. Market-consistent valuation based on a one year time horizon is not considered to be possible for long-term products; therefore Solvency II needs a longer time horizon, amongst others, to deal with pro-cyclicality. The same applies to pensions. The diversity of the players/business models in the market should be taken into account as well in regulation.
- **Political debate is considered intransparent:** Nowadays, the economic development of countries/jurisdictions bounces between periods of high and low growth; a period of great moderation/certainty is followed by other times with high volatility/high uncertainty. In this context, the political debate is considered intransparent: *ad hoc* measures to adapt the system were put in place, however, to address these issues in a more transparent way would be needed. Politicians in the current crisis should advocate for pension funds to invest in local national investments. Instead, funds seem to go abroad for a higher return rate.
- **In favour of a risk-based approach:** A risk-based approach is needed, however access to some products may then be restricted, e.g. because price may become too high. Short-term regulation for long-term products may not lead to the best outcome.
- **Consumer protection:** Needs to be looked at in a broader sense and with a view that the market does not work perfectly. The example of Payment Protection Insurance (PPI) was given where the redress came only years later; regulation was considered ineffective and not being able to deal with considerable profit margins and incentives at the sales point of the product.

EIOPA Chair showed his understanding of the issues raised, but pointed out that continuing with the same medicine was not the way to solve a problem. He emphasised that EIOPA focuses to create a sound basis for the future by effective regulation, including an approach to deal with the past. EIOPA Members noted that stakeholders should not confuse the messenger (Solvency II) with the message that all parts of the financial systems took on too much risk (re "credit crunch").

The financial system converts savings into investments and achieves returns on investments; however, the mismatch between the promises given and the investment returns achievable was too big was noted by an EIOPA Member.

EIOPA Chair concluded by asking Stakeholder Group members to identify con-

sumer trends and feed them back to EIOPA.

Conclusion

Gabriel Bernardino thanked the audience for the very interesting discussion and he proposed similar interactive sessions to be repeated in the future.

4.	European Commission update on current work on Solvency II, IORP II, PRIPs & IMD.	Discussion
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Remarks: Karel van Hulle, the European Commission representative, presented the developments in the following areas:

- **SII** - Triologue on 18 September: it was decided to undertake the ex-ante assessment (before finalizing SII). At present: still negotiating Terms of Reference (ToR) for the technical assessment by EIOPA of the LTG package, however, it is unprecedented that the co-legislators only need three months for negotiating the ToRs which shows the rapidity of the process. The European Parliament prefers a narrow approach whereas the Council's preference is a broader one. COM is opting for a test designed in such a way to allow for a sound decision. He stressed the importance to avoid discussions on old matters and to focus on long-term rather than on short-term issues.

Timeline: an agreement between the co-legislators is expected by mid-Dec, following which EIOPA needs four weeks to finalise the technical specifications (including Christmas). The test is then supposed to be carried out during February/March 2013. EIOPA results are expected for late May/mid-June, to be followed by a report by the Commission to also include the political aspect.

- **OMDII** - further work on OMDII to start again under the Irish Presidency. Dialogue will start already before the very final outcome of the technical assessment/results by EIOPA. L2/Delegated Acts have not yet been finalised either.
- A **COM Green Paper with focus on the long term investments** is considered to be published in spring 2013. Technical investigations whether the standard formula needs to be recalibrated with the view on long-term investments are under way. It is being discussed on a political level whether certain types of investments should be given preference to stimulate growth.
- **Starting date Solvency II:** the date is uncertain; COM proposed 2015, but this is now no longer technically feasible. Under discussion whether COM sh/c/would issue a "Quick-fix-Directive II". He emphasised COM's and EIOPA's role to take a pro-active attitude to move this project forward within the legal remit. We should avoid to speak about "Solvency 1.5" as this is very confusing.
- **IMDII** - proposal from 3rd July. European Parliament has appointed Mr. Langen who will present the report in December. Discussion in ECON in January, vote is scheduled on 26 March 2013. The Internal Market Com-

mittee also wants to interact in the process. The debate is focusing on the topics of minimum vs. max. harmonisation (currently it reflects something "in-between"), to include loss adjusters in the scope, declaration schemes – if of ancillary nature only such as travel agencies – and, remuneration and disclosure of intermediaries.

