



EIOPA-IRSG-18-05

## Summary of Conclusions

### Insurance and Reinsurance Stakeholder Group (IRSG)

#### 11<sup>th</sup> meeting

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Date: 4 April 2018

Time: 09:30 – 15:45

Location: EIOPA premises

Contact: Florian Ouillades ([Stakeholder.Groups@eiopa.europa.eu](mailto:Stakeholder.Groups@eiopa.europa.eu))

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List of participants:

**IRSG:** Maria Aranzazu Del Valle (Chair), Jean Berthon (Vice-Chair), Alexandre Caget, Alexandru Ciuncan, Desislav Danov, Daniel Eriksson, Marie Gemma Dequae, Hugh Francis, Teresa Fritz, Benoît Hugonin, Jimmy Johnsson, Olav Jones, Stefan Materne, Marc Michallet, Ioannis Papanikolaou, Juan-Ramón Plá, Greg Van Elsen, Rick Watson, Małgorzata Więcko-Tułowicka, Rickard Ydrenäs, Anthony O’Riordan, Karel Van Hulle

Not present: Petra Chmelová, Teresa Czerwińska, Roger Laeven, Amund Lunde, Thomas Keller, Annette Olesen, Loriana Pelizzon, Valter Trevisani.

**EIOPA:** Gabriel Bernardino (Chairman), Fausto Parente (Executive Director), Ana Teresa Moutinho (Head of Supervisory Processes Department), Justin Wray (Deputy Head of Policy Department), David Cowan (Consumer Protection Department), Timothy Shakesby (Consumer Protection Department), Timothy Walters (Consumer Protection Department), Ursula Bordas (Consumer Protection Department), Juan Zschiesche Sánchez (Risks & Financial Stability Department), Florian Ouillades (Corporate Affairs Department).

EIOPA Management Board/Board of Supervisors (BoS) Members: Peter Braumueller (FMA, AT), Julia Cillikova (NBS, SK).

European Commission (EC, DG FISMA): Steve Ryan (via telco).

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### 1. Approval of the draft agenda

#### Conclusion/Action:

- The revised agenda was adopted. “ESAs Review” and “Consumer Trends Report” were added as any other business.
- All topic owners to provide input to draft IRSG Activity Report by 10 May 2018.

### 2. Update by the EIOPA Executive Director

#### Renewal of the EIOPA Stakeholder Groups

EIOPA launched a call for expression of interest on 1 March 2018 for the renewal of the OSPG and IRSG. Deadline for application is 26 April 2018. EIOPA counts on Stakeholder Group Members to help disseminate the call.

## Brexit

EIOPA's work on Brexit focussed on two opinions published in July 2017 (supervisory convergence) and in December 2017 (service continuity in insurance). The Authority also established a cooperation platform where National Competent Authorities (NCAs) can discuss Brexit topics and exchange relevant information. EIOPA is currently assessing Brexit-related consumer detriments according to a set of criteria it has defined.

Focus of EIOPA's ongoing work is on an:

- Opinion on information disclosure on Brexit impact to policyholders, stating that undertakings and intermediaries need to disclose to current and potential customers the impact of Brexit on their contract.
- Opinion on impact of a hard Brexit on solvency position, alerting supervisors and insurers about the possible impact of hard Brexit in particular on the ability of UK derivatives to transfer risk.

## SCR (Solvency Capital Review) Review

EIOPA's final technical advice to the European Commission was sent on 28 February. The Authority stands ready to support the Commission should further impact assessments be requested.

## Insurance Stress Test 2018

EIOPA is engaging with stakeholders ahead of launching the exercise. A meeting takes place with industry associations e.g. Insurance Europe, AMICE, CRO/CFO Forum, and AAE at EIOPA on 16 April. Relevant material (technical specifications and reporting templates) are currently under internal approval. The Insurance Stress Test launch event takes place on 14 May 2018.

### **Conclusion/Action:**

- EIOPA to send to the IRSG on 10 April a request for informal feedback on Insurance Stress Test technical specifications and reporting templates.
- Olav Jones, Tony O'Riordan, Hugh Francis to coordinate submission of the IRSG feedback ideally by 16 April 2018.

