



EIOPA-14/206

1 December 2014

## EIOPA Board of Supervisors Meeting

**27-28 November 2014**

### Approved Deliberations and Conclusions

Chairman: Gabriel Bernardino

Members and Observers:

**Voting**: AT: Peter Braumüller, BE: Jean Hilgers, BG: Dimitar Koychev (Power of Attorney), CZ: Zuzanna Silberová, DE: Felix Hufeld (2<sup>nd</sup> day only), DK: Jan Parner, EE: Kilvar Kessler, ES: Maria Rodríguez-Ponga Salamanca, FI: Anneli Tuominen (1<sup>st</sup> day only), FR: Sandrine Lemery, GR: Ioanna Seliniotaki, HR: Gordana Letica, HU: Koppány Nagy, IE: Sylvia Cronin, IT: Alberto Corinti, LT: Vytautas Valvonis, LU: Victor Rod, LV: Kristaps Zakulis, MT: Marisa Attard, NL: Thijs van Woerden, PL: Damian Jaworski, PT: Mario Ribeiro, RO: Ion Giurescu, SK: Julia Cillikova, SI: Maja Krumberger, SE: Martin Noréus, UK: Andrew Bulley

**Non-voting**: BE: Henk Becquaert, Luc Kaiser, DE: Thomas Smitz-Lippert, ES: Pablo Muelas Garcia, FI: Teija Korpiaho, HU: József Banyar, IE: Mark Burke, IS: Unnur Gunnarsdóttir, IT: Fausto Parente, Ambrogio Rinaldi, LI: Harald Prater, LU: Claude Wirion, LV: Dina Mikelsona, NL: Petra Hielkema, NO: Runa Sæther, COM: Dagmar Völker, EBA: Adam Farkas, ESMA: Verena Ross, ESRB: Francesco Mazzaferro

Experts:

AT: Gerlinde Taurer, CZ: Jaroslav Kovanda, Jan Bouška, DE: Petra Faber Graw (Power of Attorney), FR: Philippe Richard, PL: Katarzyna Malgorzata Chrzanowska, RO: Rodica Popescu, SK: Matus Medvec

EIOPA Working Group Chairs:

Ludwig Pfleger (CCPFI Chair), Veronique Hiji (IGSRR Chair), Edward Forshaw (Equivalence Committee Chair), Paolo Cadoni (Internal Models Chair), Evelyne Massé (FinReq Chair), Patrick Darlap (FSC Chair)

EIOPA Staff:

Carlos Montalvo Rebuelta (EIOPA Executive Director), Manuela Zweimüller (EIOPA Head of Regulations), Patrick Hoedjes (EIOPA Head of Operations and Oversight), Susanne Rosenbaum, Catherine Coucke (Legal), Sophia Milili-Makrydakis, Ivo Karshev (items 6, 8), Katja Würtz (item 9), David Cowan (item 9), Jan-Ole Wagner (item 9), Tim Shakesby (item 9), Pieter Hulst (item 9), Andrew Mawdsley (item 10), Daniel Perez (item 10), Anzhelika Mayer (item 10), Andrew Candland (items 11, 16), Louis De Louvencourt (item 11), Justin Wray (items 12, 13, 14), Pamela Schuermans (item 12), Ana Teresa Moutinho (item 12), Katalin Almasi (item 12), Casper Christophersen (item 12), Dimitris Zafeiris (item 13), Lorenzo Esteban (item 13), Sandra Hack (item 14), Beata Kaminska (item 14), Dora Ilcheva (item 15), Jarl Kure (item 16), Philip Kitzmantel (item 17)

1. Welcome and introductory remarks by the EIOPA Chairman	Information
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**Conclusions:**

- Not applicable

<b>Action points:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<b>2.</b>	<b>Adoption of the Agenda</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>The agenda was adopted without change.</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<b>3.</b>	<b>Update by Chairman, Executive Director and COM</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>EIOPA to launch a call for candidates for chair of the OPC and EIOPA Alternate Chair after this meeting, with the aim of having elections at the January BoS meeting.</li> </ul>		
<b>4.</b>	<b>Elections:</b> <b>4.1. Mediation Panel – 1 substitute</b> <b>4.2. TFPP Chair</b>	<b>Decision by SMV<sup>1</sup></b> <b>Decision by SMV<sup>1</sup></b>
<u>4.1. Mediation Panel – 1 substitute</u> <b>Conclusions:</b> <ul style="list-style-type: none"> <li>Koppány Nagy (HU) was elected as substitute of the Mediation Panel.</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<u>4.2. TFPP Chair</u> <b>Conclusions:</b> <ul style="list-style-type: none"> <li>Ambrogio Rinaldi (COVIP, IT) was elected as TFPP Chair.</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<b>5.</b>	<b>Working Group mandates</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>BoS adopted the mandates of IGSRR, EQC, EMIR, FinReq, IGSC, IMC, CCPFI, OPC, TFPP, RP, IMG, ITDC and FSC.</li> </ul> <b>Action points:</b> <ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<b>6.</b>	<b>Rules:</b> <b>6.1. Rules of Procedure for EIOPA's Working Groups</b> <b>6.2. Rules of Procedure related to EIOPA</b>	<b>Decision by SMV<sup>1</sup></b> <b>Decision by SMV<sup>1</sup></b>

