



EIOPA REGULAR USE

EIOPA-BoS-18/351

28 September 2018

## EIOPA Board of Supervisors Meeting

**27-28 September 2018**

### Final Minutes

Chairman: Gabriel Bernardino

**Voting**: AT: Peter Braumüller, BE: Jean Hilgers, BG: Dimitar Koychev (PoA), CY: Tonia Tsangaris (PoA), CZ: Zuzana Silberova, DE: Thomas Schmitz-Lippert (1<sup>st</sup> day), Frank Grund (2<sup>nd</sup> day), DK: Carsten Brogaard, EE: Andres Kurgpold, ES: Sergio Álvarez, FI: Teija Korpiaho, FR: Sandrine Lemery, GR: Ioanna Seliniotaki, HR: Ante Žigman, HU: Ferenc Szebeledi, IE: Sylvia Cronin, IT: Alberto Corinti, LT: Mindaugas Salcius, LU: Claude Wirion, LV: Dina Mikelsons, MT: Marisa Attard, NL: Olaf Sleijpen, PL: Damian Jaworski, PT: Filipe Aleman Serrano, RO: Valentin Ionescu (PoA), SK: Julia Cillikova, SI: Gorazd Čibej, SE: Asa Larson, UK: David Rule

**Non-voting**: BE: Henk Becquaert, Greet T'Jonck DE: Thomas Schmitz-Lippert, ES: Francisco Carrasco Bahamonde, FR: Frédéric Hervo, HR: Ilijana Jeleč, IE: Gerry Cross (1<sup>nd</sup> day), Brendan Kennedy, IS: Sigurdur Jonatansson, IT: Alessia Angelilli, IT: Ambrogio Rinaldi, LI: Alexander Imhof, LU: Annick Felten, NL: Thijs van Woerden (1<sup>st</sup> day), NO: Ann Viljugrein, PL: Mariusz Smetek, SI: Mojca Piškurič, UK: Fiona Frobisher, COM: Nathalie Berger, EBA: Philippe Allard, ESMA: Mette Sicard Filtenborg, ESRB: Dieter Hendrickx, EFTA SA: Per Christian Bærøe

Experts:

AT: Gerlinde Taurer, BE: Geoffroy Herberigs, CZ: Hana Marčíková, DE: Petra Faber-Graw, IE: Attracta Jennings (2<sup>nd</sup> day), NL: Wijnand van de Beek, PT: Hugo Borginho, SK: Zuzana Kardosova, SI: Kristina Kesmic, UK: Tom Arnold, Lisa England,

EIOPA Working Group Chairs:

Ludwig Pflieger (CCPFI Chair) (2<sup>nd</sup> day)

<b>Welcome and introductory remarks by the EIOPA Chairman</b>	<b>Information</b>
<p><b>1. Adoption of the Agenda</b></p> <p><b>Conclusions:</b> Not applicable <b>Action points:</b> Not applicable</p>	<p><b>Decision by SMV<sup>1</sup></b></p>
<p><b>2. Update by Chairman, Executive Director and COM</b></p> <p><b>Conclusions:</b> Not applicable <b>Action points:</b> Not applicable</p>	<p><b>Information</b></p>

