



# ANNUAL REPORT 2021

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European Insurance and  
Occupational Pensions Authority

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# **ANNUAL REPORT 2021**

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# ANALYSIS AND ASSESSMENT OF THE CONSOLIDATED ANNUAL ACTIVITY REPORT 2021 BY THE BOARD OF SUPERVISORS

EIOPA's Board of Supervisors (BoS) takes note of the Consolidated Annual Activity Report (CAAR) 2021, submitted by the Authorising Officer in accordance with Article 48(1) of the Financial Regulation (FR) applicable to EIOPA. Analysing and assessing the CAAR 2021 BoS has made the following observations:

- › The report contains a comprehensive and thorough account of the activities carried out by EIOPA in the implementation of its mandate and programme of work during 2021. EIOPA has met its obligations under Article 48(1), providing a detailed account of the results achieved in relation to the objectives set in the Annual Work Programme 2021, financial and management information, as well as the risks related to the organisational activities and measures taken to address them.
- › BoS acknowledges that EIOPA delivered a very demanding Annual Work Programme that included work deprioritised in 2020 due to COVID-19 impact on its work.
- › BoS acknowledges the continued challenges EIOPA faces to manage a demanding workload towards monitoring and mitigating risks, supporting the recovery of the economy, assisting in building more resilient insurance and pensions sectors and further strengthening a common supervisory culture. The BoS welcomes EIOPA's efforts to prioritise in order to deal with a demanding workload and a challenging macro-economic environment.
- › BoS welcomes the significant contribution EIOPA has made in the field of conduct of business supervision and its work to address conduct risks for consumers through the use of EIOPA's product intervention powers and a range of supervisory and oversight tools, including the continued consumer trends and market monitoring work, and visits to national competent authorities (NCAs). Furthermore, BoS welcomes EIOPA's work together with the other ESAs in developing regulatory technical standards for a targeted Level 2 Review on PRIIPs and for the Sustainable Finance Disclosure Regulation and Taxonomy Regulation. Finally, the BoS welcomes the work initiated in 2021 on providing input to the Commission's call for advice on Retail Investor Protection and the review of the PRIIPs Regulation where a short deadline of 9 months is envisaged to complete the work by end of April 2022.
- › BoS welcomes EIOPA's continued contribution to building an effective and consistent level of supervision across the EU. In particular, the ongoing focus on cross-border business, particularly with regards to EIOPA's cross-border cooperation platforms and work on cross-border cases with possible detriment to consumers. At the same time, the BoS acknowledges the limitation of EIOPA's toolbox and impact of the current European supervisory architecture.



- › BoS supports EIOPA's supervisory convergence plans and acknowledges the comprehensive set of objectives and activities established in these plans to achieve supervisory convergence. In particular, BoS welcomes EIOPA's criteria for the independence of supervisory authorities, which is crucial for the legitimacy and credibility of the supervisory process.
- › BoS welcomes EIOPA's work on the monitoring of Solvency II. In particular, the report on the use of limitations and exemptions from reporting 2019-2020<sup>1</sup>, on the use of capital add-ons during 2019 and 2020<sup>2</sup>, on long-term guarantees measures and measures on equity risk 2020<sup>3</sup>, and the report on European Insurance Overview (solo undertakings)<sup>4</sup>.
- › BoS welcomes EIOPA's technical advice on the development of Pension Tracking Systems<sup>5</sup> providing a set of principles, good practices and recommendations, aiming to facilitate citizens' digital access to personal pension information. BoS also welcomes EIOPA's technical advice on pensions dashboard<sup>6</sup> with an aim to strengthen the monitoring of pension developments in the EU by presenting a complete set of indicators that allow for enhanced analysis and comparison and are also easy to comprehend.
- › BoS welcomes EIOPA's continued monitoring and analysis of vulnerabilities in the market and financial stability risks and in particular, EIOPA's quarterly risk dashboard and semi-annual financial stability reports. BoS welcomes the 2021 stress test exercise<sup>7</sup> that focused on a prolonged Covid-19 scenario targeting European (re)insurance groups and covering 75% of the EU-wide market based on total assets under Solvency II<sup>8</sup>. Furthermore, BoS welcomes additional areas of financial stability work such as the liquidity monitoring framework, the methodological framework for stress-testing IORPs setting out theoretical and practical rules, guidance and possible approaches to support future IORP stress test exercises<sup>9</sup>.
- › BoS welcomes EIOPA's activities following the entry into force of the PEPP, including an efficient IT infrastructure and the development of a supervisory framework.
- › BoS welcomes EIOPA's achievements in the area of sustainable finance to support the European Commission's Sustainable Finance Agenda, including the Renewed Sustainable Finance Strategy, in striving for greater protection against climate and environmental risks through insurance coverage, and integrating sustainability risks to the prudential framework for insurers. In particular, the BoS welcomes EIOPA's Opinion on the supervision of the use of climate change scenarios in Own Risk and Solvency Assessment (ORSA)<sup>10</sup>.