## Instruments

### 6.1. Rules of Procedure for EIOPA's Working Groups

#### **Conclusions:**

- BoS acknowledges the relevance of having senior representatives in the Review Panel to take into account the importance and the challenges of the Panel's work. BoS agreed to align the mandate of the Review Panel with the Article 7.6 of the Working Group Rules and to consider practical implementation aspects when reviewing the methodology;
- BoS agreed to complete Article 11.2 of the Working Group Rules in view of enforcing the responsibility of the WG Chairs with regards respecting the deadlines for submitting documents for WGs meetings;
- BoS adopted the revised Rules of Procedure for EIOPA's Working Groups subject to the abovementioned change to Article 11.2 thereof.

#### **Action points:**

- Not applicable

### 6.2. Rules of Procedure related to EIOPA Instruments

#### **Conclusions:**

- BoS adopted the Rules of Procedure related to EIOPA Instruments.

#### **Action points:**

- Not applicable

### **7. QCC report on monitoring of compliance of Preparatory GLs**

**Information**

#### **Conclusions:**

- BoS thanked the QCC for its report that was considered as a useful summary. BoS acknowledged the comforting conclusions on EIOPA's monitoring activities of the national compliance of the Preparatory Guidelines.

#### **Action points:**

- Not applicable

### **8. Update on BoS voting rules - QMV**

**Information**

#### **Conclusions:**

- BoS took note of EIOPA plans to clarify with the Council some aspects in relation to the modalities for application of the new qualified majority voting arrangement, in particular how abstentions are treated and what types of voting behaviour makes up the blocking minority.

#### **Action points:**

- EIOPA to update the BoS on the views of the Council's Legal Services in relation to the abovementioned aspects of the qualified majority voting arrangement at its January meeting in 2015.

### **9. Consumer Protection:**

#### **9.1. Consultation paper on product intervention powers for insurance-based investment products**

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

<b>9.2. Discussion note on PRIIPs KID</b>	<b>Discussion</b>
<b>9.3. Consumer trends report</b>	<b>Decision by SMV<sup>1</sup></b>
<p><u>9.1. Consultation paper on product intervention powers for insurance-based investment products</u></p> <p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>BoS adopted the Consultation Paper on Product Intervention Powers under the Regulation on Key Information Documents for Packaged Retail and Insurance-Based Investment Products (PRIIPs);</li> <li>BoS agreed to publish the Consultation Paper.</li> </ul> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>EIOPA to publish, on the website, the Consultation Paper on Product Intervention Powers under the Regulation on Key Information Documents for Packaged Retail and Insurance-Based Investment Products (PRIIPs). Consultation to end on 27.02.2015.</li> </ul>	
<p><u>9.2. Discussion note on PRIIPs KID</u></p> <p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>BoS agreed that no options for the information to include in the Key Information Document should be ruled out at this stage and confirmed continued commitment of resources.</li> </ul> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>BoS Members to identify additional technical support for the JC SC CPFI PRIIPs Sub Group.</li> </ul>	
<p><u>9.3. Consumer trends report Remarks:</u></p> <p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>BoS adopted the Third Consumer Trends Report with minor editorial amendments.</li> </ul> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>EIOPA to publish the Third Consumer Trends Report on the EIOPA website.</li> </ul>	
<b>10. Stress Test</b>	
<b>10.1. Recommendations on the findings of the EIOPA Stress Test 2014</b>	<b>Decision by SMV<sup>1</sup></b>
<b>10.2. Press release (main messages)</b>	<b>Information</b>
<b>10.3. Communication Plan</b>	<b>Discussion</b>
<p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>BoS adopted the Recommendations on the findings of the EIOPA Stress Test 2014 and they will be published together with the Stress test Report;</li> <li>BoS adopted the new proposal for the timing in publication;</li> <li>EIOPA to proceed with the communication plan as agreed.</li> </ul> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>EIOPA to distribute the slides with main messages from the press release after the first day meeting;</li> </ul>	

- EIOPA to distribute the whole communication package to the BoS Members after the second day meeting according to the communication plan.

## **11. Solvency II: Internal Models**

<b>11.1. Internal model application template</b>	<b>Decision by SMV<sup>1</sup></b>
<b>11.2. Relevant issues concerning the approval of internal models</b>	<b>Discussion</b>
<b>11.3. Market risk benchmarking study for internal models</b>	<b>Information</b>

### 11.1. Internal model application template

#### **Conclusions:**

- BoS adopted the Common Application Package and its publication on the EIOPA website under the section "Standards and more".