## **3. Update by the European Commission (COM)**

### Sustainable Finance

The European Commission (COM) adopted on 12 March an action plan on sustainable finance based on recommendations by the High-Level Expert Group. A hearing took place in Brussels on 22 March.

### Simple, transparent and standardised (STS) securitisation

The Commission adopted on 22 March amendments to the capital requirements in Solvency II to take into account the STS framework set out in the Securitisation Regulation. It is expected that the European Parliament and the Council act within 3 months (usual scrutiny period) on this COM proposal for small, targeted amendments to the calibration. Amendments in the banking sector, where STS methodology is based on input from the European Banking Authority, are scheduled over a similar period.

A Member asked the Commission representative whether the amendments to the capital requirements were enough to encourage investments in the mezzanine tranches on STS securitisations.

### Insurance Distribution Directive

Agreement to postpone the transposition deadline to 1 July 2018 and the application date to 1 October 2018.

### International Association of Insurance Supervisors (IAIS)

The 2018 IAIS Field Testing of the International Capital Standard is approaching, while the Financial Stability Board focusses on the methodology to perform annual reviews of the lists of global systemically important insurers (G-SIIs).

### Review of the PRIIPs regulation:

The Commission target date for the review of the Delegated Regulation is in 2018. The Joint Committee of the ESAs is working on the scope of the review, on the reporting on sanctions, and on comprehension alerts in the Key Information Document. COM plans to launch a study and the ESAs will be asked to provide their advice and support.

#### EU-US dialogue

The Commission and EIOPA are committed, through their involvement in the bilateral agreement (Joint Committee), to the full and timely implementation of the provisions of the agreement. The first Joint Committee mainly addressed reinsurance, group supervision, and information exchange but also included discussions on Cyber insurance.

#### **Conclusion/Action:**

- Members to take note of the EU-US Joint statement of the First Joint Committee Meeting under the bilateral agreement on prudential measures regarding insurance and reinsurance.

#### **4. EIOPA's update on Sustainable Finance**

EIOPA staff provided an update of EIOPA's activities and noted that questions of sustainability require a regulatory and supervisory response. Sustainable finance is of particular interest to insurers and pension funds, which have a long-term perspective. Following publication of the Commission Action Plan: Financing Sustainable Growth, EIOPA will be involved in a number of activities, including development of a taxonomy and an assessment of the impact of prudential rules for insurance companies on sustainable investment. EIOPA will continue to be consistent with its approach of building its proposals on evidence, and for measures such as capital charges to reflect the underlying risks.

Members discussed the emphasis put by one Member State on long-term equity investments. EIOPA noted that regulation in this area is only one of many important factors. One Member made the distinction between different types of sustainability (financial, environmental, and ethical) while other stressed that a discussion on capital charges should not be mistaken for consideration of sustainability issues.

#### **Conclusion/Action:**

- EIOPA to inform IRSG Members on the concrete date of the EIOPA Roundtable event on Sustainable Finance in June 2018.
- Topic owner Hugh Francis to liaise with EIOPA Policy experts regarding the scope of the IRSG advice.

#### **5. Consumer Protection**

##### **5.1. IDD Questions and Answers (Q&As)**

EIOPA staff presented (see link to presentation [here](#)) EIOPA's work on Q&As under the IDD and highlighted the importance of obtaining input from Members on the questions currently being addressed. A sample of questions were presented, but the full list of questions (based on surveys with external stakeholders and national supervisors) had been provided separately by e-mail.

The IRSG Chair asked for clarification on the input requested from the IRSG and whether draft answers could be shared with the IRSG. EIOPA's Executive Director responded that input was very welcome, including additional questions that are relevant to address, but that draft answers would not be subject to review by the IRSG. The non-binding nature of the Q&As, the need to keep answers brief and the need that answers include explicit references to binding regulation was further discussed.

Most IRSG members were supportive of the work to address practical questions. However, they asked to bear in mind the minimum harmonising nature of IDD and the principle of proportionality. The importance of co-ordinating with national supervisors developing their own Q&As was also stressed.

### **Conclusion/Action:**

- Secretariat to set up a conference call between the IRSG Distribution Subgroup and EIOPA Consumer Protection experts.
- Members to take note of EIOPA's Q&A tool on Regulation on EIOPA's website (link [here](#)).
- IRSG Distribution Subgroup Chair Juan-Ramon Pla to lead the drafting of the IRSG informal feedback on IDD Q&As, supported by Daniel Eriksson and Teresa Fritz.
- IRSG to deliver informal feedback by 2 May 2018.