1 <https://www.eiopa.europa.eu/sites/default/files/publications/reports/report-on-the-use-of-limitations-and-exemption-from-reporting.pdf>

2 [https://www.eiopa.europa.eu/sites/default/files/publications/reports/report-on-the-use-of-capital-add-ons-in-2020\\_final\\_o.pdf](https://www.eiopa.europa.eu/sites/default/files/publications/reports/report-on-the-use-of-capital-add-ons-in-2020_final_o.pdf)

3 <https://www.eiopa.europa.eu/sites/default/files/publications/reports/eiopa-bos-20-706-long-term-guarantees-ltg-report-2020.pdf>

4 [https://www.eiopa.europa.eu/sites/default/files/financial\\_stability/european-insurance-overview-report-2020.pdf](https://www.eiopa.europa.eu/sites/default/files/financial_stability/european-insurance-overview-report-2020.pdf)

5 [https://www.eiopa.europa.eu/document-library/advice/technical-advice-development-of-pension-tracking-systems\\_en](https://www.eiopa.europa.eu/document-library/advice/technical-advice-development-of-pension-tracking-systems_en)

6 [https://www.eiopa.europa.eu/document-library/advice/eiopa-advice-pensions-dashboard\\_en](https://www.eiopa.europa.eu/document-library/advice/eiopa-advice-pensions-dashboard_en)

7 [https://www.eiopa.europa.eu/insurance-stress-test-2021\\_en](https://www.eiopa.europa.eu/insurance-stress-test-2021_en)

8 The list of the undertakings in scope of the 2021 Stress Test exercise is reported in the [Technical Specifications](#).

9 [https://www.eiopa.europa.eu/document-library/discussion-paper/discussion-paper-methodological-framework-stress-testing-iorps\\_en](https://www.eiopa.europa.eu/document-library/discussion-paper/discussion-paper-methodological-framework-stress-testing-iorps_en)

10 <https://www.eiopa.europa.eu/sites/default/files/publications/opinions/opinion-on-climate-change-risk-scenarios-in-orsa.pdf>

- BoS also welcomes EIOPA's work on the use of digital technology identifying ways to better protect consumers without hindering innovation including work on Digital Ethics, open insurance, and the adoption and implementation of Guidelines on information and communication technology (ICT) security and governance. BoS welcomes EIOPA's work, alongside ESMA and EBA, in preparing a response to the European Commission's Call for the Advice on the Digital Finance Strategy, providing technical input on issues with changing value chains in the insurance sector, the emergence of platforms and the supervision of entities undertaking mixed activities.
- BoS notes the positive results of successful management of the Authority's tasks and resources, indicated by the high rate of delivery of products and services as planned or within a minor delay, as well as the targets met in terms of EIOPA's key performance indicators on management of its financial resources.
- BoS notes EIOPA's diligent response to findings from the European Court of Auditors, the Internal Audit Service and the Authority's Quality Control Committee and supports EIOPA's efforts in its transparent implementation of the respective recommendations.
- BoS considers that EIOPA is running effectively and efficiently and is delivering the expected products and services to high standards of quality.

Petra Hielkema

[Signed]

Chairperson of the Board of Supervisors



PETRA HIELKEMA



## FOREWORD BY THE CHAIRPERSON

It gives me great pleasure to present this record of EIOPA's activities in 2021.

Once again, in 2021, the pandemic played a leading role with vaccinations and virus-variants making appearances – the former welcome, the latter not. Given that the insurance and occupational pensions sectors had weathered the pandemic relatively well, the focus in 2021 was both on supporting the recovery and monitoring for lasting effects of the crisis, notably inflation.

Consumer protection is a priority for EIOPA and in this area, EIOPA responded to concerns surrounding some unit-linked product with a framework to address value for money. For many savers, unit-linked products can play an important role and this framework will help to make sure that products are developed, marketed and sold with consumer needs in mind and that consumers have access to appropriate advice and information to help them make informed decisions when purchasing products.

EIOPA used its tools to coordinate with national authorities to address areas where conduct of business shortcomings related to cross-border business were apparent. It has become clear that to reduce detriment to consumers, a review of powers granted to EIOPA in this area may be needed.

In the area of pensions, EIOPA welcomed the entry into force of the regulation for a pan-European Personal Pension Product (PEPP) and in submitting two pieces of advice to the European Commission in the area of pensions – on dashboards and tracking systems – further steps were taken to address pension gaps.

The two areas of sustainable finance and digitalisation continued to dominate the agenda, not only for EIOPA, but also for national authorities and the insurance and occupational pensions sectors. In these areas, EIOPA maintained its focus on supporting the sectors and the supervisory community manage the transition to the green and digital economy.

Fit-for-purpose regulation is the foundation upon which effective supervision is built and in this regard, EIOPA broadly welcomed the proposals of the European Commission on the review of Solvency II and continues to support the review process.

Looking ahead, the uncertainty continues, notably as a result of Russia's unprovoked and unjustified military aggression against Ukraine. EIOPA stands with all European institutions in solidarity with the people of Ukraine. While the direct impact of the invasion on the insurance and occupational pensions sectors is low, EIOPA will continue to monitor the landscape closely for effects on the stability of the insurance and pensions sector in Europe. EIOPA will also pay close attention to the effects of rapid increases to the cost of living.

To deliver on its ambitious mandate, EIOPA requires a skilled and agile staff and I look forward to playing my role in fostering a diverse and inclusive organisation that enables all staff members to deliver to their full potential. In this way, as an organisation, we will be able to continue to support the sector adapt to future challenges.

