



EIOPA-BoS-17/242
29 September 2017

EIOPA Board of Supervisors Meeting

28-29 September 2017

Approved Deliberations and Conclusions

Chairman: Gabriel Bernardino

Voting: AT: Peter Braumüller, BE: Jean Hilgers, BG: Karina Karaivanova, CY: Nicos Koullapis, CZ: Jiří Kalivoda, DE: Frank Grund, DK: Jan Parner, EE: Andres Kurgpõld, ES: Francisco Carrasco Bahamonde, FI: Anneli Tuominen, FR: Sandrine Lemery, HR: Gordana Letica, GR: Ioanna Seliniotaki, HU: Ferenc Szebeledi, IE: Sylvia Cronin, IT: Alberto Corinti, LT: Mindaugas Šalčius, LU: Annick Felten (1st day), Claude Wirion (2nd day), LV: Peters Putnins, MT: Marianna Scicluna, NL: Olaf Sleijpen, PL: Damian Jaworski, PT: Mario Ribeiro, RO: Cornel Coca Constantinescu, SK: Julia Cillikova, SI: Mojca Piškurić, SE: Erik Thedéen, UK: David Rule

Non-voting: BE: Dominik Smoniewski, BE: Henk Becquaert, FI: Teija Korpiaho, IS: Rúnar Guðmundsson, IT: Alessia Angelilli, IT: Ambrogio Rinaldi, LI: Alexander Imhof, LV: Dina Mikelsone, COM: Nathalie Berger, EBA: Cedric Coraillon-Parquet, EFTA SA: Gunnar Thor Petursson, ESMA: Mette Sicard Filtenborg, ESRB: Dieter Hendrickx (1st day), Francesco Mazzafero (2nd day)

Experts:

AT: Gerlinde Taurer, CZ: Hana Marčíková, DE: Petra Faber-Graw, ES: Javier Castillo, FR: Emilie Quema, HU: Beatrix Denes, IE: Mary Burke, LU: Yves Baustert, NO: Thea Birkeland Kloster, PL: Mariusz Smetek, RO: Raluca Tariuc, Florin Golovatic, SE: Karin Andrén, SI: Kristina Kesmic, SK: Zuzana Kardosova, UK: Sebastien Delfaud, EFTA SA: Per Christian Bærøe

EIOPA Working Group Chairs:

Véronique Hiji (ITDC Chair), Ludwig Pflieger (CCPFI Chair)

EIOPA Staff:

Fausto Parente (EIOPA Executive Director), Susanne Rosenbaum, Szabolcs Diszter (Legal), Ineta Galubicke, Manuela Zweimüller (items 3, 6, 16), Justin Wray (item 3), Pamela Schuermans (item 3, 16), Petr Jakubik (items 3, 12, 14), Dimitris Zafeiris (items 3, 12, 13, 14, 16), Philip Codrai (item 4), Danny Janssen (item 4), Peter Kleisen (item 6), Katja Wuertz (items 7, 8, 9, 10, 16), David Cowan (items 7, 8), Timothy Walters (item 7), Pedro Pires (item 8), Julian Arevalo (item 9), Jan-Ole Wagner (items 9, 10), Daniel Perez (items 12, 13), Barthold Kuipers (item 13), Aris Dalamangas (item 14), Patrick Hoedjes (item 15), Andrew Candland (item 15), Vesa Ronkainen (item 15), Moritz Beker (item 16), Philip Kitzmantel (item 17), Ana Teresa Moutinho (item 17), Alessandro Fontana (item 17), Ioannis Ieronymidis (item 17)

Welcome and introductory remarks by the EIOPA Chairman

Information

Remarks:

The Chairman welcomed the attendees to the 4th meeting of EIOPA's Board of Supervisors (BoS) in 2017.