### **5.2. Cost and past performance**

EIOPA staff presented (see link to presentation [here](#)) EIOPA'S draft methodology for the 2018 report.

Most IRSG members acknowledged the complexity of the Commission's request and highlighted the importance to ensure as far as possible consistency in the data across Member States. Some Members expressed scepticism on the comparability of types of products due to the different features. Among others, it is not clear how to define a product or how to compare pure investment products with insurance or pensions products. Others expressed concerns that too many caveats or complications would undermine the report. Some Members questioned the value of periodic net performance data for the consumer, proposing instead to compare only final outcomes at the maturity of products.

### **Conclusion/Action:**

- The IRSG Response on Cost and Past Performance was adopted by unanimity including a minor comment.

### **6. EIOPA's macroprudential work**

EIOPA staff presented (see link to presentation [here](#)) EIOPA's work on systemic risk and macroprudential policy in insurance. The origin of this work, its main objective and deliverables were explained. EIOPA also provided an overview of the two papers published so far: (1) the "Systemic risk and macroprudential policy in insurance", and (2) "Solvency II tools with macroprudential impact" and mentioned a third paper, not finalised yet, which addresses (3) the potential need for additional tools and measures.

EIOPA's Chair mentioned the strategic goal of this work to incorporate all relevant elements in the context of the Solvency II review, to avoid parallel regimes. He also invited stakeholders to express their views and to contribute to the debate.

IRSG Members showed significant interest in the topic and requested another discussion once the third paper is published. Several aspects were discussed:

- Need to consider other tools in Solvency II.  
It was explained that EIOPA had distinguished between tools with direct macroprudential impact and tools with indirect macroprudential impact in paper (2).
- Revision of Long Term Guarantees measures and standard formula.  
EIOPA staff explained that both topics were essentially left out of the report, given that they were already addressed in other work streams.
- Interaction with other institutions such as ESRB and IAIS.  
It was mentioned that the aim of EIOPA is to develop its own views in order to actively participate in other fora such as the ESRB and IAIS. Furthermore, it was clarified that EIOPA's approach was broadly in line with the ESRB and the IAIS approaches.
- Social impact of macroprudential policy.  
IRSG members explained that the impact on the real economy and the society was very important – an issue EIOPA also addressed in paper (1).

### **Conclusion/Action:**

- IRSG to recommend macroprudential work in the Activity Report as an area to focus on for the next IRSG group.

## **7. Reporting and Disclosure requirements: Up-date and public consultation on ITS amendments**

EIOPA staff presented (see link to presentation [here](#)) EIOPA's public consultation published on 28 March on draft corrections and amendments of the implementing technical standards on reporting and disclosure. The consultation package includes also one correction to EIOPA's Guidelines on Financial Stability Reporting and new validations to be applied to the information submitted by reporting entities under the implementing technical standard on reporting. The validations will be embedded in the XBRL taxonomy version 2.3.0 to be published in July 2018.

A brief explanation of the content of the amendments and corrections was provided. Together with the above package of documents, the final version of the Explanatory Notes on Variation Analysis Templates were published and the Instructions of the templates adapted.

### **Conclusion/Action:**

- IRSG Members to volunteer by 12 April 2018 to join the Reporting and Disclosure Work Stream in order to draft the IRSG Response to [EIOPA's public consultation](#) by 11 May 2018.
- Invitation to attend EIOPA Public event on reporting and disclosure on [12 April 2018](#) was extended to IRSG Members.

## **8. AOB**

Topic owner Benoit Hugonin presented the first draft of the Joint ESAs Stakeholder Group letter on the ESAs Review and Members broadly agreed to the approach.

### **Conclusion/Action:**

- Topic owner Benoit Hugonin to coordinate drafting of the Joint ESAs Stakeholder Group letter on the ESAs Review based on the content of the circulated draft.
- Members to send input to Consumer Trends report by 4 April 2018.
- Agenda items for the next IRSG meeting on 6 June 2018 should include: Sustainable Finance, low interest rate environment, IDD Q&As, and draft IRSG Activity Report.