



EIOPA-15/228

29-30 September 2015

## EIOPA Board of Supervisors Meeting

**29-30 September 2015**

### Approved Deliberations and Conclusions

Chairman: Gabriel Bernardino

Members and Observers:

**Voting**: AT: Peter Braumüller, BE: Jean Hilgers, BG: Ralitsa Agayn-Guri (1<sup>st</sup> day), CY: Nicos Koullapis, CZ: Zuzana Silberova (1<sup>st</sup> day), David Rozumek (2<sup>nd</sup> day), DE: Felix Hufeld, DK: Jan Parner, EE: Andres Kurgpold, ES: Pablo Muelas García, FI: Anneli Tuominen, FR: Sandrine Lemery, GR: Ioanna Seliniotaki, HR: Petar-Pierre Matek, HU: Koppany Nagy, IE: Sylvia Cronin, IT: Alberto Corinti, LT: Mindaugas Salcius, LU: Claude Wirion, LV: Kristaps Zakulis, MT: Marisa Attard, NL: Thijs van Woerden, PL: Damian Jaworski, PT: José Almaça, RO: Ion Giurescu, SK: Lucia Stefunkova, SI: Sergej Simoniti, SE: Martin Noreus, UK: Sam Woods

**Non-voting**: BE: Luc Kaiser, Henk Becquaert, DE: Thomas Schmitz-Lippert, FI: Teija Korpiaho, FR: Romain Paserot, HU: Ferenc Szebeledi, IS: Runar Gudmundsson, IT: Raffaele Capuano, LI: Harald Prater, LU: Annick Felten, NL: Petra Hielkema, NO: Emil Steffensen, PT: Mario Ribeiro, SI: Mojca Piscuric, SE: Asa Larson, UK: Lesley Titcomb, Nigel Peaple, COM: Olivier Guersent, Nathalie Berger, EBA: Jana Kovalcikova, ESMA: Verena Ross, ESRB: Francesco Mazzaferro

Experts:

AT: Gerlinde Taurer, CZ: Jaroslav Kovanda, DE: Petra Faber-Graw, ES: María Flavia Rodríguez, IE: Mark Burke, PL: Katarzyna Malgorzata Chrzanowska, RO: Raluca Tariuc, Valentin Ionescu, Cornel Constantiscu, SK: Matus Medvek, UK: Alizeh Hussain-Robinson

EIOPA Working Group Chairs:

Veronique Hijl (IGSRR Chair), Edward Forshaw (Equivalence Committee Chair), Patrick Darlap (FSC Chair), Ludwig Pfleger (CCPFI Chair), Evelyne Masse (FinReq Chair), Olaf Sleijpen (Occupational Pensions Committee 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, Justin Wray (items 4, 7, 16), Lars Dieckhoff (item 4), Phil Codrai (item 5), Katja Wuertz (items 7, 13), Dimitris Zafeiris (item 8), Andrew Candland (items 11, 12), Vesa Ronkainen (item 11), Sandra Desson (item 12), Dessislava Doncheva (item 12), Timothy Shakesby (item 13), Pieter Hulst (item 13), Ana Teresa Moutinho (item 14), Philip Kitzmantel (item 15), Marjan Trobina (item 15), Sandra Hack (item 16)

Welcome and introductory remarks by the EIOPA Chairman		Information
1.	Adoption of the Agenda	Decision by SMV <sup>1</sup>
<b>Conclusions:</b> Not applicable		