On a personal note, on taking up my position as Chairperson in September 2021, I was welcomed by a committed, knowledgeable and enthusiastic staff who made my first days so much easier. I also very much appreciate the support of my colleagues at the Board and at our sister European Supervisory Authorities and look forward to a future of good cooperation and joint success.

I will reserve special thanks to Gabriel Bernardino whose mandate as Chair ended on 28 February 2021. During his tenure, he placed EIOPA at the heart of insurance and pensions supervision in Europe and I look forward to continuing his legacy building on his achievements. I also extend particular thanks to Peter Braumüller for admirably embracing his role as Vice-Chair and leading the organisation after Gabriel's departure.

Insurance and occupational pensions continue to play a vital role in the lives of every citizen in Europe and in turn EIOPA will play its role in fostering thriving sectors that support citizens and society.

FAUSTO PARENTE



## FOREWORD BY THE EXECUTIVE DIRECTOR

The year 2021 was marked again with uncertainty. We started the year working from home, the pandemic continued to influence our strategic objectives and we continued to focus on its impact on the insurance and pensions sectors, with a view to preserving stability and support economic recovery.

EIOPA was able to deliver its work programme for the year, exceeding the target for the majority of key performance indicators.

We continued with our strategy for efficiency gains, based on four components:

- › resource planning and prioritisation;
- › data and IT strategy and digital solutions;
- › business process review, service optimisation and capitalising on shared services; and
- › integrated talent management.

EIOPA grew as an organisation and welcomed new staff, taking the total number of staff (including seconded national experts) to 193 at the end of 2021, up from 185 at the end of the preceding year. In addition, there was a further increase in the percentage of staff dedicated to core business.

Throughout the year, the Authority undertook an effective and responsible use of resources. The operating budget in 2019 was EUR 32.9 million and over the course of the year the budget implementation rate for commitments was 99.44% and 81.18% for payments made.

EIOPA is committed to improving its environmental performance and lowering the impact of its operations on the environment. In 2021 we have been working on the implementation of the EU Eco-Management and Audit Scheme (EMAS). A statement on environmental management is included in this report.

As COVID-19 continued to evolve, staff again worked from home for large parts of the year. This was possible thanks to the IT solutions and resources provided to staff. Nonetheless, we continued to adapt our workspace to a hybrid working environment and continued to invest in technology to enable seamless working as we invited colleagues back to the workplace, initially as volunteers. The health and safety of colleagues has been a priority, with physical distancing remaining in place until well into 2022.

While the home-office approach reflected the continuing impact of the pandemic, it also reflected an overall normalisation of hybrid working. As the pandemic risk has receded, we have continued to welcome staff back to the office for a certain number of days per week. At the same time, we recognise that to remain attractive as an employer and to be able to secure the skilled staff that we need to deliver on our objectives, we will need to pay close attention to working conditions, in particular related to the arrangements for hybrid working.

As in previous years, we have benefited from close cooperation with counterparts in national competent authorities and fruitful relations with members of our Management Board and Board of Supervisors.

We have also continued seek input from a wide selection of stakeholders to inform our work, in particular through our stakeholder groups, as well as through consultations and events.

On this occasion, I would like to extend my personal thanks to our former Chair, Gabriel Bernardino, who led the organisation for 10 years and to Peter Braumüller for supporting the organisation in his capacity as Vice-Chair in the period of transition before Petra Hielkema took up her role.

I would also like to thank staff, members of our Board of Supervisors, and my counterparts in the other European Supervisory Authorities and EU agencies for their hard work, commitment and fruitful cooperation. By working together, we can continue to ensure that we make a difference to people, business and economies across Europe.

## EXECUTIVE SUMMARY

Throughout the course of 2021, EIOPA continued to play an essential role in the supervision of insurance and pensions in Europe, working closely with national supervisory authorities, European institutions and other stakeholders to fulfil its strategic objectives set out in its annual work programme.

The year of 2021 continued under the influence of COVID-19 pandemic, which reflected on EIOPA's core business activities and on organisational measures put in place towards EIOPA's staff, visitors and Board members. In 2021, EIOPA delivered a demanding Annual Work Programme that included work deprioritised in 2020 due to COVID-19 impact on its work.

In September 2021, Petra Hielkema became EIOPA's Chairperson for a five year mandate.

### DRIVING FORWARD CONDUCT OF BUSINESS SUPERVISION AND REGULATION

EIOPA is mandated through its Regulation to take a leading role in promoting transparency, simplicity and fairness across the internal market. Building a sound regulatory framework is essential to this. In this context, together with the other ESAs, EIOPA has developed technical standards which:

- Seek to combat “greenwashing” of financial products by defining under the Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation (TR) the way in which financial entities disclose the impact of their investment decisions on sustainability factors and the way in which sustainability information is disclosed in product information to end investors.
- Seek to make the PRIIPs Key Information Document (KID) more engaging and accessible for retail investors by making targeted improvements to address a number of key regulatory issues that have been identified in connection with the content of the KID; and

In the course of the year, EIOPA significantly strengthened its work on conduct of business supervision, using EIOPA's product intervention powers and a range of supervisory and oversight tools – this includes continued consumer trends and market monitoring work, especially of emerg-

ing trends, as well as active engagement with and visits to national competent authorities (NCAs) and third-country parties. In 2021, EIOPA also conducted a consultation on a framework to address value for money risk in the European unit-linked market and publish its results.