- **PRIPs** – proposal from 3rd July. Pervanche Berès is the rapporteur from the European Parliament. ECON has commented on it. Discussion on whether to include pension products or not. ECON vote is scheduled on 20 March, approval by the EP Plenary for April/May 2013.
- **Revision of IORPs Directive:** Answers to the Quantitative Impact Study (QIS) are due before 17 Dec; so far nine Member States committed to take part in it; preliminary results will be available in early 2013. Timing of the IORP II proposal: mid 2013. As this will be the last practical year of this European Commission, the project is supposed to move on.
- The **COM Green Paper on Natural Catastrophes** is supposed to be launched for public consultation at the beginning of 2013. At the JRC Webpage, publications can be downloaded on topics such as "Natural Catastrophes: Risk Relevance and Insurance Coverage in the EU".

Finally, Karel van Hulle announced that this may be his last update as he intends to retire from the European Commission in January/February 2013.

The floor was then open for questions:

- Question on the LTGA Terms of Reference/Measurement of risks for assets: Current correlations/risk factors push into a specific direction which may not be in the interest of the customer/consumer. There is also the risk of inflation. Best way to resolve the crisis may be to favour investments in equity and real estate.
 - Response: LTG package/ToRs have a number of solutions/options, which now need to be tested. E.g.: Counter cyclical premium will now also show a possible way how to deal with sovereign bonds.
- Remark that there is a lot of "copy-paste" perceived in the technical specifications from SII for use in the IORPs QIS. The IORPII draft is considered to be delivered by mid-2013, what will happen if the QIS is further delayed?
 - Response: The problem should be addressed at the time arising, but then an overall flexible timeline would be needed.
- What will be done with the IORP QIS results?
 - COM will critically analyse the resulting figures for better informed decision-making. Currently, very high figures of potential IORPII impact circle around without a sound calculation basis. This is why the QIS is so important to deliver sound figures for an informed decision-making. If the system is not workable then conclusions will need to be drawn. If the results would lead to a disproportionate raise of cost for any

Member State, such a regime would not be implemented.

- Gabriel Bernardino added he desires to see the different options in the QIS be reflected in reliable numbers as an outcome. This is then considered to start another phase in the process and the discussion on what kind of supervisory measures to be taken, on recapitalisation and transition periods will follow afterwards.
- A joint letter of eight top stakeholders representing European employers, unions, PensionsEurope, etc. was sent to COM, with the clear recommendation that the “Voice of social partners should be heard”.
- Observations on the timescale of the Long Term Guarantees Assessment (LTGA) exercise: February/March is not the best timing for companies to carry out the calculations. However, the sooner the Technical Specifications are ready, the earlier the details can be discussed and the smoother the process is supposed to be.
 - Response: To deliver the Solvency II Long Term Guarantees Assessment on time to the Commission, an EIOPA report on the results needs to become available in June 2013; therefore the exercise needs to take place in Feb/March; this explains the pressure on such a date. Otherwise, the whole legislative process would be affected.
- OMDII: With regard to further delays on Solvency II L2 IRSG member asked for a realistic timescale, committed upon by all Triologue partners.
- What is the status of the draft Directive on ADR?
 - Response: The draft text has to follow discussions in other financial sectors also dealing with tying and bundling of products.
- On the Green Papers on LT Investments some SG members recognised the need in the EU to finance infrastructure projects. Link to all related Directives should be investigated.
- Will IMDII and PRIPs merge in relation to insurance investment products? This would be different to the EP’s ECON discussions, however, the Council has not yet formulated its opinion.
 - Response: COM’s approach is in favour of all sales of insurance products to be regulated under IMDII and not under MiFiD. Nevertheless, an impact assessment would need to be carried out beforehand in the case mentioned above so not to simply apply/transfer rules that were drafted for other products/sectors. Overall, the rules should be kept simple and one needs to be careful not to impose the heavy burden of MiFiD on small and medium sized undertakings.

