



EIOPA REGULAR USE

EIOPA-BoS-17/358

30 November 2017

## EIOPA Board of Supervisors Meeting

29-30 November 2017

### Final Minutes

Chairman: Gabriel Bernardino

Voting: AT: Peter Braumüller, BE: Jean Hilgers, BG: Karina Karaivanova, CY: Victoria Natar, CZ: Zuzana Silberova, DE: Frank Grund, DK: Jan Parner, EE: Stina Mander (PoA), ES: Sergio Alvarez, FI: Teija Korpiaho, FR: Sandrine Lemery (1<sup>st</sup> day), FR: Frederic Hervo (2<sup>nd</sup> day), HR: Gordana Letica, GR: Ioanna Seliniotaki, HU: Koppany Nagy, IE: Sylvia Cronin, IT: Alberto Corinti, LT: Mindaugas Šalčius, LU: Claude Wirion, LV: Dina Mikelsone, MT: Marianna Scicluna, NL: Olaf Sleijpen, PL: Damian Jaworski, PT: José Almaça, RO: Ion Giurescu, SK: Julia Cillikova, SI: Mojca Piškurič, SE: Asa Larson, UK: David Rule

Non-voting: BE: Dominik Smoniewski, BE: Henk Becquaert, BG: Diana Yordanova, ES: Francisco Carrasco Bahamonde, DE: Thomas Schmitz-Lippert, IE: Brendan Kennedy, IS: Unnur Gunnarsdottir, IT: Alessia Angelilli, IT: Ambrogio Rinaldi, LI: Alexander Imhof, LU: Annick Felten, NL: Thijs van Woerden (2<sup>nd</sup> day), NO: Runa Saether, PL: Mariusz Smetek, PT: Mario Ribeiro, UK: Fiona Frobisher, COM: Martin Merlin (1<sup>st</sup> day), Steve Ryan (PoA, 2<sup>nd</sup> day), EBA: Philippe Allard, ESMA: Mette Sicard Filtenborg, ESRB: Francesco Mazzafero

#### Experts:

AT: Gerlinde Taurer, CZ: Hana Marčíková, DE: Petra Faber-Graw, Kathleen Koehn, IE: Mary Burke, NL: Janko Gorter, RO: Adina Dragomir, SI: Kristina Kesmic, SK: Zuzana Kardosova (PoA), UK: Sebastien Delfaud, EFTA SA: Per Christian Bærøe

#### EIOPA Working Group Chairs:

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

#### EIOPA Staff:

Fausto Parente (EIOPA Executive Director), Susanne Rosenbaum, Catherine Coucke (items 1-10), Szabolcs Diszter (items 11-25), Ineta Galubicke, Manuela Zweimüller (items 3, 8, 9), Justin Wray (item 3, 8), Pamela Schuermans (item 3, 19), Petr Jakubik (items 3, 17), Katja Wuertz (items 3, 10, 11, 12, 13, 14, 19), Robert Lasocki (item 3), Philip Codrai (item 4), Kai Kosik (item 5), Florian Ouillades (item 5), Danny Janssen (item 6, 7), Patrick Hoedjes (items 6, 22, 23), Sandra Desson (item 6), Lars Dieckhoff (item 8), Sandra Hack (item 9), Carine Pilot-Osborn (item 9), Julian Arevalo (items 10, 13), Timothy Shakesby (items 11, 12, 13, 15), Ursula Bordas (item 11), Pedro Pires (item 12, 15), David Cowan (item 14), Timothy Walters (item 14), Dimitris Zafeiris (items 16, 17, 20, 21), Barthold Kuipers (item 17.1), Daniel Perez (item 17.2), Matteo Sottocornola (item 17.2), Moritz Beker (item 19), Juan Zschiesche (items 20, 21), Josep Marquez (item 21), Louis De Louvencourt (item 22), Andrew Candland (item 23), Vesa Ronkainen (item 23), Philip Kitzmantel (item 24), Ana Teresa Moutinho (item 24)

#### Welcome and introductory remarks by the EIOPA Chairman

#### Information

##### Remarks:

The Chairman welcomed the attendees to the 6th meeting of EIOPA's Board of Supervisors (BoS) in 2017.