#### **Action points:**

- EIOPA to publish the Common Application Package.

### 11.2. Relevant issues concerning the approval of internal models

#### **Conclusions:**

- EIOPA will develop an Opinion on this and other internal model issues.

#### **Action points:**

- EIOPA to prepare an Opinion covering modelling of VA, consideration of sovereign risk and other aspects of internal models;
- Members to send information from firms on the impact of different VA options to EIOPA.

### 11.3. Market risk benchmarking study for internal models

#### **Conclusions:**

- BoS gave positive feedback on the market risk benchmarking. Members must follow up outliers and EIOPA will discuss the outcomes of the benchmarking exercise with NSAs.

#### **Action points:**

- NSAs to follow-up with firms on the results of the market risk benchmarking, in particular in cases of outliers, and EIOPA to discuss the outcomes of the benchmarking exercise with NSAs.

## **12. Solvency II: Standards and Guidelines**

<b>12.1. Approval of final Set 1 GL</b>	<b>Decision by QMV<sup>2</sup></b>
<b>12.2. Approval of draft Set 2 ITS + GL - for consultation</b>	<b>Decision by SMV<sup>1</sup></b>
<b>12.3. Communication on standards and guidelines</b>	<b>Discussion</b>

### 12.1 Approval of final Set 1 GL

#### **Conclusions:**

- BoS adopted the final Set 1 Guidelines (GL) (full list of Set 1 Guidelines (GL) to be found at the end of the document).

<b>Action points:</b> <ul style="list-style-type: none"> <li>• Not applicable</li> </ul>		
<u>12.2 Approval of draft Set 2 ITS + GL</u>		
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>• BoS adopted the draft Set 2 ITS, GL and the Technical Advice for the RTS on Art. 142 for public consultation (full list of Set 2 ITS, GL and the Technical Advice for the RTS on Art. 142 to be found at the end of the document).</li> </ul>		
<b>Action points:</b> <ul style="list-style-type: none"> <li>• Not applicable</li> </ul>		
<u>12.3 Communication on standards and guidelines</u>		
<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>13.</b>	<b>Update on Risk free rate</b>	<b>Discussion</b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>• Final methodology and risk free rate curves to be approved by Board at its meeting of January 2015.</li> </ul>		
<b>Action points:</b> <ul style="list-style-type: none"> <li>• Not applicable</li> </ul>		
<b>14.</b>	<b>Pensions: Fact Finding Report on Decumulation Phase Practices</b>	<b>Decision by SMV<sup>1</sup></b>
<b>Conclusions:</b> <ul style="list-style-type: none"> <li>• BoS adopted the Fact Finding Report on Decumulation Phase Practices for publication subject to minor corrections related to two MS;</li> <li>• Findings of this report would be used in further EIOPA's work on information provision to members and beneficiaries;</li> <li>• The report could be used as a source of existing Decumulation Practices for MS.</li> </ul>		
<b>Action points:</b> <ul style="list-style-type: none"> <li>• EIOPA to publish the Fact Finding Report on Decumulation Phase Practices on its website.</li> </ul>		
<b>15.</b>	<b>Peer review:</b>	
	<b>15.1. Final report for the peer review on the Supervision of EEA Branches</b>	<b>Information</b>
	<b>15.2. Final report for the peer review on supervisory practices with respect to the IORP Directive</b>	<b>Decision by SMV<sup>1</sup></b>
	<b>15.3. Proposal for testing optimised approach to peer reviews</b>	<b>Decision by SMV<sup>1</sup></b>

### 15.1. Final report for the peer review on the Supervision of EEA Branches

#### **Conclusions:**

- BoS Members noted the report.

#### **Action points:**

- Not applicable

### 15.2. Final report for the peer review on supervisory practices with respect to the IORP Directive

#### **Conclusions:**

- With respect to the conclusion in the report that there are no obstacles to cross-border activity of IORPs within the scope of this peer review, the BoS Members advised that the public communication should be precise in order to clarify that this conclusion is only for the scope of the peer review;
- BoS adopted the final report for the peer review on supervisory practices with respect to the IORP Directive.

#### **Action points:**

- The Review Panel to present to BoS written approval a version of the report for publication.

### 15.3. Proposal for testing optimised approach to peer reviews

#### **Conclusions:**

- BoS adopted the proposed testing of the approach applicable for the following three pilot peer review projects: freedom to provide services, IORP Art. 11 (investment policy), joint on-site examinations;
- BoS Members to be informed about the outcome of the pilot projects.

#### **Action points:**

- Following the pilot projects the RP to present for BoS approval a revised methodology for conducting peer reviews by mid-year 2015.