1. Adoption of the Agenda

Decision by SMV¹

<p>Remarks:</p> <p>Voting Results: BoS adopted, by simple majority voting, the agenda.</p> <p>Written Procedure: Not applicable</p>	
<p>Conclusions: Not applicable</p> <p>Action points: Not applicable</p>	
2.	<p>Update by Chairman, Executive Director and COM</p> <p style="text-align: right;">Information</p>
<p>Conclusions: Not applicable</p> <p>Action points: Not applicable</p>	
3.	<p>Update by Chair of IPC and Chair of RFSC</p> <p style="text-align: right;">Information</p>
<p>Conclusions:</p> <ul style="list-style-type: none"> • Not applicable <p>Action points:</p> <ul style="list-style-type: none"> • Not applicable 	
4.	<p>SPD 2017-2019</p> <p>4.1. Updated AWP 2017 including Six Month Information Implementation Report</p> <p>4.2. SPD 2017-2019 with AWP 2018</p> <p style="text-align: right;">Decision by SMV¹</p>
<p><u>4.1. Updated AWP 2017 including Six Month Implementation Report</u></p> <p>Conclusions:</p> <ul style="list-style-type: none"> • BoS took note of the updated Single Programming Document (SPD) 2017 – 2019 with Annual Work Programme (AWP) 2017 including the Six Month Implementation Report. <p>Action points:</p> <ul style="list-style-type: none"> • EIOPA to provide clarification on two questions raised during the meeting regarding the budget. 	
<p><u>4.2. SPD 2017-2019 with AWP 2018</u></p> <p>Conclusions:</p> <ul style="list-style-type: none"> • The Board of Supervisors adopted the 'Single Programming Document 2017 – 2019 (AWP 2018)' (EIOPA-BoS-17/261, 28 September 2017). <p>Action points:</p>	

- EIOPA to submit the SPD 2017-2019 with AWP 2018 to the EU Institutions before 30 September 2017.

5. Implementation of EIOPA's working structure Decision by SMV¹

5.1. Draft revised rules of procedure of EIOPA's working structure

5.2. Draft Mandates Policy SC, Supervisory SC, InsurTech TF

5. Implementation of EIOPA's working structure (including 5.1. Draft revised rules of procedure of EIOPA's working structure and 5.2. Draft Mandates Policy SC, Supervisory SC, InsurTech TF)

Conclusions:

BoS approved, by simple majority voting, the following:

1) The amendments to the 'Decision of the Board of Supervisors adopting the Rules of Procedure of the Working Structure of the European Insurance and Occupational Pensions Authority (EIOPA-BoS-17/259 (EIOPA-BoS-16/093-Rev1), 28 September 2017), which enter into force on 29 September 2017;

2) The 'Supervisory Steering Committee Mandate' (EIOPA-BoS-17/259, 28 September 2017), the 'Policy Steering Committee Mandate' (EIOPA-BoS-17/257, 28 September 2017) and the 'Insurtech Task Force Mandate' (EIOPA-BoS-17/258, 28 September 2017), and the establishment of an InsurTech Task Force (TF) as contained in the 'Revision of EIOPA's working structure and the underlying Rules of Procedure' (EIOPA-BoS-17/255, 28 September 2017);

3) The revision to the overall EIOPA working group structure ('Revision of EIOPA's working structure and the underlying Rules of Procedure' (EIOPA-BoS-17/255, 28 September 2017)), as follows:

- the Supervisory Review Processes Steering Committee (SRP SC) is transformed into Supervisory Steering Committee (SSC);
- the terms of office of the Chair and the Members of the SRP SC are provisionally extended, respectively, as Chair and Members of the SSC until 7 April 2018;
- call for candidates for three additional SSC members with provisional terms of office till 7 April 2018 to be launched in October 2017;
- the Internal Models Project Group (IMs PGs)¹ report into the SSC, which steers any escalated matters, including administers these PGs in accordance with the Rules of Procedure;
- the SRP PG's composition, chairmanship and structure are kept; the SRP PG reports into the SSC that steers any escalated matters, including administers the SRP PG under the Rules of Procedure, with the objective of re-structuring the SRP PG in March 2018;
- the Insurance Policy Committee (IPC) is transformed into Policy Steering

¹ Internal Models PG on Market/Credit Risk Benchmarking, Internal Models PG on Non-life Risk Benchmarking and Internal Models PG on Modelling of Volatility Adjustment.

Committee (PSC);

- the Budapest Protocol Sub-group is transformed into a PG reporting into the PSC, while keeping its composition and chairmanship; the Sub-group's mandate serves as a project plan until revised;
- the Occupational Pensions Committee (OPC) and the Joint Workstream on Information to Members and Beneficiaries are disbanded;
- the Chairs of Steering Committees (including the Committee on Consumer Protection and financial Innovation (CCPFI)) have to apply the pensions-related governance arrangements under *Pension matters* of BoS Cover Note EIOPA-BoS-17/255 of 28 September 2017 to ensure appropriate consideration of, and full involvement of all pension authorities in the process of the PSC, Risk and Financial Stability Committee (RFSC) or SSC steering any pension-related issue at their meetings.;
- call for candidates for InsurTech TF members to be launched in October 2017.

4) The governance arrangements set out in the 'Revision of EIOPA's working structure and the underlying Rules of Procedure' (EIOPA-BoS-17/255, 28 September 2017) as a BoS policy decision providing practical guidance and supplementing the changes to the Rules of Procedures of the working structure of EIOPA (EIOPA-BoS-16/093-Rev1).