<b>1. Adoption of the Agenda</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b> BoS adopted, by simple majority voting, the agenda.	
<b>Action points:</b> Not applicable	
<b>2. Update by Chairman, Executive Director and COM</b>	<b>Information</b>
<b>Conclusions:</b> Not applicable	
<b>Action points:</b> Not applicable	
<b>3. Update by Chair of IPC, Chair of RFSC and Chair of CCPFI</b>	<b>Information</b>
<b>Conclusions:</b>	
<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	
<b>Action points:</b>	
<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	
<b>4. Second Iteration Draft SPD 2019-2021</b>	<b>Discussion</b>
<b>Conclusions:</b>	
<ul style="list-style-type: none"> <li>• BoS welcomed the Second Iteration of the Single Programming Document (SPD) 2019-2021 and especially the defined priorities for 2019.</li> </ul>	
<ul style="list-style-type: none"> <li>• BoS recognised the challenges in planning in view of high degree of uncertainty of external factors, and emphasized the importance of not pre-empting ongoing political negotiations.</li> </ul>	
<b>Action points:</b>	
<ul style="list-style-type: none"> <li>• BoS to provide further written comments by 4 December 2017.</li> </ul>	
<ul style="list-style-type: none"> <li>• EIOPA to update the Draft SPD 2019-2021 in light of written comments.</li> </ul>	
<b>5. Selection procedure for members of the EIOPA Stakeholder Groups (IRSG and OPSG)</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b>	
<ul style="list-style-type: none"> <li>• BoS approved by simple majority voting the 'Selection procedure for members of the EIOPA Stakeholder Groups (IRSG and OPSG)' (EIOPA-BoS-17-279, 29 November 2017).</li> </ul>	
<ul style="list-style-type: none"> <li>• BoS supported the presented split into two documents and the targeted amendments to the cover note 'Selection procedure for members of the EIOPA</li> </ul>	

Stakeholder Groups' (IRSG and OPSG) – (EIOPA-BoS-17-351).

- BoS supported the proposed targeted changes in the 'Decision of the Executive Director on organisational aspects of the selection procedure for members of EIOPA Stakeholder Groups (IRSG and OPSG) – (EIOPA-BoS-17-299).
- BoS supported the proposed timeline of the renewal process.

**Action points:**

- EIOPA to launch in January 2018 the Call for Expression of Interest for the renewal of the EIOPA Stakeholder Groups.

**6. Update by EIOPA's Alternate Chair on EIOPA Quality Review 2017**

**Discussion**

**Conclusions:**

- BoS took note of the conclusions presented in the Quality Review 2017 Report on the Oversight and Supervisory Convergence Department 'EIOPA oversight activities in the context of supervisory convergence' by the Alternate Chair of EIOPA.
- The Chairman expressed acknowledgements to BoS and EIOPA for the recent year's development in the Oversight areas with EIOPA independently challenging National Competent Authorities (NCAs).
- The report will be used as input to the further development of the Oversight function of EIOPA and Convergence work planning.

**Action points:**

- EIOPA to implement the recommendations presented in the report.
- The Quality Control Committee (QCC) to monitor the implementation of the recommendations during 2018.

**7. Update by QCC Chair on QCC work**

**Information**

**Conclusions:**

- QCC Work Plan 2017 is being implemented according to the agreed schedule.
- QCC Mandate 2018 will be discussed in the QCC and MB meetings of January 2018.

**Action points:**

- Members to propose additional topics for the QCC 2018 Mandate to the QCC Chair.

**8. Annual report on long term guarantees 2017**

**Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS approved, by simple majority voting, the 'Report on long-term guarantees measures and measures on equity risk' (EIOPA-BoS-17/334, 15 November 2017), subject to changes resulting from a one-week fatal flaw exercise and agreed

amendments.