13:20	Lunch at Restaurant Hofgarten	1h15’
5.	IRSG and OPSG Annual Report 2012 and outlook for work in 2013	Discussion

<p>Remarks: Michaela Koller, IRSG Chair, reported on the work carried out by the IRSG in 2012 and the prospects for 2013.</p>		

2012 was in her view a very productive year with overall 5 meetings held, 6 functioning subgroups established, 6 opinions including one feedback statement adopted and further 6 opinions pending.

She then pointed out the issues of focus: Much of the IRSG work in 2012 was dedicated to SII – all pillars/OMDII. In addition to prudential regulation, the area of financial stability was dealt with as well. Some debates focused on the IORP review, not only on level playing field issues, but also on protection of the ultimate risk taker.

Discussions on consumer protection and financial innovation were on-going throughout the year (consumer protection as standing agenda item) with a major focus on IMDII and PRIPs, industry training standards, ADR (still pending), EIOPA's work on Variable Annuities as well as the potential impact of SII on products/portfolio. On the international side mainly ComFrame, g-SIFIs, IAIS ICPs, IAIS Insurance Market Report were on the agenda.

Opinions/Feedback statements on FiCoD, ORSA, Reporting (two), Complaints Handling and Variable Annuities were delivered in 2012.

The following IRSG subgroups were established and active: Consumer Protection working on IMDII; Long-term guarantees; Anti-Discrimination: ECJ gender ruling; Governance; Internal Models.

Michaela Koller's outline of the work in 2013 included Solvency II 53 Standards and Guidelines to be consulted upon as well as further consumer protection work on PRIPs, IMDII Impact Assessment, EIOPA initiatives on training standards. Also Financial Stability discussions and learning more about EIOPA's involvement with ESRB will be initialised. Further monitoring of IAIS consultations is considered as well. A note on accounting (as it is included in the Work Plan) should be delivered, too.

The IRSG Chair closed her remarks by thanking EIOPA representatives, Karel van Hulle and Peter Braumüller for their engagement. Finally, she thanked all IRSG members, especially the leaders of the subgroups, for their commitment and continuously dealing with the high workload.

Remarks: Chris Verhaegen, OPSG Chair, reported on the work carried out by the OPSG in 2012 and the prospects for 2013.

In 2012 OPSG has focused much of its attention and work on the review of the IORP directive. First focus was on the consultation of the EIOPA Advice. An opinion was delivered on time at the end of 2011, with the recommendation not to base IORPII on the characteristics of the SII Directive due to the pensions' specifics. By mid-2012, EIOPA issued the consultation on the Draft Technical Specifications for the QIS of EIOPA's Advice on the Review of the IORP Directive. OPSG delivered its opinion on time at the end of July despite a very tight schedule; in the opinion OPSG expressed its doubts on the Holistic Bal-

ance Sheet approach. The conclusion was to recommend further development of this complex methodology. More work and analysis is needed to judge if this is a valuable and practicable approach.

In July, the OPSG also prepared a feedback statement, supported by a dedicated OPSG subgroup, on the European Commission's White Paper on "An Agenda for Adequate, Safe and Sustainable Pensions": OPSG is supportive of the COM proposed actions and that pillar 2 and 3 pensions should all be monitored by EIOPA.

OPSG also delivered an opinion on the revision of FiCoD in August with the conclusion that IORPs should not fall under the scope.

In addition, an OPSG subgroup has developed pro-actively a feedback statement on the Governance of IORPs and another specialised subgroup is now finalising an own-initiative report on Information to Members.

Over the course of the next months and in 2013, OPSG will react on the public consultation on the draft Technical Standard for Art. 20.11 Cross-border provision of IORPs. In addition, OPSG will prepare feedback statements to the Occupational Pensions Committee's (OPC) Report on Information to Members of DC schemes and on the OPC Report of Default Investments of DC schemes.