EIOPA continued to work on cross-border cases with possible detriment to consumers, via the establishment of cross-border cooperation platforms and by using its available tools to coordinate appropriate supervisory actions by NCAs. EIOPA issued in mid-2021 an individual recommendation to an NCA to take supervisory actions against an undertaking which pursues cross-border business in several Member States. In the second half of 2021 EIOPA concluded non-compliance with this recommendation. This case among others, signals the increasing relevance of the risk that cross-border business may become an issue for consumers if home/host supervision is not effective and properly coordinated. It also highlights the limitations of EIOPA's tools in this regard. Finally EIOPA also, received its first request to initiate an inquiry into specific concerns related to group supervision in a specific Member State. This inquiry is still ongoing.

### LEADING CONVERGENCE TOWARDS HIGH-QUALITY PRUDENTIAL SUPERVISION

Achieving a common European approach to supervision is central to EIOPA's work. In 2021, EIOPA published the criteria for the independence of supervisory authorities, which is crucial for the legitimacy and credibility of the supervisory process. EIOPA published several tools addressing supervisory convergence in areas such as use of risk mitigation techniques, supervisory practices and expectations in case of breach of the Solvency Capital Requirement or ORSA in the context of COVID-19. EIOPA continued to publish a number of reports related to different aspects of Solvency II and proposed amendments to the reporting requirements of supervisory and public disclosure documents. Additionally, in 2021 EIOPA published a report on EIOPA's proposal for the implementation of IBOR transitions, seeking to increase the robustness and reliability of financial benchmarks.

EIOPA continues to play its key international role in the context of the International Association of Insurance Su

pervisors (IAIS) and maintained regular contacts and dialogues with key third country jurisdictions.

On the pensions side, EIOPA issued opinions on risk management of defined contribution pensions and on costs and charges of IORPs, and provided advice to the EU Commission on pension tracking services and dashboards.

In 2021, EIOPA continued with the BI 2.0 programme, which leads the Authority to transform itself into a digital, user-focused and data driven organisation also in its role as regulator and facilitator and providing NCAs with relevant data analysis and data reports. EIOPA continued to improve its business intelligence and data analytics framework while taking advantage of new technological developments and the opportunities they present, thereby sharing knowledge and experiences between EIOPA and NCAs.

Lastly, EIOPA's goal to ensure a high, effective and consistent level of supervision across Europe, thus guaranteeing a similar level of protection of policyholders and beneficiaries across jurisdictions, was promoted by enriching its Supervisory handbook and providing training for supervisors. Additionally, EIOPA conducted one peer reviews on outsourcing and one follow up peer review on key functions.

EIOPA continued to work with national supervisors to promote a level playing field by participating in colleges of supervisors, on-site inspections, cooperation platforms and bilateral engagements, as well as by providing technical assistance, trainings and recommendations. On the use of internal models, EIOPA developed comparative studies, addressing priority areas in relation to Internal Models including public reports.

## STRENGTHENING THE FINANCIAL STABILITY OF THE INSURANCE AND OCCUPATIONAL PENSIONS SECTORS

EIOPA continued to identify trends and potential risks and vulnerabilities that could have an adverse effect on the pension and insurance sectors across Europe. As part of this work, throughout the course of this year, EIOPA published insurance and occupational pension statistics, including the risk dashboard on a quarterly basis and the financial stability report twice a year. Additionally, EIOPA developed a European Systemic Risk Assessment Framework (SRAF) to allow the Authority and its members to determine their own view on European insurance market

trends and developments and potential systemic risk, and to assist them in the preparation of the IAIS collective discussions.

In 2021, EIOPA also conducted a stress test focused on a prolonged COVID-19 scenario in a “lower for longer” interest rate environment. Despite the grave economic and financial implications of the COVID-19 pandemic, the European insurance industry entered the stress test exercise with a strong level of capitalisation. This robust buffer allowed participants to absorb the shock of the adverse scenario. The findings also showed that the main vulnerabilities for the sector stem from market shocks, and that the insurance industry has tools at its disposal to cope with adverse market and economic effects. Also, the long-term guarantees measures helped absorb part of the severe but plausible shocks. Nevertheless, the stress test also revealed that a section of the market still heavily relies on transitional measures. The liquidity position of participants did not reveal vulnerabilities.

## CROSS-CUTTING THEMES

EIOPA continued its work in the area of **sustainable finance**. EIOPA's work addressed key issues of climate change-related risk for the insurance sector and continued to encourage insurers to play their role of enabling climate change mitigation and adaptation. EIOPA continued to pay close attention to the insurance protection gap, which measures the difference between what is insured and potential economic losses. EIOPA proposed methodological steps which support the need to formalise an approach to re-assess and recalibrate parameters for the natural catastrophe risk module of the Solvency II standard formula on a regular basis. EIOPA and ECB staff published a thematic article in the EIOPA Financial Stability Report on climate change, catastrophes and the macroeconomic benefits of insurance. Additionally, EIOPA published a paper on measures to improve the insurability of business interruption risk in light of pandemics and submitted to the European Commission its technical advice on key performance indicators under the Taxonomy Regulation. Moreover, EIOPA supported the European Commission's Sustainable Finance Agenda.