**Action points:**

- EIOPA staff to start a one-week fatal flaw exercise with Members and implement changes arising from it as well as improvements on the presentations of the findings and the layout of the report. Members to send comments by 7 December 2017, following which EIOPA to submit the report to the EU institutions.

**9. Revision of Budapest Protocol**

**Discussion**

**Conclusions:**

- Members agreed on the importance of conducting a comprehensive prudential assessment based on complete information.
- Members supported the idea of giving Institutions for Occupational retirement Provision (IORPs) the possibility to request a suspension of the process in order to reduce the risk of a negative decision due to incomplete information.
- BoS provided steer to Project Group (PG) to include in the revised protocol that home competent authorities (CAs) would collect and share certain basic information (number of members, volume of assets and contribution) on cross-border activities with the relevant host CAs on a voluntary and best effort basis.

**Action points:**

- Revised Budapest Protocol to include the possibility for IORPs to suspend the process in case of incomplete information and the information required for the conduct of a comprehensive prudential assessment.
- Revised Budapest Protocol to include provision for the collection and sharing of cross-border information on members, assets, liabilities and contributions by home CAs with relevant host CAs on a voluntary and best effort basis.

**10. Election of InsurTech chair**

**Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS approved, by simple majority voting, the election of Ms Kathleen Koehn as Chair of the EIOPA InsurTech Task Force.

**Action points:**

- Members were invited to nominate further participants to the Task Force.

**11. EC request on cost and past performance of retail investments, insurance and pension products**

**Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS approved, by simple majority voting, the proposal as contained in the Discussion Note 'Commission request on costs and past performance' (EIOPA-BoS-17-322, 8 November 2017).

- The project starts in 2018 with the 'low hanging fruits', with a learning-by-doing approach, taking proportionality into account. Data should be collected based on a sample. To ensure proper level of granularity, peer groups should be created to compare data for specific product types, and risk should be considered when looking at the returns.
- For Insurance-based Investment Products (IBIPs), PRIIPS KID should be used for the costs data, supplemented by past performance data, for different scenarios (premiums, recommended holding periods) so that EIOPA can establish some basic comparisons between products within groups.
- The first report should explain complexity and data limitations, reporting findings only to the extent possible. An Expert Group will be established to ensure that methodologies are sound.
- Agreement to standardise concepts and establish sound methodology before reporting to the Commission (COM), appreciating a staggered pragmatic approach.

**Action points:**

- Members to ensure that the Committee on Consumer Protection and financial Innovation (CCPFI) WorkStream has enough national experts dedicated to the project.
- WorkStream and CCPFI to report back to the BoS in February 2018 on first ideas building a methodology. A further elaborated methodology will be presented in April for agreement.

**12. EIOPA Opinion on monetary incentives and remuneration between providers of asset management services and insurance undertakings**

**Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS approved, by simple majority voting, the 'Opinion on monetary incentives and remuneration between providers of asset management services and insurance undertakings' (EIOPA-BoS-17/295, 31 October 2017).

**Action points:**

- EIOPA to publish Opinion on website.
- NCAs to provide feedback on regulatory or supervisory actions taken on the basis of this Opinion and how domestic market practices have evolved within six months of the latest application date of the relevant Union acquis.

**13. Annual Consumer Trends Report**

**Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS approved, by simple majority voting, the 'EIOPA Sixth Consumer Trends report' (EIOPA-BoS-17-318, 13 November 2017), taking into consideration the written comments that will be submitted by one Member and the new format that is currently being developed by COM editorial services in Luxembourg.