The OPSG Chair thanked the members and particularly the subgroups which were constantly heavily involved in the work under tight timelines, and much appreciated the constructive spirit of all OPSG members. She praised the supportive attitude of EIOPA Chair and Executive Director and in addition the support provided by EIOPA colleagues. She also was appreciative of COM's presence in all OPSG meetings.

Gabriel Bernardino expressed his satisfaction for the open atmosphere, the constructive discussions, the different ideas, mind-sets and backgrounds, all-in-all allowing for transparent relations and good mutual understanding.

Then, he invited the audience to provide forward-looking comments:

- Carlos Montalvo admitted that he was originally supporting the idea in 2010/11 to have one Stakeholder Group only, but he says the results achieved demonstrated the undisputed success of two SGs.
- **Sharing of documentation:** complaints were issued that IRSG has not officially received the Level 2 draft and remarks provided that COM can thus not assume Stakeholder Groups being able to comment on L3 without proper knowledge of the L2.
 - Response: L2 has not been publicly released; therefore the document is still supposed to be for strictly limited distribution only, one of the arguments being to avoid that people rely on it as if the text were approved. EIOPA Executive Director emphasised that EIOPA/BoS cannot provide any draft documents not authorised by COM for distribution.
- **Early involvement:** it is important to bring in the Stakeholder Groups when EIOPA is establishing/drafting the documents, i.e. at a very early stage.

- EIOPA Chair points out that there is a balance to strike; EIOPA working groups also need the time to discuss amongst supervisors only to form a purely supervisory opinion. EIOPA is committed to share documents already in an early stage of their development subject to confidentiality provisions but emphasised the discussions amongst supervisors are of utmost importance to establish the supervisory view. He also pointed out that EIOPA is always taking care that the working group chairs attend the SG meetings, to the extent possible, and EIOPA experts to maintain contacts with the SG subgroups.
- **Impact on EIOPA work:** To what extent does EIOPA see an impact of the SGs on its work? Are discussions useful/do they bring changes?
 - EIOPA Chair confirms that SG work definitely makes an impact: one example is that EIOPA dedicates a specific feedback/feedback section to the Stakeholder Groups opinions. In a number of situations, we have changed tonalities, e.g. on proportionality. Other examples include the paper on Governance which was brought to the Working Group (IGSRR) to be included in their discussions or the first opinion on IORPs to be discussed with and followed closely by OPC.
- **Discussion on two separate SGs:** Do we have enough coordination? We have level playing field issues and transparency on work carried out could be enhanced. Are the joint meetings sufficient for interaction?
 - OPSG Chair mentioned that it is an encouraging experience how the two SG have functioned: There are representatives of insurers in the OPSG and therefore their opinions are heard. She does not see a need for further interactions. OPSG work is very transparent; all finalised documents are placed on EIOPA website and published.
 - IRSG Chair is more in favour of a closer interaction. She fails to see in the joint meetings a discussion on the pillar 2 pensions, a topic on which insurers also have to be addressed as they provide products in this area. Therefore, this topic should not be discussed in silos; she encourages EIOPA to find ways and means to get a joint discussion going, on retirement and savings products, e.g. debating how all providers in these pillars work, how they are regulated and how they compete.
 - EIOPA Chair argued that the personal pension topic will soon be needed to be addressed by both Stakeholder Groups. The overarching issues, be it from the insurance, be it from the pension fund sectors are not completely different; however there are specificities in both sectors to be dealt with differently. Both, pension funds and insurance need to be proactive, as otherwise rules from other financial services sectors will be imposed on them. Example of joint work across sectors and ESA cooperation: Joint subgroup on PRIPs lead by EIOPA.
 - Some OPSG members expressed the view that there is a material difference in law applied between occupational pension, falling under social and labour law, and insurance. Therefore, not the same

rules should apply. There was an argument that for PRIPs, for example, the ultimate goal is to protect the consumer/customer, regardless whether the products provided are pensions- or insurance-type. If products compete in the market, then the same approach should be taken in regulating them.

- Members expressed their support to the two SG groups and favoured that bridges on some subjects needed to be built for future cooperation.