<b>Action points:</b> Not applicable		
<b>2.</b>	<b>Update by Chairman, Executive Director and COM</b>	<b>Information</b>
<b>Conclusions:</b> Not applicable		
<b>Action points:</b> Not applicable		
<b>3.</b>	<b>Approval of the final advice on infrastructure</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 "Final Report on Consultation Paper no. 15/004 on the Call for Advice from the European Commission on the identification and calibration of infrastructure investment risk categories (EIOPA-BoS-15-223, 23 September 2015)" including that a clarification should be added indicating that 30% is recommended as the lower bound for the equity calibration to provide a "safety margin" due to data limitations;</li> <li>Regarding the treatment of guarantees by regional government and local authorities (RGLA), BoS agreed on option 2 that EIOPA should suggest that the treatment of RGLA guarantees should be one element of the foreseen review of the Solvency II standard formula before end 2018 (option 2).</li> </ul>		
<b>Action points:</b>		
<ul style="list-style-type: none"> <li>EIOPA to update the final report to reflect the BoS conclusions and to submit to the COM by the end of the day (29 Sept).</li> </ul>		
<b>4.</b>	<b>Risk Free Rate:</b>	
	<b>4.1. Report on review of methodology</b>	<b>Decision by SMV<sup>1</sup></b>
	<b>4.2. Update on audit of coding and processes</b>	<b>Discussion</b>
<u>4.1. Report on review of methodology</u>		
<b>Conclusions:</b> BoS adopted, by simple majority voting, the "Risk-free interest rate term structures Report for amendments, (EIOPA-15-189, 7 September 2015)".		
<b>Action points:</b> (i) EIOPA to carry out the amendments to the technical documentation resulting from the review of the methodology. (ii) EIOPA to circulate the proposed communication on the UFR for information to BoS.		
<u>4.2. Update on audit of coding and processes</u>		
<b>Conclusions:</b> BoS agreed to proceed with the external review and to consider in the light of that an assurance audit to take place in 2016.		
<b>Action points:</b> EIOPA to contract the RFR coding review for this.		
<b>5.</b>	<b>Budget and Annual Work Programme:</b>	
	<b>5.1. Adoption of EIOPA revised budget 2015</b>	<b>Decision by QMV<sup>2</sup></b>
	<b>5.2. Annual Work Programme 2016</b>	<b>Decision by SMV<sup>1</sup></b>
	<b>5.3. Basis for EIOPA strategic planning 2016-2018</b>	<b>Discussion</b>
<u>5.1. Adoption of EIOPA revised budget 2015</u>		

**Conclusions:** BoS adopted, by qualified majority voting, the amended EIOPA Budget 2015 (EIOPA-BoS-15/199, 29 September 2015).

**Action points:** EIOPA to send out notes to Member States and to the European Commission for the collection of the adopted additional budget.

## 5.2. Annual Work Programme 2016

**Conclusions:** BoS adopted, by simple majority voting, the EIOPA Annual Work Programme 2016 (EIOPA-BoS-15/011, 29 September 2015).

**Action points:** EIOPA to send the AWP 2016 to the EU Institutions.

## 5.3. Basis for EIOPA strategic planning 2016-2018

**Conclusions:** Not applicable

**Action points:**

- EIOPA to circulate the document "Building a credible supervisory authority - From regulation to supervision - Strategic planning 2016-2018 (EIOPA-15/706, 8 September 2015" to Members for their comments;
- Members to provide written comments by 23 October;
- EIOPA to circulate updated version for discussion in next BoS meeting.

## **6. Closed session (without Chair and ED):**

<b>6.1. Evaluation Report on end of term of EIOPA's Chair and Executive Director</b>	<b>Decisions by SMV<sup>1</sup></b>
<b>6.2. Decision on extension of term of EIOPA's Chair (previous agenda point 9)</b>	<b>Decision by SMV<sup>1</sup></b>
<b>6.3. Open Selection Procedure for Executive Director – Election of the Selection Committee (BoS quota)</b>	<b>Decision by SMV<sup>1</sup></b>

## 6.1. / 6.2. Evaluation Report on end of term of EIOPA's Chair and Executive Director and Decision on Extension of the term of EIOPA's Chair

**Conclusions:**

- The 2 Evaluation Reports were adopted;
- The BoS unanimously approved the extension of the term of the Chair, subject to the confirmation by the European Parliament.

**Action points:** Alternate Chair to send Evaluation Reports to European Parliament.

## 6.3. Open Selection Procedure for Executive Director – Election of the Selection Committee

**Conclusions:** Selection Committee for the open selection procedure of the ED established: Thomas Schmitz-Lippert (chair) (BaFin, DE), Lesley Titcomb (TPR, UK) and Mario Nava (EU COM).

**Action points:** To publish composition of Selection Committee on EIOPA's webpage on recruitment together with the vacancy notice.