<p><b>3. Revised Annual Work Programme 2018 with Six-Month 2018 Implementation Report</b></p> <p><b>3.1. Six-Month Implementation Report</b></p> <p><b>3.2. SPD 2017 – 2019 including revised AWP 2018</b></p>	<p><b>Information</b></p> <p><b>Decision by SMV<sup>1</sup></b></p>
<p><u>3. Revised Annual Work Programme 2018 with Six-Month 2018 Implementation Report</u></p> <p><u>3.1. Six-Month Implementation Report</u></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>	
<p><u>3.2. SPD 2017 – 2019 including revised AWP 2018</u></p> <p><b>Conclusions:</b></p> <p>BoS adopted, by simple majority voting, EIOPA’s Revised Annual Work Programme 2018 (EIOPA-BoS-18-367, 27 September 2018).</p> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	
<p><b>4. Single Programming Document 2019-2021</b></p>	<p><b>Decision by SMV<sup>1</sup></b></p>
<p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>• BoS adopted, by simple majority voting, ‘EIOPA’s Single Programming Document (SPD) 2019-2021’ (EIOPA-BoS-18-364, 27 September 2018).</li> <li>• EIOPA reflected better in the document the present contingency planning for Brexit.</li> </ul> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>• EIOPA to submit SPD 2019-2021 to the EU Institutions in line with Article 43 of EIOPA’s Founding Regulation.</li> </ul>	
<p><b>5. Assessment of IFRS 17 Insurance Contracts</b></p>	<p><b>Discussion</b></p>
<p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>• Members agreed overall with the publication of the analysis, subject to further improvements of the wording, based on comments to be received in a final round of technical comments.</li> </ul> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>• EIOPA to publish the analysis, following BoS written procedure.</li> </ul>	
<p><b>6. PSC Update</b></p>	<p><b>Information</b></p>

**Conclusions:**

- BoS noted the report of the chair of Policy Steering Committee (PSC).

**Action points:**

- Not applicable

**7. Areas of focus of 2020 Solvency II Review: Discussion**  
**Initial discussion****Conclusions:**

- BoS welcomed the draft paper and supported the main areas of work in the fields of long-term guarantees, long-term liabilities, Solvency II macroprudence, sustainable finance, reporting and disclosure and solvency capital requirement.
- Members supported that the governance for the 2020 review should be further clarified.

**Action points:**

- Members to submit to EIOPA any issues from a supervisory perspective that should be included in the 2020 Solvency II review. The focus should be on issues of high relevance.
- EIOPA to submit a proposal on the governance and scope of the 2020 review to the BoS meeting in November 2018.

**8. RFR methodology: DLT assessment Decision by SMV<sup>1</sup>****Conclusions:**

- BoS adopted, by simple majority voting, the 2018 deep liquid transparent (DLT) assessment as presented in 'Risk-free interest rate term structures DLT assessment' (EIOPA-BoS-18/375).
- Not applicable

**Action points:**

- As part of the review of long term guarantees, further analysis under the future governance arrangements in relation to the 2020 review of the application of the DLT methodology.
- The risk free rate project group, under the steer of the PSC, to put to the BoS as soon as practicable any areas of remaining open issues on the implementation of the DLT methodology.

**9. Decision on Competent Authorities' cross-border collaboration with regard to IORP II Decision by SMV<sup>1</sup>****Conclusions:**

- BoS adopted, by simple majority voting, the 'Decision on Competent Authorities' cross-border collaboration with regard to Institutions for Occupational retirement Provision (IORP) II (revision Budapest Protocol)' (EIOPA-BoS-18-320, 27 September 2018).
- Regarding the entry into force of the Decision, it was clarified that whereas the proper transposition of the IORP II Directive into the national law of MS is a

necessary prerequisite for the application of the Decision, BoS agreed that, if the Directive is not yet transposed, the competent authority in that MS should apply the Decision on a best effort basis until the respective national implementation.

- Members supported leaving the issue of legal interpretation of Article 11(2) out of the Annex of the BoS Decision.

**Action points:**

- The Supervisory Steering Committee to discuss in the future the supervisory issues regarding the legal interpretation issue of prior authorisation.
- EIOPA to arrange the signing of the BoS Decision at the next BoS meeting in November 2018 and its subsequent publication on the website.

**10. Best Practices Report on the Pensions Benefit Statement (PBS) Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS adopted, by simple majority voting, the Implementation of IORP II: Report on the Pension Benefit Statement: guidance and principles based on current practices' (EIOPA-BoS-18-328, 27 September 2018).
- Future work on possible examples of the Pension Benefit Statement to take into account the need for industry engagement and members' testing and reflect on digitalisation challenges.