Action points:

- EIOPA to initiate two calls for candidates for three new members of the SSC and for members of the InsurTech TF in October 2017.

6. IAIS ExCo candidates

Decision by SMV¹

Conclusions: In accordance with EIOPA's role to facilitate the nomination of Western European Region members for membership of the IAIS Executive Committee, on 28 September, the BoS served as a platform for Western European Region members ensuring the effective completion of that nomination process.

Action points: Not applicable

7. IDD Guidelines on execution-only sales

Decision by QMV²

Conclusions:

- BoS adopted, by qualified majority voting, the 'Final Report on Guidelines under the Insurance Distribution Directive on Insurance-based investment products that incorporate a structure which makes it difficult for the customer to understand the risks involved' (EIOPA-BoS-17/205, 8 September 2017). BoS agreed that the comply-or-explain reporting on the Guidelines should only apply to NCAs in MSs that exercise the derogation in Article 30(3) of IDD and only in the context of execution-only sales.

Action points:

- EIOPA to clarify the IDD context of the Guidelines in its public communication on the Final Report and how the issue of the comprehension alert in the PRIIPs KID will be addressed in a second phase.
- Taking into account any guidance that can be given by the Commission on the

link to the Packaged Retail and Insurance-based Investment Products (PRIIPs) Delegated Regulation, EIOPA to follow up on the appropriate tool to promote supervisory convergence in the application of the comprehension alert.

- EIOPA to publish the Final Report on EIOPA's website together with a public communication.

8. Thematic review on monetary incentives and remuneration: Next steps

Decision by SMV¹

Conclusions:

- The BoS approved, by simple majority voting, the drafting of an EIOPA Opinion contained in the 'Discussion Note Thematic review on monetary incentives and remuneration between providers of asset management services and insurance Next Steps' (EIOPA-BoS-17/246, 12 September 2017).
- BoS supported the drafting of an EIOPA Opinion together with communication (a letter) to COM on issues identified not currently covered by Union law.
- The Opinion should cover (i) how existing legal framework applies to conflicts of interest arising from the monetary practices; and (ii) the practical application of IDD and Solvency II (SII) principles in managing assets of unit-linked funds.

Action points:

- EIOPA to draft Opinion for adoption during the November BoS meeting.
- EIOPA to investigate market impact in jurisdictions that introduced measures to address the issues identified in the report, including disclosure requirements, compulsory rebates and national bans on monetary practices.
- EIOPA to draft letter to COM on identified risks not currently covered by Union law.

9. Data collection for conduct of business

Decision by SMV¹

9.1 Framework for enhanced market monitoring

9.2 Retail Risk Indicators - Phase II

9.1 Framework for enhanced market monitoring

Conclusions:

- The BoS approved, by simple majority voting, the approach contained in the note 'Framework for enhanced Market Monitoring' (EIOPA-BoS-17/225, 4 September 2017).
- BoS agreed overall to the proposed strategy focusing on enhanced importance of having specific data on conduct of business on the product level, including with regard to cross-border activities, whilst acknowledging that a balanced and proportionate approach is needed.
- BoS agreed to the need to enhance market monitoring by collecting relevant data on conduct of business and ensuring the exchange of early warning signals.

Action points:

- EIOPA to launch pilot exercise in 2018 focusing on one product type.
- CCPFI to implement exchange of information based on template.
- The working group to report back to BoS after having evaluated approach.
- CCPFI to be mandated on improving conduct of business data reporting in order to enhance market monitoring, and report back to BoS.

9.2 Retail Risk Indicators - Phase II**Conclusions:**

- BoS approved, by simple majority voting, the 'Retail Risk Indicators - Phase II Discussion Note' (EIOPA-BoS-17/220, 28 September 2017).
 - BoS agreed to continue with the step-by-step approach progressively improving the accuracy of the Retail Risk Indicators (RRI) going forward.

Action points:

- EIOPA to gradually improve RRI allowing further accuracy of the RRI analysis.

10. Product intervention**Decision by SMV¹****Conclusions:**

- BoS approved, by simple majority voting, the approach contained in the 'Product intervention' (EIOPA-BoS-17/224, 28 September 2017).
- BoS supports EIOPA's active role in avoiding regulatory arbitrage with regard to potential product intervention measures, ultimately ensuring a high level of consumer protection.

Action points:

- EIOPA to ensure continued coordination with other ESAs.
- CCPFI to further consider how best to organise the work.

11. Closed Session**12. Insurance Stress Test 2018: Project plan and Roadmap****Decision by SMV¹****Conclusions:**

- BoS agreed on the main elements of the exercise concerning individual disclosure, information to be disclosed, scope and timeline. Further analysis as well as interaction with the industry is expected on the SCR recalculation or other measures of post stress capital position.