EIOPA continues to follow closely the growing use of data and **digitalisation** to identify ways to better protect consumers without hindering innovation. Regarding the digital resilience EIOPA adopted and implemented Guidelines on information and communication technology (ICT) security and governance and focused on preparing the technical work needed for the implementation of the new legisla-

tive proposal on digital operational resilience act (DORA). EIOPA has published its Digital Transformation Strategy to ensure a systematic, balanced and holistic approach to the technological transformation of the European insurance and pensions markets and their supervision that is currently underway. Together with the other ESAs worked on the Final Report answering the European Commission's Call for Advice on digital finance and related issues.

EIOPA continued its engagement with the consultative Expert Group on Digital Ethics in insurance and chaired the European Forum for Innovation Facilitators (EFIF).

## **DELIVERING THE MANDATE EFFECTIVELY AND EFFICIENTLY**

In 2021 in a prolonged COVID-19 remote working context, EIOPA continued to operate as an effective and efficient organisation, while at the same time seeking out further improvements to its administrative processes. In the area of diversity and inclusion, EIOPA has adopted its Diversity and Inclusion Strategy and a detailed Action Plan underpinning EIOPA's vision to be a credible supervisory authority, going well beyond ensuring compliance with non-discrimination and equality rules.



## 2021 IN FIGURES

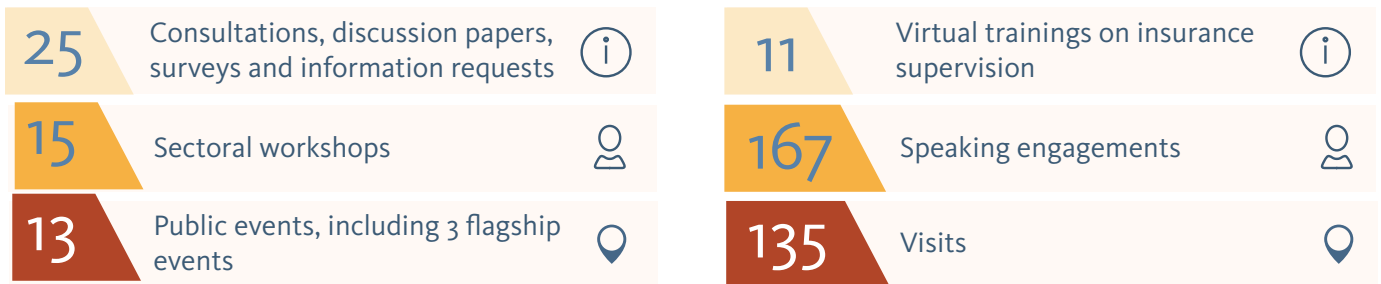
At the end of 2021, EIOPA employed  
**193 full-time employees**



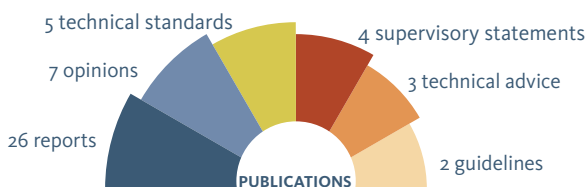
**347**  
products and services  
included in the work programme

EUR **32 839 626** budget

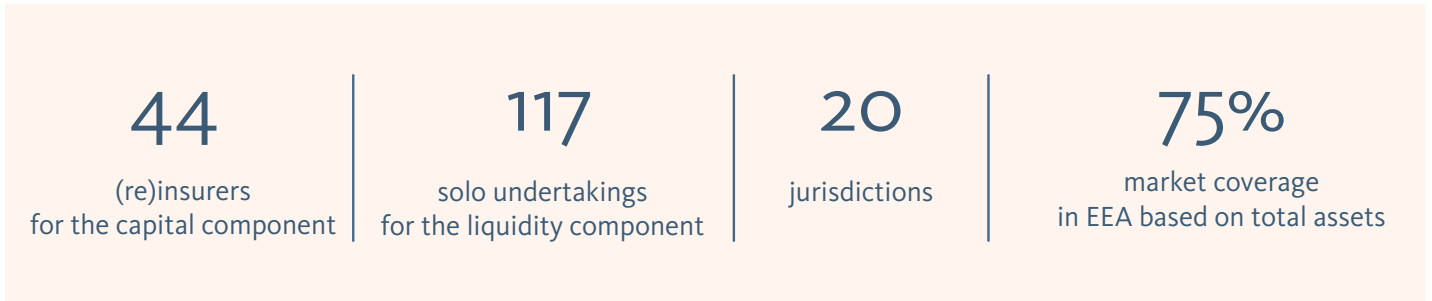
### Interaction with stakeholders



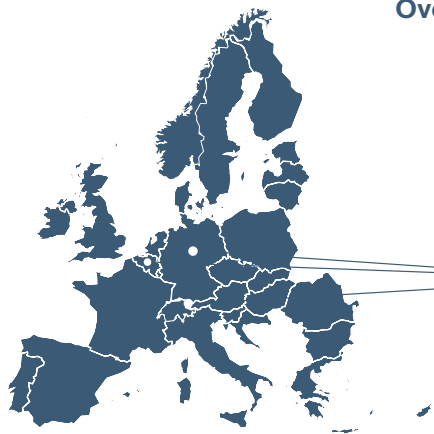
### Publications, outreach and communications activities in 2021