**Action points:**

- EIOPA to publish the report, with accompanying text to make clear its non-binding status in support of national implementations of IORP II.

**11. Update by RFSC Information**

**Conclusions:**

- BoS noted the recent developments in the Risk and Financial Stability Committee (RFSC) area.

**Action points:**

- Not applicable

**12. 2019 IORP ST: Road map / project plan Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS adopted, by simple majority voting, the 'Roadmap for the 2019 IORP Stress Test' (EIOPA-BoS-18-339, 3 September 2018).
- The adopted Roadmap shall form the basis of the final project plan for the project group.
- The project group is mandated to elaborate tangible, alternative solutions for stress-testing the Defined Contribution (DC) pension funds, which are equally robust as the current methodologies and in line with the stress test's objective.

**Action points:**

- The RFSC to approve the final version of the project plan.
- EIOPA to engage with the European Systemic Risk Board (ESRB) with regards

to an adverse market scenario for the 2019 exercise.

<b>13. 2018 Insurance ST: Update</b>	<b>Information</b>
<b>Conclusions:</b> <ul style="list-style-type: none"><li>BoS took note of the update on the insurance stress test progress, in particular on the validation process and the agreed disclosure of individual stress tests results.</li></ul>	
<b>Action points:</b> <ul style="list-style-type: none"><li>Not applicable</li></ul>	
<b>14. Methodological principles of insurance stress testing: New project proposal</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b> <ul style="list-style-type: none"><li>BoS adopted, by simple majority voting, the 'Roadmap for the Methodological principles of insurance stress testing' (EIOPA-BoS-18-344, 27 September 2018) to launch the new project group under the RFSC.</li><li>The methodological work could help to address some findings of the recent audit and help to better prepare for the future insurance stress test exercises.</li></ul>	
<b>Action points:</b> <ul style="list-style-type: none"><li>Not applicable</li></ul>	
<b>15. Top-down insurance stress testing: update</b>	<b>Discussion</b>
<b>Conclusions:</b> <ul style="list-style-type: none"><li>Overall, BoS supported moving the top down work under the newly agreed methodological project. However, the priority should be lower than bottom-up methodology.</li></ul>	
<b>Action points:</b> <ul style="list-style-type: none"><li>RFSC to accommodate the top-down work under the new project group with the lower priority compared to bottom-up methodology.</li></ul>	
<b>16. European Insurance Annual Overview – Proposal for new report</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b> <ul style="list-style-type: none"><li>BoS adopted, by simple majority voting, the initiation of a new report and publication of 'European Insurance Sector 2018 Overview' (EIOPA-BoS-18-347, 27 September 2018).</li><li>The report will complement the current statistics publications with a quantitative overview with a clear focus on visualisations.</li></ul>	
<b>Action points:</b> <ul style="list-style-type: none"><li>EIOPA to initiate the data quality review process and then proceed to publication of the report.</li></ul>	
<b>17. Closed Session</b>	<b>Confidential exchange of</b>