<b>Action points:</b>	
<ul style="list-style-type: none"> <li>EIOPA to publish the report on its website.</li> </ul>	
<b>14. Strategic Discussion on the implementation of the IDD</b>	<b>Discussion</b>
<b>Conclusions:</b>	
<ul style="list-style-type: none"> <li>BoS supported the work to exchange the information and promote supervisory convergence in the conduct supervision of insurance distribution channels with a priority given first to a stock-take of supervisory approaches and powers and addressing the specific topics of supervisory practices of product oversight and governance and inducements.</li> </ul>	
<b>Action points:</b>	
<ul style="list-style-type: none"> <li>EIOPA to prepare follow-up to BoS discussion going forward involving a concrete plan for EIOPA's work on the implementation of IDD, including as a first task a stock-take of supervisory powers and approaches.</li> <li>EIOPA to follow up on the comments received during the written procedure on the Questions and Answers (Q&amp;A) on the comprehension alert before presenting a proposal for adoption.</li> <li>EIOPA to further consider a request from COM for a more detailed implementation of the requirement under IDD for EIOPA to set up and maintain a 'single electronic register' for passporting intermediaries.</li> </ul>	
<b>15. Possible topics for a new thematic review of market conduct</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b>	
<ul style="list-style-type: none"> <li>BoS approved, by simple majority voting, the launch of a thematic review on consumer protection issues in travel insurance as proposed in the 'Discussion Note Possible new topics for a thematic review of market conduct' (EIOPA-BoS-17-302, 6 November 2017).</li> </ul>	
<b>Action points:</b>	
<ul style="list-style-type: none"> <li>CCPFI to initiate work on the thematic review in line with agreed timeline.</li> </ul>	
<b>16. EIOPA's Crisis Prevention and Management Handbook</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b>	
<ul style="list-style-type: none"> <li>BoS approved, by simple majority voting, the 'EIOPA Crisis Prevention and Management Handbook' (EIOPA-BoS-17/306, 6 November 2017), replacing the current Handbook (EIOPA-BoS-12/133 Rev2, 26 March 2013).</li> <li>BoS welcomed the work done.</li> </ul>	
<b>Action points:</b>	

- EIOPA to carry out the minor changes proposed, which refer to paragraph 329 (first bullet) of the Handbook, in order to clarify that this bullet refers only to non-institution specific events.

## **17. Stress Tests: Discussion**

### **17.1. IORP ST 2017: Report, possible recommendations and communication**

### **17.2. Insurance ST 2018: Update on project initiation**

#### 17. Stress Tests:

#### 17.1. IORP ST 2017: Report, possible recommendations and communication

##### **Conclusions:**

- The IORPs Stress Test Report 2017 was well received by the Members.

##### **Action points:**

- EIOPA to address comments received in the first stage of BoS written procedure and launch the second step of BoS written procedure in order to approve and publish the stress test report.

#### 17.2. Insurance ST 2018: Update on project initiation

##### **Conclusions:**

- An increased dialogue with stress test participants should be pursued to provide a clear framework for individual disclosure.

##### **Action points:**

- PG to take into account the feedback received during the dialogue with stakeholders and to continue developing a proposal for BoS meeting in January with the relevant indicators for the 2018 exercise. Conceptual references to the expected calibration of the stress scenarios and Solvency II calibration should be included.
- EIOPA to launch the second step of the written procedure after the resolution of comments, in order to finalise the list of participants in the stress test.
- EIOPA to assess the possibility of meeting the selected stress test participants in Frankfurt, once the list is confirmed, for further engagement prior to requesting their consent on individual disclosure in addition to the informal consultation on the stress test package with stakeholders envisaged in April 2018.

## **18. Closed Session**

## **19. Impact of the United Kingdom withdrawing from the European Union Discussion**

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**Conclusions:**

- Members strongly welcomed the work of the pilot cooperation platform and emphasise their commitment to further support the platform.
- BoS acknowledged the necessity of ensuring service continuity and to continue the analysis and share information for that purpose.
- BoS decided to expand the composition of the platform and to further continue the analysis on options to ensure service continuity.
- BoS supported a public communication by EIOPA on service continuity, in particular the need for contingency planning by undertakings and its supervision and the existence of a range of different options to ensure service continuity

**Action points:**

- EIOPA to prepare a public communication to be circulated to BoS for approval by written procedure in due time.
- EIOPA to circulate information request on contingency plans to NCAs encompassing all insurance undertakings providing cross-border services between the UK and the EU27.
- EIOPA to monitor the situation regarding cross-border IORPs, and where relevant request information on contingency planning from affected NCAs.