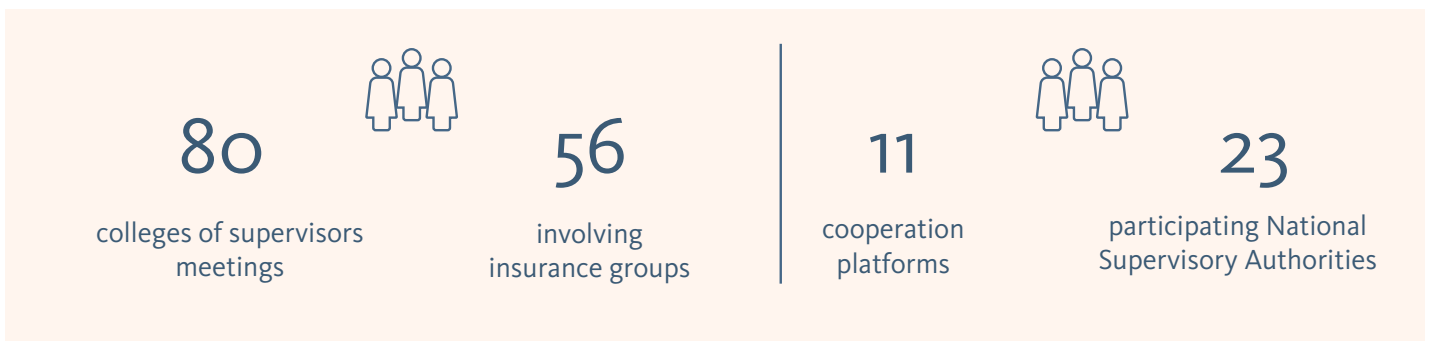
The 2021 insurance stress test involved



Oversight activities at a glance



3 Joint on-site inspections on companies based in Germany, Liechtenstein and Luxembourg



243  
questions on regulation  
were closed in 2021

Q&As  
on regulation

143  
questions were sent  
to EIOPA

# INTRODUCTION



The European Insurance and Occupational Pensions Authority (EIOPA) is a decentralised agency of the European Union (EU), based in Frankfurt am Main, Germany. Its overarching mission is to contribute to the short, medium and long-term stability, sustainability and effectiveness of the financial system for the benefit of Europe’s economy, businesses and citizens. EIOPA’s main tasks are to enhance supervisory convergence, strengthen consumer protection and preserve financial stability. Achieving these goals depends on close cooperation with national supervisory authorities, as well as regular consultation with stakeholders, notably consumer organisations and industry representatives as well as academics. This ensures that the Authority’s work meets the need of the people that it serves.

EIOPA’s areas of action and annual priorities are established through a rigorous planning process. In 2021, EIOPA continued to adopt a flexible and responsive approach to its annual and multi-annual planning, in order to continue ensuring financial stability and consumer protection. Furthermore, EIOPA has been working on managing its resources in an agile manner to allow reprioritisation and accelerated decision-making.

## INFORMATION BOX



### STRATEGIC PRIORITIES

The Authority’s strategic priorities for 2021 were to:

- Strengthen the protection of consumers
- Support the functioning of the EU internal market in the field of pensions and insurance
- Strengthen the financial stability of the insurance and occupational pensions sectors
- Contributing to sustainable finance, including climate change, and digitalisation
- Be a responsible, competent and professional organisation

At the end of 2021, the Authority employed 193 people (full-time equivalents). Its operating budget for 2021 was EUR 32,839,626.

## COVID-19 MEASURES



The year of 2021 continued under the influence of the COVID-19 pandemic, which reflected on EIOPA's core business activities. Still, EIOPA delivered a demanding Annual Work Programme that included work deprioritised in 2020 due to COVID-19. Naturally, COVID-19 impacted EIOPA as an organisation with continued remote working throughout the year.

In 2021, EIOPA continued work to monitor the impact of the COVID-19 pandemic on insurance consumers, including follow up work to assess exclusions and access to insurance. The 2021 consumer trends report provided a snapshot of the impact of the COVID-19 crisis on the insurance and pension sector from a consumer protection perspective, highlighting a fast-forwarded digitalisation trend with underlying opportunities, but also some concerns from a consumer protection perspective.

In the context of insurance protection gaps due to pandemic, EIOPA published a paper on measures to improve the insurability of business interruption risk in light of pandemics. The paper analyses options relating to prevention, capital markets risk transfer and multi-peril solutions for systemic risk. It also addresses the general chal-

lenges related to modelling and triggers for claims in the context of pandemics<sup>11</sup>.

EIOPA published several tools addressing supervisory convergence in the context of COVID-19, such as the ORSA in the context of COVID-19 pandemic focusing on the supervision of the internal processes of undertakings and supervisory practices.

Finally, in 2021, EIOPA conducted a stress test focused on a prolonged COVID-19 scenario in a "lower for longer" interest rate environment. Additionally, the last Financial Stability Report, published in December 2021, provided an analysis of the key risks for the European insurance sector in the context of the latest macroeconomic development amid the COVID-19 crisis.

<sup>11</sup> <https://www.eiopa.europa.eu/document-library/other-documents/eiopa-staff-paper-measures-improve-insurability-of-business>



## DRIVING FORWARD CONDUCT OF BUSINESS SUPERVISION AND REGULATION



### DEVELOPING AND STRENGTHENING THE REGULATORY FRAMEWORK FOR THE PROTECTION OF CONSUMERS

EIOPA is mandated through its Regulation to take a leading role in promoting transparency, simplicity and fairness across the internal market. This is achieved also through the build-up of a sound and effective regulatory framework.