6.	So far so good? Have your say Break-out Session	Discussion
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Remarks: Participants were split into four mixed groups, composed of IRSG members, OPSG members and BoS members, with each an appointed moderator and discussed the following questions 1 to 5:

Group 1 – Moderator: Douglas Taylor (Q1 + Q3)

Group 2 – Moderator: Martine Van Peer (Q1 +Q2)

Group 3 – Moderator: Pierpaolo Marano (Q1 + Q4)

Group 4 – Moderator: Daniela Weber-Rey (Q1 + Q5)

Below is an overview of the main points raised under each question:

1. What is your personal stock-take after nearly two years as a member of EIOPA IRSG/OPSG?

Individual input from Stakeholder Groups members:

- Some topics, such as QIS /HBS, have limited relevance for some members of the Group because it is not relevant in their Member State. The crucial issue is how to invest in these markets.
- Impact of IRSG would be better if brought in earlier in policy development.
- The OPSG was often involved at a late stage of policy development. Sometimes the discussion of group members focused too much on the Commission (whose attendance is much appreciated), whereas the group should have a close dialogue with EIOPA .
- Financial innovation and investor protection were topics outside of the remit of OPSG but should be picked up as well.
- OPSG papers should go to interested targeted supervisors as well.
- Stakeholder Groups are too heterogeneous to be fully productive; some members may be too politically driven.
- Some insurance discussions are considered too general, too principles based
- IRSG recognises the demand of a pan-European supervision.
- Group members now understand better how at EU level the legislative and regulatory process works, in particular for Eastern and Central Euro-

pean markets.

- Unique forum for insights on EU level – provides wider angle for viewpoints.
- Group members benefit of gaining an international experience, acquiring knowledge of difficulties and challenges of a pan-European regulation.
- Very demanding/high work load: full load of information and documents from EIOPA, however, driven by the enormous amount of regulation coming from the EU side/COM; strict prioritisation within the SG needed.
- Difficult at the start to merge the different cultures, but constant progress, a good learning curve.
- To consider that sometimes two separate groups deal with issues of common interest.
- Difference perceived between OPSG and IRSG in the way the groups are performing their duties.

In summary, the following positive aspects were mentioned:

- Diversity of the group, its composition is considered as a very positive asset for EIOPA, not only on the technical level but also with regard to gaining a broader overview of different markets; “cross-fertilisation” of views possible in such an environment.
- Personal learning effect (due to broad overview of topics and diverse range of contributions); learning about and acceptance of different perspectives; consensus-building efforts much appreciated.
- Sufficient flexibility and openness to include additional topics originally not envisaged.
- Access to early info considered valuable.
- Using synergies and openness of the debate.
- COM involvement and EIOPA senior level participation much appreciated.
- Communication was good. Members could take findings/insight home and help implement.
- Feedback on technical points in consultation papers was given.
- Possibility to give “real input” to EIOPA working groups; some of the technical points were taken into account, change later recognised in document for public consultation.

In summary the following aspects for improvement were mentioned:

- Increased possibility requested to impact development and enhance effectiveness of EU regulation (perhaps due to being the first Stakeholder Groups).
- Enhanced utilisation of input on technical issues academics could provide: Idea of having a yearly meeting with experts/academics; on the other side academic input was considered sufficient.
- Impact desired by the Stakeholder Groups also on supervision in contrast to current focus on regulation.
- Members should refrain from lobbying in SG meetings.
- Start-up & time – length of mandate: Is 2.5 years enough? Staggered approach for part of membership?
- Increase feedback/discussion within Stakeholder Groups about national

challenges. More sharing of experiences and concerns of nationally relevant topics.

- Increase general debate and decrease technical paper work, proposal for a strategy day of the SGs once a year; on the other side too general discussions were recommended to be avoided.

2. How do you perceive the IRSG/OPSG meetings (choice of topics, structure of the agenda, time management and participation of members)?

Comments on topics:

- Reduce information communicated orally at meetings and send out more parts in written in advance to increase the ability to react effectively during meetings.
- Would be nice to receive the original working documents. Receive speeches.
- Encourage Stakeholder Group members to bring in more own proposals/themes.
- More specialisation/focus in discussions of members is needed
- Enhance discussion with EIOPA working groups in particular with OPC and CCPFI.
- National priorities could have been emphasised more (OPSG).

