



EIOPA-16/828
10/02/2017

Summary of Conclusions

Joint meeting of EIOPA Board of Supervisors with the Insurance and Reinsurance Stakeholder Group and the Occupational Pensions Stakeholder Group

28 November 2016, Marriot Hotel in Frankfurt

Attending:

List of Participants:

IRSG: Maria Aranzazu del Valle Schaan (Chair), Huub Arendse, Teresa Czerwińska, Desislav Danov, Marie Gemma Dequae, Hugh Francis, Teresa Fritz, Benoît Hugonin, Jimmy Johnsson, Olav Jones, Thomas Keller, Stefan Materne, Marc Michallet, Annette Olesen, Anthony O'Riordan, Ioannis Papanikolaou, Lorian Pelizzon, Juan-Ramon Pla, Valter Trevisani, Greg Van Elsen, Karel Van Hulle, Rick Watson, Małgorzata Więcko-Tułowicka and Rickard Ydrenäs

OPSG: Matti Leppälä (Chair), Bernard Delbecque (Vice-Chair), Alf Alviniussen, Tomas Bern, Janwillem Bouma, Francesco Briganti, Lukasz Budzynski, Alexandru Ciuncan, Paul Cox, Laure Delahousse, Senka Fekeža Klemen, Zdenek Hustak, Paul Kelly, Damien Lagaude, Sonia Maffei, Raimond Maurer, Marianne Moscoso Osterkorn, Stefan Nellshen, Philip Neyt, Kevin O'Boyle, John O'Quigley, Guillaume Prache, Jan Sebo, Falco Valkenburg and Fieke Van Der Lecq.

BoS: José Almaça and Mário Ribeiro (PT), Alessia Angelilli and Ambrogio Rinaldi (IT), Per Christian Baeroe and Frank Büchel (EFTA), Henk Becquaert (BE), Peter Braumüller and Ludwig Pflieger (AT), Julia Cillikova and Matus Medvec (SK), Sylvia Cronin (IE), Beatrix Dénes and Koppány Nagy (HU), Marcela Gronychová and Jaroslav Kovanda (CZ), Frank Grund (DE), Rúnar Guðmundsson (IS), Alexander Imhof (LI), Teija Korpiaho (FI), Asa Larson (SE), Gordana Letica (HR), Dina Mikelsona (LV), Chris Moulder and Fiona Rogers (UK), Misu Negritoiu and Raluca Tariuc (RO), Jan Parner (DK), Mojca Piskurić and Sergej Simoniti (SI), Emilie Quema (FR), Mindaugas Salcius (LT) and Ioanna Selinotiaki (GR).

Commission (COM): Steve Ryan, Deputy Head of Unit Insurance and Pensions-Directorate-General for Financial Stability, Financial Services and Capital Markets Union

EIOPA: Gabriel Bernardino (Chair), Fausto Parente (Executive Director), Manuela Zweimueller (Head of Policy Department), Andrew Candland (Deputy Head of Supervisory Process Dept.), Katja Würtz (Head of Consumer Protection Department), Dimitris Zafeiris (Head of Risk and Financial Stability Department), Justin Wray (Head of Insurance Unit), Sandra Hack (Pensions Team leader), Frederik Vandenweghe, Adrian O'Brien, Camille Graciani, Giulia Conforti, Peter Kleisen and Florian Ouillades.

1. Opening remarks

EIOPA Chair Gabriel Bernardino welcomed the representatives of both the EIOPA Stakeholder Groups (IRSG and OPSG) and the Board of Supervisors (BoS) to the annual joint meeting. He emphasized the importance to have a regular exchange of views between the Stakeholder Group members and the BoS members.

Based on experiences gained over the last years, as well as feedback received from participants, EIOPA chose a different set-up for this year's event. The meeting took place in a "Board setting" to stimulate interesting debates and closer interaction among participants.

2. Approval of the draft agenda

EIOPA Chair presented participants with the draft agenda, which was approved and proposed to move the Commission update before the lunch break, due to the delays occurring in the railway. Participants agreed to the suggestion and did not raise any comments nor proposed amendments.

Conclusion: the agenda was approved.

3. European Commission update on current work on Solvency II, IORP II, PRIIPs & IDD

The European Commission (COM) representative, Steve Ryan, provided an update on the following topics:

- a) **IORP II** was formally adopted in the European Parliament plenary on 23 November and this represents a landmark moment.
- b) **Personal Pensions**: COM presented the summary of the replies obtained during the public consultation on the Pan-European Personal Pension product (PEPP), and indicated that slides will be published on European Commission website – [link](#).