The main achievements in the course of 2021 were:

- > the submission of several draft RTS (following the completion of two consumer testing exercises) to the Commission relating to both entity-level and product-level disclosures under the Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation (TR) with a view to tackling “greenwashing”. These RTS under the SFDR and TR were also accompanied by the publication of a joint supervisory statement by the ESAs to provide clarity for market participants in the interim period between Level 1 application in March 2021 and Level 2 application expected on 1 January 2023.
- > the submission of draft Regulatory Technical Standards (RTS) to the European Commission concerning a targeted Level 2 Review under the PRIIPs Regulation. The amendments sought to address existing shortcomings related to the presentation and content of the PRIIPs key information document (KID), including methodologies for the calculation and presentation of risks, rewards and costs within the document.

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## ANNUAL REPORT ON SANCTIONS UNDER THE INSURANCE DISTRIBUTION DIRECTIVE DURING 2020

EIOPA published a second annual report on administrative sanctions and other measures imposed during 2020 by national competent authorities under the IDD. In 2020, national competent authorities imposed 1,942 sanctions in seventeen Member States, with the vast majority of sanctions for breaches of the requirements in Article 10 of IDD.

➤ Read the report: <https://europa.eu/!xj7F7D>

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## IDD SINGLE RULEBOOK

EIOPA also published in the course of 2021 its IDD Single Rulebook, which is an online tool that provides access to key regulatory texts, guidelines as well as Q&As on regulation within the scope of EIOPA's activity in order to improve the understanding of the applicable rules and promote the consistent implementation of the regulatory framework for insurance supervision. This Single Rulebook will be regular kept up-to-date with new regulatory developments.

➤ To the rulebook: [https://www.eiopa.europa.eu/idd-rulebook\\_en](https://www.eiopa.europa.eu/idd-rulebook_en)

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## REPORT ON THE APPLICATION OF THE INSURANCE DISTRIBUTION DIRECTIVE (IDD)

EIOPA completed work on a report on the application of the Insurance Distribution Directive (IDD), after carrying out an extensive survey with external stakeholders and NCAs. Notwithstanding limitations in terms of evidence and experience on the impact of the IDD on the quality of advice and selling

methods, the IDD has generally had a positive impact on how insurance is distributed to consumers over the past three years since the Directive entered into application.

➤ Read the report: <https://europa.eu/!hWVvKhm>

On 7-8 October 2021, a successful 8<sup>th</sup> annual Joint ESAs Consumer Protection Day was organised. Topics included

consumer disclosures, value for money in retail investment products and the impact of accelerated digitalisation.

**Consumers in a digital world - What have we learnt?**  
**Joint ESAs Consumer Protection Day 2021**  
 7/8 October 2021 ON WEBEX

## DEVELOPING AND STRENGTHENING A COMPREHENSIVE RISK-BASED AND PREVENTIVE FRAMEWORK FOR APPROPRIATE CONDUCT OF BUSINESS SUPERVISION

EIOPA continued to implement its comprehensive risk-based and preventive framework for conduct of business supervision, thereby ensuring consistent regulatory and supervisory practices on consumer protection issues, with the objective of further strengthening the protection of policyholders, pension scheme members and beneficiaries.

EIOPA actively continued its work to address conduct risks for consumers, using EIOPA's new product intervention powers<sup>12</sup> and a range of supervisory and oversight tools – this includes continued consumer trends and market monitoring work, especially of emerging trends, as well as active engagement with and visits to national competent authorities (NCAs) and third-country parties<sup>13</sup>. In addition, EIOPA continued to work on cross-border cases with possible detriment to consumers. In particular, work on cross-border cases leveraged the product oversight and governance (POG) framework to address product related risks<sup>14</sup>. In April 2021, EIOPA launched a consultation<sup>15</sup> on a framework to address value for money risk in the European unit-linked market, as a response to EIOPA's repeated concerns, while unit-linked products can and often do offer important benefits for policyholders, costs for some unit-linked products continue to remain too high, thus providing little value to consumers. The final framework was published in November 2021, and EIOPA launched further work to support its implementation and assess developments for consumers.

During 2021 EIOPA also updated and renewed its methodologies for conducting thematic reviews, using retail risk indicators, and preparing consumer trends reports, while in June 2021, EIOPA published its (second) conduct of business supervision strategy<sup>16</sup>.

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### COSTS AND PAST PERFORMANCE 2021 REPORT

The report<sup>17</sup> provides an analysis of costs for the year 2019 and past performance for the period 2015-2019. The products within scope for this iteration of the report are: Insurance-based Investments Products (IBIPs) and Personal Pension Products (PPPs). While the focus is 2019, some general considerations on the impact of COVID-19 on the retail investment market are also presented. Following general financial market trends, 2019 was characterised by good performances for the IBIPs market, and particularly the unit-linked products. In terms of costs, however, profit participation products continue being cheaper than unit-linked and hybrid. Trends in the net return and costs of PPPs are similar to those observed for IBIPs: higher average yearly annual return but also higher volatility for PPP similar to unit-linked in comparison with PPP similar to profit participation.