**20. EIOPA's stance on macroprudential policy in insurance: Publication of Paper 'Systemic Risk and Macroprudential Policy in Insurance' Decision by SMV<sup>1</sup>****Conclusions:**

- BoS discussed the paper 'Systemic Risk and Macroprudential Policy in Insurance' (EIOPA-BoS-17/317, 6 November 2017) and welcomed the analysis carried out.
- Several changes were proposed. It was decided to implement the changes and go the BoS for written approval afterwards.

**Action points:**

- EIOPA to carry out the changes proposed which essentially refer to figure 10, footnote 24 and the two proposals made, i.e. to move the section on the social dimension of macroprudential policy and financial stability to the beginning of the paper, and to clearly explain that the objective of the paper was to discuss sources of systemic risk without establishing any link with potential policy measures.
- EIOPA to carry out a written procedure once the changes have been implemented.

**21. Database on insurance failures and near misses Discussion****Conclusions:**

- BoS took note of the presentation on EIOPA's database of failures and near misses in insurance and agreed with the revised timeline, i.e. a report to be



finalised in 2018 instead of Q4 2017, with the aim of incorporating the latest update of cases.

**Action points:**

- EIOPA to continue the work on the database, with the aim of having an updated report in 2018.

**22. Annual Reports on Capital Add-ons and Reporting Exemptions and Limitations (Article 52 of SII Directive)**

**Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS approved the 'Report on the use of limitations and exemptions from reporting 2017' (EIOPA-BoS/17-340, 8 November 2017) and the 'Report on the use of capital add-ons 2017' (EIOPA-BoS/17-336, 8 November 2017) subject to agreed changes and following red-flag procedure before submission to EU institutions.
- Not applicable

**Action points:**

- In addition to the minor quantitative adjustments done to the reports following comments from NCAs, EIOPA to rework the language of both reports to reflect the comments made in the BoS:
  - Soften the link between the limited use of exemptions and the application of proportionality (executive summary);
  - Explain the main reasons why some NCAs did not grant exemptions (executive summary);
  - Do not use the term 'recommendations' in the executive summary of the CAO report;
  - Clarify the meaning of a standard process in the executive summary of the CAO report;
  - Remind that CAO have been imposed for the first time under the SII regime in 2016 (Disclaimer section).
- EIOPA to circulate to Members for a red flag Written Procedure in the week following the BoS meeting.

**23. Opinion on the Modelling of a Dynamic Volatility Information Adjustment**

**Conclusions:**

- BoS approved, by single majority voting, the 'Opinion on the supervisory assessment of internal models including a dynamic volatility adjustment' (EIOPA-BoS-17/366, 30 November 2017), to be published with both paragraphs 10 and 14 included.

**Action points:**

- COM to provide additional point for textual improvement next week and EIOPA to judge whether they improve the final Opinion.
- EIOPA to prepare the Opinion for publication pending possible text improvements from COM.

24.	Update on IT developments	Information
<p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>BoS took note of the EIOPA IT Programme 2017 report and the presentation on projects and Solvency II submission completeness ratios.</li> </ul> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>The Information Technology and Data Committee (ITDC) to discuss the feasibility of the tool for pension funds whether a 'Tool for Pension Funds' should be provide.</li> <li>EIOPA to continue to provide regular reports to BoS.</li> </ul>		
25.	AOB	Information
<p><b>Remarks:</b></p> <p>Next BoS meeting is on 29-30 January 2018, followed by an Extraordinary BoS meeting on 21 February 2017.</p> <p><b>Voting Results:</b> Not applicable</p> <p><b>Written Procedure:</b> Not applicable</p>		
<p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>Not applicable</li> </ul> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		

<sup>1</sup>: Decision by simple majority (Article 44(1) 1<sup>st</sup> para. EIOPA Regulation)

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

Frankfurt am Main

[Signed]

Gabriel Bernardino  
Chairperson of EIOPA