Comments on Agenda and Time Management:

- Well organised, good attendance & good communication.
- Good frequency of meetings, dynamics of process means you have to be very well connected. Information sharing much appreciated.
- More info for meetings should be sent in advance.
- Chairing has been of a high standard.
- Better use of specialists in the membership, however this view is not shared by IRSG.

Comments on Participation:

- Appreciate the development and composition of Stakeholder Groups.
- Meetings could be split (instead of meeting with the full group) to use specialist skills, maybe in parallel with Subgroups during the day.
- Substitute and alternates to be considered, however, limitations from the side of the Regulation .
- Detailed info available to members; different view on sufficient or not provision of background info/documents. EIOPA and SGs to reflect.

3. What do you like from the EIOPA side? Any suggestions for improvement?

Comments:

- (+) Administrative support from EIOPA side was excellent, even with constrained resources and budget .
- (+) Nutshell notes are very helpful and much appreciated to bridge the

different backgrounds/heterogeneity in the membership.

- (-) Timing of involvement: COM needs to consider sufficient time for consultation for SGs to be able to analyse all the documents; also timing of involvement of SGs in policy development to be revisited.
- (+/-) Group & Subgroup support: No consensus on drafting support. Additional support of working groups would be needed to facilitate a very active input of members.

Suggestions:

1. Call for candidates to mention that high involvement is needed (hard work), due to very quick flow of information.
2. If there is a lot of information, selection must be done, priorities need to be made by the SGs.
3. Suggestion to establish a strategy day, could be combined with the proposed academic day (yearly meeting of research specialists).
4. Capacity to use external experts not being part of SG membership.
5. Response to comments: formal responses are ok, but also informal oral feedback would be encouraged.
6. Meetings could be split to allow unfold specialist skills; in parallel, another subgroup meeting could take place during the day.

4. Which IT tools could help you to perform your duties?

- E-mails with attachments with links work very well.
- Conference calls are also useful.
- Happy to embrace new technology.

5. Your recommendations for the future Stakeholder Groups

- Provide for closer cooperation between the SGs and the EIOPA Committees/NSA staffed working groups – to enable to exchange views with the national regulators as well.
- Expectations of EIOPA and objectives should be clearly set in the first meetings of the SGs.
- Common topics for both SGs could be on the agenda of a/the joint meeting, e.g. Private Pensions, Solvency II Risk Management (Pillar II).
- Similar consumer focus in OPSG as in IRSG where consumer topics are discussed in an on-going way (standing agenda topic).
- Formal response AND informal oral feedback by EIOPA on SGs opinions is desired.
- Continuity on the future SGs composition would be beneficial, in particular with Solvency II to be discussed in the near future.
- Early delivery of short meeting conclusions and action points to be better informed in the preparation of the next meetings is encouraged.