## **7. Follow-up from BoS Strategy Day:**

<b>7.1. Revised note on EIOPA's strategy towards</b>	<b>Decision by SMV<sup>1</sup></b>
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**a comprehensive risk-based and preventive framework for conduct of business supervision**

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| <b>7.2. Proposal for topic(s) for a thematic review of market conduct</b>            | <b>Decision by SMV<sup>1</sup></b> |
| <b>7.3. Revised note on Governance structure for EIOPA Working Groups</b>            | <b>Discussion</b>                  |
| <b>7.4. Note on adding value and generating new insight using data and analytics</b> | <b>Decision by SMV<sup>1</sup></b> |

7.1. Revised note on EIOPA's strategy towards a comprehensive risk-based and preventive framework for conduct of business supervision

**Conclusions:** BoS adopted the "Revised Note on EIOPA's Strategy towards a comprehensive risk-based and preventive framework for conduct of business supervision" (EIOPA-BoS-15/184, 15 September 2015) with no amendments.

**Action points:** EIOPA to continue development and implementation of the tools envisaged under the framework, ensuring a coordinated EU approach. EIOPA to submit a review of the implementation of the framework to BoS in Spring 2017.

7.2. Proposal for topic(s) for a thematic review of market conduct

**Conclusions:**

- BoS adopted, by simple majority voting, the "Possible topics for a thematic review of Possible topics of conduct market (EIOPA-BoS-15/188, 15 September 2015)";
- BoS adopted the launch of a thematic review on "Monetary incentives and remuneration between providers of asset management services and insurance".

**Action points:** EIOPA to prepare project plan with CCPFI members, draft detailed Issues Note and launch the thematic review.

7.3. Revised note on Governance structure for EIOPA Working Groups

**Conclusions:** EIOPA will consider the points raised during the meeting when updating the paper.

**Action points:** EIOPA to circulate a version of the "EIOPA working group governance structure: Proposed way forward" for written comments, with a view to a specific proposal for approval by the BoS meeting of December 2015.

7.4. Note on adding value and generating new insight using data and analytics

**Conclusions:**

- BoS adopted, by simple majority voting, the "Adding value and generating new insight using data and analytics (EIOPA-BoS-15/220, 15 September 2015)";
- BoS approved the set-up of a joint work stream of EIOPA data experts and experts from the national authorities to further elaborate on the possible use of the "European database" for additional reports, analytics and indicators to be used at the national level.

**Action points:** ITDC Chair to report to BoS in December on specific details of work stream in form of project plan.

<b>8. Stress Tests:</b>	
<b>8.1. EIOPA Pension Stress Test update</b>	<b>Information</b>
<b>8.2. Insurance Stress Test 2016</b>	<b>Discussion</b>
<u>8.1. EIOPA Pension Stress Test update</u>	
<b>Conclusions:</b> Not applicable	
<b>Action points:</b> Not applicable	
<u>8.2. Insurance Stress Test 2016</u>	
<b>Conclusions:</b> BoS in general supported the approach for a focused insurance stress test exercise for 2016.	
<b>Action points:</b> FSC and EIOPA staff to propose a detailed planning for the EU-wide Insurance Stress Test in 2016.	
<b>9. Closed Session (without Chair and ED) – MERGED WITH ITEM 6.0.</b>	
<b>10. Closed Session</b>	
<b>Conclusions:</b> Not applicable	
<b>Action points:</b> Not applicable	
<b>11. Update on internal model applications</b>	<b>Discussion</b>
<b>Conclusions:</b> Members mostly support the proposed work on consistency of internal model approaches.	
<b>Action points:</b>	
<ul style="list-style-type: none"> <li>EIOPA to keep Members informed on the planning and outcomes of consistency projects;</li> <li>EIOPA to make the reasoned requests as set out in the paragraph 4.8 of the paper.</li> </ul>	
<b>12. Colleges:</b>	
<b>12.1. Mid-year report on Functioning of Colleges and Accomplishments of Action Plan 2015</b>	<b>Information</b>
<b>12.2. Follow up on the results of Internal Audit Service on colleges and the survey of NCAs and insurance groups regarding colleges</b>	<b>Information</b>
<b>12.3. Update EIOPA Colleges Action Plan 2015-2016</b>	<b>Decision by SMV<sup>1</sup></b>
<u>12.1. Mid-year report on Functioning of Colleges and Accomplishments of Action Plan 2015</u>	
<b>Conclusions:</b> BoS supports the follow-up activities for the second half of 2015.	
<b>Action points:</b>	
<ul style="list-style-type: none"> <li>EIOPA Colleges Team to upload the mid-year report on the Extranet (former</li> </ul>	