Action points:

- 2018 insurance stress test PG to present a project plan to RFSC according to the conclusions above and develop the project further until the November BoS meeting, including a more elaborated description of the scope and three scenarios.
- 2018 insurance stress test PG to investigate possible indicators of the solvency position after stress in an open dialogue with the industry and bring the conclusions to the November BoS meeting.

Conclusions:

- Low participation in some countries is a concern. The stress test report should reflect on the difficulties of some national authorities to ensure appropriate participation in EIOPA stress test.

Action points:

- NCAs to consider the pending validation issues and in particular those NCAs with a participation rate below the threshold to intensify efforts to improve the situation by 9 October 2017.

14. Insurers' Investment behaviour exercise: Findings**Decision by SMV¹****Conclusions:**

- The report was well received by BoS. Further drafting changes were suggested by the members in particular to redraft the message that there is no clear evidence on search for yield as there are indeed several signs of search for yield identified as e.g. a trend towards lower credit rating. It was agreed on publishing the report after implementing any additional drafting comments from the members.

Action points:

- NCAs to send comments on the report to EIOPA by 6 October 2017.
- EIOPA to include comments from NCAs and launch a Board of Supervisors written procedure to approve the report for the publication.

15. Internal Models:**Decision by SMV1****15.1. Steering on Supervisory Opinion on modelling of dynamic VA****15.2. External communication on benchmarking work, including exercises**15.1. Steering on Supervisory Opinion on modelling of dynamic VA**Conclusions:**

- PG will bring major steering issues to the October BoS meeting while preparing the Opinion for the November BoS meeting.

Action points:

- PG to prepare a paper for the October BoS meeting, which includes an analysis of the significance of undesired asset allocation incentives in DVA modelling approaches and the pros and cons of supervisors addressing it in Pillar 1 or 2.

15.2 External communication on benchmarking work, including exercises

Conclusions:

- BoS approved, by simple majority voting, the 'EIOPA Market and Credit risk Comparative Study (MCRCS) - Project description for a regular exercise' (EIOPA-BoS-17/268, 13 September 2017) and 'Public Update on Internal Model Consistency Projects' (EIOPA-BoS-17/269, 29 September 2017).
- The proposed publication on internal model consistency projects was approved.
- The setting up the new PG MCRCS was approved and the work on the next study based on end-2017 data' can start immediately. The project will report to the new SSC when it commences.

Action points:

- EIOPA to publish the update on IM Consistency Projects.
- EIOPA to manage the establishment of the new "Market and Credit risk Comparative Study (MCRCS)" PG with the next study based on year-end 2017 data.

16. Impact of the United Kingdom withdrawing from the European Union	Discussion
16.1. Analysis of customer risks	
16.2. Market impact and contingency planning	
16.3 Cross-border IORPs in the context of applying Directive (EU) 2016/2341	

16.1. Analysis of customer risks

Conclusions:

- The 'Discussion Note Consumer risks in light of Brexit' (EIOPA-BoS-17/228, 28 September 2017) was supported by Members and affected Members are willing to participate in a high level cooperation platform. The importance of the exchange of relevant SII data on cross-border activity between the UK and the EU27 was acknowledged and it was agreed that EIOPA should elaborate on a proposal for data dissemination.

Action points:

- EIOPA to ensure regular reporting to BoS on the developments in the platform.
- EIOPA to circulate a proposal for the dissemination of SII data among NCAs and to COM for the purpose of Brexit to Members.

16.2. Market impact and contingency planning

Conclusions: Not applicable

Action points:

- EIOPA to continue monitoring any significant developments and report to the BoS at the next relevant occasion.

16.3. Cross-border IORPs in the context of applying Directive (EU) 2016/2341

Conclusions:

- Effect on cross-border IORPs currently most relevant for the UK and IE.
- The national transposition of the minimum harmonisation IORP Directives may leave scope for third-country cross-border IORPs.

Action points:

- EIOPA to further monitoring of upcoming issues or transfers.
- EIOPA to continue discussion at BoS meetings in the future.

17. Update on IT developments

Information

Conclusions:

- Not applicable

Action points:

- EIOPA to continue to provide regular reports to BoS.

18. AOB

Information

Conclusions:

- Next BoS meeting is the Extraordinary meeting on 26 October followed by the regular BoS meeting on 28-29 November 2017.

Action points:

- Not applicable

¹: Decision by simple majority (Article 44(1) 1st para. EIOPA Regulation)

²: Decision by qualified majority (Article 44(1) 2nd para. EIOPA Regulation)