16:25	Coffee break available in the rooms (20 min)	
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7.	Debriefing Break-out Sessions	Discussion
<p>Conclusion - summary</p> <p>Michaela Koller summarised some of the outcomes from this exchange. In a first stage, SGs have required some time for start up and running, before they could report achievements. Now a firm foundation is established.</p> <p>She acknowledged that EIOPA has invested much time and effort to make the groups function efficiently and produce valuable output. There is some room for improvement for the Stakeholder Groups, e.g. in the difficult balance between too much and “just the right” information to be provided and in keeping the right level of a technical debate going. SG members also need to respect the framework (regulation, budgetary restriction) in which they can act.</p> <p>Michaela thanked EIOPA for the bottom-up approach applied in the joint meeting and all members – in particular moderators – which were involved in the exercise.</p> <p>Gabriel Bernardino expressed his full support to a very interesting debate, with highly valuable information. It is encouraging to learn the many positive aspects about EIOPA Stakeholder Groups. EIOPA needs to carry out these assessments as it is important to deal in follow-ups with the elements that have been suggested. EIOPA Chair emphasised again the great value of the Stakeholder Groups to EIOPA and ensured utmost support to their work.</p> <p>The role of the SG is clear from EIOPA’s perspective and is determined by its Regulation: the Stakeholder Groups are considered advisory bodies on Technical Standards & Guidelines, with the capacity to comment on other issues, e.g. papers published by the COM.</p> <p>In his view, there is a conflict of interest/dilemma between expectations by SG members and EIOPA governance requirements: EIOPA cannot support SGs to draft their opinions neither involve them more closely in the NSA working groups as supervisors need to discuss their viewpoint amongst themselves as well.</p> <p>All in all, EIOPA Chair is happy how things are currently evolving and what was achieved so far, however, he calls upon the need to build on what is going well and further work on the elements to be improved, and invites all participants to do this work together.</p>		
8.	<p>EIOPA Multi-annual Work Programme 2012-2014</p> <ul style="list-style-type: none"> ➤ EIOPA Work Programme 2013 ➤ EIOPA Multi Annual Work Programme 2012-2014 <p><i>Stakeholder Group members are invited to comment on the EIOPA Work Programme envisaged for the coming years.</i></p>	Discussion
<p>Carlos Montalvo opened the discussion by highlighting some of the aspects in relation to the Work Programme:</p>		

- In 2011 and 2012 EIOPA delivered 100% of its promises.
- The Work Programme consists of work demanded by COM but also reflects own-initiative work of EIOPA.
- There is a split between short-term and long-term deliverables. The split between text and annexes responds to the obligation to translate the main text.
- For the Multi Annual Work Programme the right balance between tasks, responsibilities and resources is key.
- There is a clear allocation of regulatory and supervisory tasks. Budget is the instrument driving the allocation of resources. Some areas could be dropped if no budget is available (agreement still pending in Brussels)
- EIOPA has tried to come up with a Work Programme that is credible, ambitious and that can be measured, consulted (SGs input was taken into account; draft WP was shared at the same time as with BoS).

He invited the audience to come up with suggestions/comments:

- What are the BoS views on the statistics of the IORPs?
 - Response: The issue is not that the NSA do not have the information. The problem is that they all have different data: not possible to aggregate these data as there is no harmonisation. EIOPA is working to define a minimum common basis of information right now to be able to compare in the future.
- Will EIOPA explore the development of an EU retirement savings product? This is currently not included in your work programme.
 - Response: This is a COM request; EIOPA is flexible and will adapt to the needs. COM asked to look at the possibility (develop criteria, elements, characteristics, etc.) to have a 28th regime (with regard to personal pensions), on top of the national regulation, with a "passport" and cross-border basis (to overcome current obstacles). This would be applicable for DC schemes. Also a EU certification of the vehicles that comply with this regulation would be possible.

The Work Programme needs to be sent by 30 September of each year to EP and COM due to our Financial Regulation; COM, however, sent this request after this deadline. Additional work is also expected on long-term investments.

9.	Update on the selection process of the new IRSG and OPSG	Information
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Manuela Zweimueller updated members on the process to appoint the new SGs in 2013.

She outlined the following steps:

- The BoS meeting on 29-30 November will decide on the timeline of next year's selection procedure.

- The reference point of the appointment of SGs is the BoS of February 2011. Consequently and considering the 2.5 years duration of mandate stated in the EIOPA Regulation, the mandate expires by end of August 2013.
- EIOPA will launch the call for candidates before the expiration of the mandate because of the rather lengthy procedure, including the alignment with ESAs, sufficient time needed for submissions, treatment of estimated 250 to 300 CVs overall, etc. The call for expression of interest is expected to be launched in the course of April/May.
- Appointment of the new SGs will occur during the BoS meeting on 25-26 September 2013.

The following question was posed:

Will there be continuation after the second mandate? EIOPA Executive Director assured that EIOPA will try to get the best SGs possible: Continuity will be interpreted as looking backwards and forwards, in addition to ensuring a right balance and representation of categories in the SGs.

10.	AOB
18:30	Scheduled end of the meeting