## **16. Action Plan on freedom to provide services**

## **Discussion**

#### **Conclusions:**

- EIOPA to take a pragmatic approach in developing activities to better support supervision of activities under Freedom to Provide Services and to consider the outcome of the ongoing peer reviews of Freedom to Provide Services and joint onsite inspections.

#### **Action points:**

- EIOPA staff to develop pragmatic actions and to consider lessons from the relevant peer reviews;
- EIOPA staff to collect further information on national Insurance Guarantee Schemes.

## **17. 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



## Voting outcome on Solvency II Set 1 GL (final, QMV) and Set 2 ITS/RTS/GL (for consultation, SMV)

### Set 1 GL – for final approval<sup>1</sup>

	BoS Number Name of GL	Approved Yes/No	Comments
	<b><u>Approval of the full package of first set of GL</u></b>	Yes, QMV	
1.	<u>Technical Provisions</u>		
	• EIOPA-BoS-14-165 Contract boundaries		
	• EIOPA-BoS-14-166 Valuation of technical provisions		
2.	<u>Own Funds</u>		
	• EIOPA-BoS-14-167 Ancillary own fund		
	• EIOPA-BoS-14-168 Classification of own funds		
	• EIOPA-BoS-14-169 Ring-fenced funds		
	• EIOPA-BoS-14-170 Treatment of related undertakings, including participations		
3.	<u>SCR</u>		
	• EIOPA-BoS-14-171 Look-through approach		

<sup>1</sup> Decision by qualified majority

	<b>BoS Number Name of GL</b>	<b>Approved Yes/No</b>	<b>Comments</b>
	<ul style="list-style-type: none"> <li>• EIOPA-BoS-14-172 Basis risk</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-BoS-14-173 Application of outwards reinsurance arrangements to the non-life underwriting risk sub-module</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-BoS-14-174 Treatment of market and counterparty risk exposure in the standard formula</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-BoS-14-175 Application of the life underwriting risk module</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-BoS-14-176 Health catastrophe risk sub-module</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-BoS-14-177 Loss-absorbing capacity of technical provisions and deferred taxes</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-BoS-14-178 Undertaking-specific parameters</li> </ul>		
4.	<u>Group solvency calculation</u> <ul style="list-style-type: none"> <li>• EIOPA-BoS-14-181 Group solvency calculation</li> </ul>		
5.	<u>Internal Models</u> <ul style="list-style-type: none"> <li>• EIOPA-BoS-14-180 Internal models, including GL on the functioning of colleges for internal models</li> </ul>		
6.	<u>Equivalence</u> <ul style="list-style-type: none"> <li>• EIOPA-BoS-14-182 Methodology for equivalence assessment of NSAs under Solvency II</li> </ul>		
7.	<u>Supervisory Review Process</u> <ul style="list-style-type: none"> <li>• EIOPA-BoS-14-179 Supervisory Review Process</li> </ul>		

## **Set 2 ITS/GL – for approval for public consultation<sup>2</sup>**

	<b>BoS Number Name of ITS/GL</b>	<b>Approved Yes/No</b>	<b>Comments</b>
	<b><u>Pillar 1</u></b>	Yes, SMV	
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-057 ITS on regional governments and local authorities treated as exposures</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-058 ITS on equity index for the equity dampener</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-059 ITS on adjustment for pegged currencies</li> </ul>		One Member asked for a separate vote on this consultation paper. Paper was approved by SMV.
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-060 ITS on health risk equalisation systems standard deviations</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-061 ITS on the application of the equity transitional</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-043 GL on Valuation assets and liabilities</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-049 GL on long term guarantee</li> </ul>		
	<b><u>Pillar 2</u></b>	Yes, SMV	
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-051 ITS on supervisory transparency and accountability</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-053 ITS on capital add-on</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-054 ITS on risk management: procedures when assessing external credit assessments</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-046 GL on extension of the recovery period</li> </ul>		
	<b><u>Pillar 3</u></b>	Yes, SMV	

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<sup>2</sup> Decision by simple majority

	<b>BoS Number Name of ITS/GL</b>	<b>Approved Yes/No</b>	<b>Comments</b>
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-052 ITS on regular supervisory reporting</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-055 ITS on public disclosure: procedures, formats and templates</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-044 GL on methods to determine the market share for the purpose of exemptions to supervisory reporting</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-045 GL on financial stability reporting</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-047 GL on reporting and disclosure</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-050 GL on exchange of information on a systematic basis within colleges</li> </ul>		
	<ul style="list-style-type: none"> <li>• EIOPA-CP-14-048 GL on third country branches</li> </ul>		
	<b><u>Technical advice</u></b> <ul style="list-style-type: none"> <li>• EIOPA-CP-14-062 RTS on recovery plan and finance scheme</li> </ul>	Yes, SMV	