

Annual Report 2014

Executive Summary (EN)

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EIOPA was set up in 2011 as an independent European Supervisory Authority with core responsibilities to support the stability of the financial system, ensure the transparency of markets and financial products, and protect policyholders, and pension scheme members and beneficiaries.

EIOPA's Annual Report 2014 outlines the Authority's main achievements across its goals to: strengthen consumer protection, deliver quality and timely regulation, ensure convergence, consistency and quality of supervision, support financial stability and develop as a modern and competent authority. It also provides information on EIOPA's management of the resources allocated to it in order to meet these goals.



INFORMATION BOX: EIOPA Top 5 Achievements in 2014

- To ensure timely preparation for Solvency II and consistent supervisory practices, EIOPA delivered to the Commission 6 Technical Standards on Solvency II approval processes and successfully concluded the public consultation on Guidelines for implementation of the Directive.
- Stress Test of the European Insurance Sector providing a formal assessment of the resilience of financial institutions to adverse market developments using a consistent methodology and providing recommendations to National Competent Authorities (NCAs) addressing the identified vulnerabilities.
- Consultation and Discussion Papers on the Consumer Protection themes of Product Oversight and Governance and Conflict of Interest in direct and intermediated sales of insurance-based investment products (PRIIPs).
- EIOPA published a consultation document on the solvency of Institutions for Occupational Retirement Provision (IORP) and preliminary Advice to the Commission on personal pensions.
- Establishment of the Supervisory Oversight Team, which conducted visits to 10 National Competent Authorities in 2014 with a focus on implementation of Solvency II and the risk assessment framework.

In the domain of consumer protection, EIOPA provided technical input into a number of EU legislative developments and issued reports addressing some of the most pressing issues relating to consumer detriment. Key products in 2014 include in addition to the mentioned key achievements: a Joint Consultation paper on cross selling; and a Consultation Paper on Product Intervention Powers – a new role for EIOPA under the Regulation on Key Information Documents for Packaged Retail and Insurance-Based Investment Products.

EIOPA has had a major role in the development, preparation and implementation of Solvency II. In 2014 the focus has been on the production of the technical standards and guidelines required to ensure consistent and convergent application of the Directive within the Union. EIOPA has also pro-actively sought to facilitate application of the Directive through implementation of the preparatory guidelines, providing National Competent Authorities (NCAs) and undertakings with the opportunity to become familiar with the requirements. The Authority has also consulted on how it will implement its statutory obligation to publish the risk free rate curves for a large number of currencies.

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In the field of pensions, EIOPA published a consultation document on further work on the solvency of IORPs, developing the holistic balance sheet. The paper constitutes a further step in EIOPA's work on a risk-based framework for occupational pension funds that adequately acknowledges and takes into consideration the specificities of the Sector. EIOPA is also carrying out significant work in the area of personal pensions, setting out alternatives for development of an internal market and in response to a wide-ranging call for advice from the Commission, developing advice on a so-called second regime for personal pensions. Developing a truly internal market for pensions can increase member protection, transparency and be the catalyst for better outcomes for citizens and pension providers, through economies of scale.

To enhance supervision of cross-border groups, EIOPA continues to actively participate in colleges of supervisors, providing expert advice and support. The Authority has also begun to provide bi-lateral feedback to National Competent Authorities (NCAs) on implementation of Solvency II. The Centre of Expertise in Internal Models further developed in 2014 providing additional tools and increasing the levels of advice in support of application of one of the most challenging areas of Solvency II.

EIOPA continued to deliver its core tools informing key stakeholders of developing risks to financial stability and whether action is necessary. EIOPA delivered two Financial Stability Reports providing comprehensive economic analysis of risks and vulnerabilities and four Risk Dashboard monitoring qualitative and quantitative indicators to identify and measure systemic risks. An insurance stress test was conducted in 2014 providing a formal assessment of the resilience of financial institutions to adverse market developments. On the basis of these results, EIOPA developed and published recommendations addressed to NCAs for supervisory action. These recommendations focused on preparedness for Solvency II, increased supervisory focus on risk management, product design, recovery planning and supervisory capacity to deal with adverse events.

EIOPA's reputation as a modern and competent Authority is dependent on the quality of the products and services it delivers to external stakeholders, but is also based on the way in which it operates and is managed. This is why EIOPA places a great emphasis on transparency and working within recognised standards and conforming to the requirements as set out in its own and other relevant regulation.

2014 has been a very positive year for EIOPA in terms of achievement. The Authority has however experienced some major challenges. The most pressing being the disparity between the tasks and obligations assigned to EIOPA versus the resources it has to undertake them. EIOPA has continued to enhance the effectiveness and efficiency of its operational, management and administrative functions and remains committed to producing quality products that contribute to its objectives.

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