<p>members' area of the website);</p> <ul style="list-style-type: none"> <li>EIOPA to revise its colleges strategy after approval of the overall EIOPA strategic planning to align it to the new ambition.</li> </ul>		
<p><u>12.2. Follow up on the results of Internal Audit Service on colleges and the survey of NCAs and insurance groups regarding colleges</u></p> <p><b>Conclusions:</b> BoS supports the summary of the main points of the feedback on the college work and the three key areas defined for further development of the college work.</p> <p><b>Action points:</b></p> <ul style="list-style-type: none"> <li>EIOPA to provide BoS with the Audit report on colleges;</li> <li>EIOPA to consider revision of the strategic approach to colleges.</li> </ul>		
<p><u>12.3. Update EIOPA Colleges Action Plan 2015-2016</u></p> <p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>BoS adopted, by simple majority voting, the "Update on EIOPA's Action Plan 2015/2016 for Colleges of Supervisors (EIOPA-BoS-15-209, 16 September 2015)" subject to the agreed text change;</li> <li>The proposed two-fold approach for 2017 was supported including the broad timeline.</li> </ul> <p><b>Action points:</b> EIOPA to redraft the wording in the supplement to Theme I and publish the updated Action Plan 2016.</p>		
<b>13.</b>	<b>Consumer Protection: PRIIPs Consultation Paper: final issues</b>	<b>Discussion</b>
<p><b>Conclusions:</b> No objections to any of the presented compromises.</p> <p><b>Action points:</b> Not applicable</p>		
<b>14.</b>	<b>EIOPA Supervisory Handbook: chapters on key functions and on non-life technical provisions, prudent person principle</b>	<b>Decision by SMV<sup>1</sup></b>
<p><b>Conclusions:</b></p> <ul style="list-style-type: none"> <li>BoS adopted, by simple majority voting, the three chapters of the SRP Handbook: "SRP Handbook – Chapter on Prudent Person Principle (EIOPA-BoS-15-211, 16 September 2015)", "SRP Handbook non-life technical provisions (EIOPA-BoS-15-212, 16 September 2015)", SRP Handbook: Key functions (EIOPA-BoS-15-213, 9 September 2015)";</li> <li>NSAs should consider the Handbook in the development of SRP processes under Solvency II and share with their operational supervisors.</li> </ul> <p><b>Action points:</b> Handbook chapters to be published in EIOPA's restricted area.</p>		
<b>15.</b>	<b>IT and data issues:</b>	
	<b>15.1. Progress update on IT programme</b>	<b>Information</b>
	<b>15.2. Reporting by competent authorities to EIOPA under Solvency II</b>	<b>Decision by SMV<sup>1</sup></b>

### 15.1. Progress update on IT programme

**Conclusions:** The BoS welcomed the comprehensive "EIOPA IT Programme 2015 Status Report September 2015" and took note of the very good progress made.

**Action points:** EIOPA to continue to provide regular reports to the BoS.

### 15.2. Reporting by competent authorities to EIOPA under Solvency II

**Conclusions:** The "Decision of the Board of Supervisors on Collection of Information by EIOPA under Solvency II" to be further fine-tuned and brought for written procedure.

**Action points:** EIOPA to amend the "Decision of the Board of Supervisors on Collection of Information by EIOPA under Solvency II" on the basis of the discussion and send for first round of written procedure.

## **16. Update on the Guidelines on facilitating an effective dialogue between insurance supervisors and statutory auditors**

### **Discussion**

#### **Conclusions:**

- BoS Members approved the principle-based approach of the draft Guidelines and the suggested timeline for finalisation of the Guidelines to become applicable at the same time as the Audit Regulation will come into force;
- BoS Members agreed that EIOPA's Guidelines need to remain fully as consistent as possible with the EBA ones to simplify the application by integrated supervisory authorities.

#### **Action points:**

- IGSRR is mandated to continue its work and to bring the Guidelines to public consultation in Q4 this year and to BoS for approval in a written procedure;
- The eventual drafting needs to reflect comments made by BoS Members relating to (1) interaction with requirements on auditors as set out in Solvency II Directive and (2) the need to take into account legal powers to receive audit documentation (GL2) as well as (3) the need for firm obligations on annual meetings (GL5).

## **17. AOB**

### **Information**

#### **Conclusions:**

- The next BoS meeting to be held on 2-3 December in Frankfurt.
- A joint BoS – Stakeholders meeting to be held on 1 December in Frankfurt.

**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