Overall COM received 585 responses for the public consultation:

- i. 494 Private individuals
- ii. 11 Consumer associations
- iii. 80 in professional capacity

Main findings from private individuals

- 87% of respondents agree there is a need to complement public and occupational pensions with private pensions
- Only 30% consider that simple, transparent, personal pensions products are available, 45% consider such products are not available
- 69% of respondents are interested in an EU PEPP if it would be available
- 70% consider it should be available online and 20% without advice.

Main preliminary findings from consumer associations

- 82% agree there is a need to complement public and occupational pensions
- 70% is not satisfied with the existing offer of personal pension products
- Only 27% of respondents consider that simple affordable personal pensions are available for consumers
- 64% favour online distribution

Main preliminary findings from stakeholders in a professional capacity

- Broad support for a default option
 - Mixed views on the need for a guarantee on the default option
 - Mixed views on limitations of alternative investment options
 - Portability across Member States considered important
- c) **PRIIPs** – the European Commission issued a press release on the 9th of November – [link](#). It proposed a 1-year extension to the date of application. Also, the European Commission invited the ESAs to submit an Opinion on amending the RTS, based on COM's proposed amendments, within six weeks, and to develop guidance in line with the relevant provisions of the RTS on the practical application of credit risk mitigation factors for insurers. [Link](#) to letter.
 - d) **Infrastructure corporates** – the intention is to amend the Delegated Act in Q1 2017; Member States are being consulted and impact assessment is in preparation.
 - e) **Securitisation** – the intention is to amend the Delegated Act when the simple, transparent and standardised (STS) Regulation is nearly finalised.

- f) **Review of Motor Insurance Directive** in 2017 – the focus will be on scope, role of guarantee funds and the bonus malus concept.
- g) **Solvency II transposition** – the completeness questionnaire letters were sent to almost all Member States.
- h) Other work relates to: IAIS developments, IDD, SCR review, and recovery and resolution work. The latter 3 topics will be based on input from EIOPA.

4. IRSG Update, by the Chair IRSG

Maria Aranzazu del Valle emphasized the considerable and wide-ranging expertise and knowledge of IRSG members: A group composed of highly-qualified representatives of all categories of stakeholders, duly selected by EIOPA's Board of Supervisors.

She insisted on the fact that Stakeholder Groups' opinions are the result of long discussions and of a frank exchange of views. To keep such solid and balanced opinions, deadlines for feedback by the Group should be extended in her view.

As regards the structure and work of the IRSG, Maria Aranzazu del Valle gave a presentation along the lines of her slides – [link](#)

A member asked if the Stakeholder Groups will be involved in the series of roundtables that EIOPA intends to organise, e.g. on the topic of "Insurtech". EIOPA Chair was supportive of this suggestion.

EIOPA indicated that it will be as transparent as possible, at the request of a participant if a detailed overview can be circulated of what EIOPA will produce over the next period.

A member asked to what extent IRSG will be involved in the PRIIPs dossier. EIOPA Chair outlined how stakeholders will be involved through a questions and answers process.

One participant questioned if EIOPA can support that the EU Member States/BoS members have a single voice, for example in the international (IAIS) negotiations. It was explained how EIOPA tries to ensure a single European voice, noting that the topic is discussed for example in BoS meetings. The EIOPA Chair emphasized that supervisory convergence in the proposed international capital standard will be a priority in the work of EIOPA.

A member raised a concern about the treatment in certain Member States of reinsurers of non-equivalent countries. Though it was recognized that this is a matter of Member States competences, it was suggested that EIOPA could play a role here as well related to convergence.

The EIOPA Chair asked the IRSG Chair on the topic of Cyber risk, and that EIOPA would like to benefit from the expertise in the IRSG on this issue. The IRSG Chair confirmed that work will be undertaken, but without concrete timeline.

5. OPSG Update, by the OPSG Chair

Matti Leppälä gave a presentation along the line of the slides – [link](#)

A member asked whether OPSG intended to work on Solvency for pensions, to which OPSG Chair confirmed that the financial position of IORPs will be dealt in relation to the Stress Test (common methodology approach) and that IORP II states clearly its non-feasibility.

An OPSG member argued that the situation of insurers is easier than the

triangular relationship between the employer-employee-IORP. To him, the forward-looking risk assessment is much more relevant. He also mentioned that the pension agreement is governed by the Social and Labour Law (SLL) of the Member States, which makes it more difficult to find a solution that fits all, beyond common EU principles.

A member was interested in knowing the OPSG approach to decumulation and the use of accumulated pension's assets. The OPSG Chair responded that this topic was addressed in the PEPP response and that there will be upcoming work on decumulation by an academic member of the OPSG and on risk sharing – both at the accumulation and decumulation phase.