		information
<b>18.</b>	<b>IDD: Decision on cooperation of competent authorities (Revision of Luxembourg Protocol)</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b>		
<ul style="list-style-type: none"> <li>BoS adopted, by simple majority voting, the 'Decision of the Board of Supervisors on the cooperation of the competent authorities of the Member States of the European Economic Area with regard to the Directive (EU) 2017/97 of the European Parliament and the Council of 20 January 2016 on insurance distribution' (EIOPA-BoS/18-340).</li> <li>Regarding the entry into force of the Decision, it was clarified that whereas the proper transposition of the Insurance Distribution Directive (IDD) into the national law of MS is a necessary prerequisite for the application of the Decision, the BoS agreed that, if the IDD is not yet transposed, the competent authority in that MS should apply the Decision on a best effort basis until the respective national implementation.</li> </ul>		
<b>Action points:</b>		
<ul style="list-style-type: none"> <li>EIOPA to publish the Decision<sup>1</sup>.</li> <li>In accordance with Article 3(2) of the BoS Decision, EIOPA to send a 'declaration of commitment' to Members to be forwarded to any additional authority in their jurisdiction, which is competent for applying the provisions of the Decision, for signature.</li> </ul>		
<b>19.</b>	<b>Update by SSC</b>	<b>Information</b>
<b>Conclusions:</b>		
<ul style="list-style-type: none"> <li>BoS noted the recent developments in the area of the Supervisory Steering Committee.</li> </ul>		
<b>Action points:</b>		
<ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<b>20.</b>	<b>PRIIPs: ESAs response to COM letters and request for guidance on investment funds</b>	<b>Decision by SMV</b>
<b>Conclusions:</b>		
<ul style="list-style-type: none"> <li>BoS adopted, by simple majority voting, the European Supervisory Authorities' (ESAs') response to the European Commission (COM) letters and request for guidance on investment funds (EIOPA-BoS-18-356, 14 September 2018).</li> <li>The work on amendments to the Packaged Retail and Insurance-based Investment Products (PRIIPs) delegated regulation needs to be very targeted in order to be able to submit to COM in January 2019.</li> </ul>		
<b>Action points:</b>		

<sup>1</sup> Available at <https://eiopa.europa.eu/publications/protocols-decisions-and-memoranda>,

- Joint Committee to send the letter to COM.
- Consultation Paper on targeted PRIIPs changes to be prepared for agreement by the BoS in November 2018.

**21. Update on Methodology for the conduct of peer reviews Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS adopted, by simple majority voting, the 'Decision of the European Insurance and Occupational Pensions Authority adopting the methodology for the conduct of peer reviews' (EIOPA-BoS-18-354, 14 September 2018).

**Action points:**

- EIOPA to publish the amended Decision and Methodology in conjunction with the peer review report on Key Functions (see item 22).

**22. Public Report Peer Review on the Supervisory Practices for the Application of the Proportionality Principle in Governance Requirements regarding Key Functions Decision by SMV<sup>1</sup>**

**Conclusions:**

- BoS adopted, by simple majority voting, the 'Results of the peer review on the supervisory practices and application of proportionality in assessing key functions' (EIOPA-BoS-18-369, 13 September 2018).
- EIOPA in cooperation with the Review Panel (RP) Chair to prepare the report for publication.
- The National Competent Authorities (NCAs) to consider upfront the communication on the publication taking into account the general stance regarding transparency in their countries.

**Action points:**

- EIOPA in cooperation with the RP Chair to bring more upfront in the report the NCA's implementation of improvements after the review's reference period and to prepare as soon as possible the executive summary as well as the full report for publication in the format of a booklet.

**23. Update by CCPFI Information**

**Conclusions:**

- BoS noted the recent developments in the area of the Committee of Consumer Protection and Financial Innovation.

**Action points:**

- Not applicable

**24. Product Intervention Powers in Practice: complex unit-linked business Discussion**

**Conclusions:**

- BoS supported the proposed approach to develop case studies to look at the

practical application of product intervention powers under the PRIIPs regulation.

- It was noted that a prioritisation of cases would be necessary in view of resources, and the focus should be on practical and concrete issues, rather than more abstract and theoretical work.

**Action points:**

- Work to be launched under the Committee on Consumer Protection and financial Innovation (CCPFI) workstream, taking into account BoS steer on priorities and focus.

**25. Update on IT developments**

**Information**

**Conclusions:**

- BoS noted the recent developments in the area of the Information Technology and Data Committee.

**Action points:**

- Not applicable

**26. Report on the EIOPA QCC Review of the Discussion Functioning of EIOPA's Q&A Process**

**Conclusions:**

- BoS welcomed the report and supported the Quality Control Committee (QCC) recommendations.

**Action points:**

- QCC Chair to finalise the draft report.
- EIOPA to submit final draft report to the Management Board (MB) for approval.

**27. AOB**

**Information**

**Conclusions:** Not applicable

**Action points:** Not applicable

<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