A consumer representative stressed that performance and transparency of pension products is a topic that matter for consumers and is part of a European Commission initiative, but not part of EIOPA's Consumer Trends Report. EIOPA agreed that this is an important matter and that next year's Consumer Trends Report should include such a section.

Other topic of joint interest mentioned was the Capital Markets Union (CMU) growth plan: the role of the PEPP initiative (also in relation to the US) and the links with ALM.

6. EIOPA strategic outlook for 2017

EIOPA Heads of Department provided an overview of the main activities for EIOPA in 2017 in the field of Insurance and Pensions policy, Consumer protection, Financial stability and Oversight. The Presentation is available on the EIOPA website (please find the slides here: [link](#)).

7. Consumer Protection topic: Insurance Product Information Document (IPID)

EIOPA has been mandated by the European Commission to develop draft Implementing Technical Standards on a standardised presentation format for the Insurance Product Information Document. A public consultation completed on 24 October drew 41 responses, 4 from consumer associations, 1 from the IRSG and most of the remainder from industry.

Katja Wuertz, Head of the Consumer Protection Department, made a presentation ([link](#) to the slides) on changes to the IPID¹ that EIOPA is working on and sought the views of those present on three key topic areas:

- Changes to layout, section headings and icons
- IPID length, font type and height
- Digital layout

Alexandru Ciuncan responded on behalf of the IRSG and the consumer representatives and Sylvia Cronin responded with a BoS view on the issues. Thereafter the discussion was opened up to the floor. Several speakers made different comments on the proposals. Overall, speakers were supportive of the initiative some raising questions and others providing suggestions for improvement. EIOPA staff will follow up on the comments made as part of the post-consultation inputs to finalising the draft ITS for submission to the European Commission.

¹ Participants were provided with a copy of the consulted and revised mock-ups of the IPID.

8. Insurance topic: EIOPA's advice on review of the Solvency Capital Requirements (SCR)

The topic was introduced by Justin Wray, deputy head of policy department. The presentation is available on the EIOPA website ([link](#) to the slides).

On behalf of the stakeholders' groups, Tony O'Riordan commented that there is indeed room for simplifying the calculations, that the look-through approach could be made more flexible and that the interest rate risk module needs to be reviewed in light of the low-yield environment.

On behalf of the BoS, Jan Parner answered that EIOPA plans to publish a discussion paper on the SCR review by the end of 2016. Stakeholders are invited to share evidence that could be the basis of the review and ideas for, in particular, ensuring a proportionate application of the requirements. In some areas, it may be possible to offer more flexibility in the calculation methods. This could be done via further simplifications, undertaking specific parameters or (partial) internal models for instance. A balance between reducing the complexity and ensuring sufficient and appropriate risk-sensitivity should be found.

Participants agreed that modules of the SCR standard formula should be reviewed in light of new developments. For instance, models for measuring natural catastrophe risks have evolved over time. The International Capital Standards work and internal models could be a source of inspiration for EIOPA.

9. Pensions topic: Pensions Data

Sandra Hack, leader of the pension policy team, presented the topic ([link](#) to the slides). She highlighted that the collection of pension data is an important topic for EIOPA and for other institutions, such as the ECB and the OECD. A common taxonomy and common definitions for pensions are a necessity for Europe to speak with one voice in one language, reducing inefficiencies for all users and stakeholders.

Matti Leppälä, OPSG Chair, agreed on the importance of good data on pensions but specified that the merits of collecting good data should be balanced against the costs of providing data. He stated that the ECB may have legitimate information needs, which may be different from EIOPA's data needs. He stressed that the highest priority should be given to streamlining the reporting requirements from all key players, but should not be given to comparable valuations of pension liabilities.

Henk Becquaert, EIOPA BoS member, emphasised the need for consistent and reliable data on pensions and the role EIOPA should play in collecting data. This message was echoed by many participants

Many participants stressed the importance of EIOPA's role to collaborate with the ECB in when improving pensions statistics, and to avoid divergent reporting requirements for pension funds. Some participants also stressed that EIOPA should be more ambitious in collecting relevant data with the corresponding appropriate justification.

Participants agreed that there was a need for more and better information on pension funds.

The EIOPA Chair underlined that a good basic taxonomy and access to raw data is key to properly assess the risks and exposures of pension funds, as well as their costs and net performance. He concluded that if EIOPA, the ECB and all

other relevant stakeholders work together, this project will have a positive outcome and minimise the burden on the industry.

10. Closing remarks

The Executive Director thanked everybody for participating in this Joint meeting and the debates.

He highlighted the commonalities on both sectors and the synergies that can be created on several topics, such as Big Data, net performance, CMU, cross-border activity and the convergence in the application of IORP II.

Finally, he welcomed feedback from the participants on the format and content of the Joint meeting.