<sup>12</sup> Opinion on the proposed product intervention measure of Komisja Nadzoru Finansowego (KNF) of Poland <https://www.eiopa.europa.eu/document-library/opinion/opinion-of-european-insurance-and-occupational-pensions-authority-proposed>

<sup>13</sup> Please also note [Consumer guide: What should you do if you have a life insurance policy or pension from the UK?](#)

<sup>14</sup> [https://www.eiopa.europa.eu/sites/default/files/publications/reports/eiopa-approach-to-the-supervisions-of-product-oversight-governance\\_o.pdf](https://www.eiopa.europa.eu/sites/default/files/publications/reports/eiopa-approach-to-the-supervisions-of-product-oversight-governance_o.pdf)

<sup>15</sup> <https://www.eiopa.europa.eu/sites/default/files/publications/consultations/consultation-paper-framework-to-address-value-for-money.pdf>

<sup>16</sup> <https://www.eiopa.europa.eu/document-library/strategy/eiopas-conduct-of-business-supervision-strategy>

<sup>17</sup> <https://www.eiopa.europa.eu/sites/default/files/publications/reports/eiopa-cost-past-performance-report-2021.pdf>



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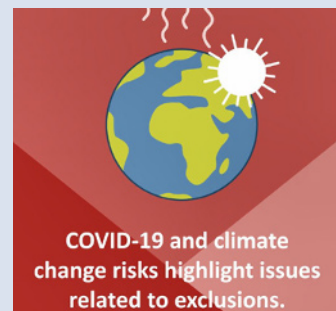
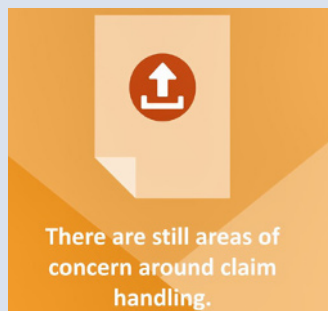
## CONSUMER TRENDS REPORT 2021

Every year, EIOPA publishes a consumer trends report with the objective to try to identify risks for consumers arising from trends in the market – defined as those consumer behaviour that are significant in terms of impact or novelty – which may require specific policy proposals or supervisory action from EIOPA and/or its Member States.

The 2021 report<sup>18</sup> provides a snapshot of the impact of the COVID-19 crisis on the insurance and pension sector from a consumer protection perspective, highlighting a fast-forwarded digitalisation trend with underlying opportunities, but also some concerns from a consumer protection perspective.

The report includes also a risk heatmap representing the key findings<sup>19</sup>.

### Key findings from the 2020 Consumer Trends Report



^ Read the report: <https://europa.eu/lypqYM7>

<sup>18</sup> [https://www.eiopa.europa.eu/sites/default/files/working\\_groups/reports/eiopa\\_2021\\_consumer\\_trends\\_report.pdf](https://www.eiopa.europa.eu/sites/default/files/working_groups/reports/eiopa_2021_consumer_trends_report.pdf)

<sup>19</sup> [https://www.eiopa.europa.eu/sites/default/files/working\\_groups/reports/eiopa\\_2021\\_consumer\\_trends\\_report\\_-\\_heat-map.pdf](https://www.eiopa.europa.eu/sites/default/files/working_groups/reports/eiopa_2021_consumer_trends_report_-_heat-map.pdf)

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## PAN-EUROPEAN PERSONAL PENSION PRODUCT (PEPP)



Supporting citizens to save for retirement is fundamental to closing the pensions gap. It is imperative therefore that citizens have access to smart, digital-first products that meet the needs of today's consumers.

With the finalisation of the legal framework for the PEPP, EIOPA focused on the implementation of the legal requirements into the processes of EIOPA and NCAs, including an efficient IT infrastructure and the development of a supervisory framework for the PEPP (prioritising the registration process). In this respect, in June 2021, EIOPA published Guidelines on PEPP supervisory reporting<sup>20</sup>. The Guidelines ensure the common, uniform and consistent application to the PEPP supervisory reporting regarding the details of the nature, scope and format of the information to be submitted by the PEPP providers to the competent authorities at predefined intervals and upon occurrence of predefined events. Furthermore, in August 2021, EIOPA published a Decision on the reporting of the pan-European Personal Pension Product key information document<sup>21</sup>.

<sup>20</sup> [https://www.eiopa.europa.eu/sites/default/files/publications/eiopa\\_guidelines/pepp-revised-guidelines-on-supervisory-reporting-en.pdf](https://www.eiopa.europa.eu/sites/default/files/publications/eiopa_guidelines/pepp-revised-guidelines-on-supervisory-reporting-en.pdf)

<sup>21</sup> <https://www.eiopa.europa.eu/document-library/decision/decision-of-board-of-supervisors-reporting-of-pan-european-personal>

## LEADING CONVERGENCE TOWARDS HIGH-QUALITY PRUDENTIAL SUPERVISION



EIOPA actively promotes a common supervisory culture and consistent supervisory practices across Europe to ensure a high, effective and consistent level of supervision, thereby safeguarding a similar level of protection to all European policyholders and beneficiaries across jurisdictions, regardless of the location of the insurance undertaking's head office. Promoting supervisory convergence requires close cooperation with national supervisory authorities to develop a common supervisory culture, thereby underpinning convergence of supervisory practices, including a common interpretation of the laws and regulations, developing common standards and considering different and innovative tools going forward.

### ENABLING SUPERVISORY CONVERGENCE WITH A SOUND, SMART AND ROBUST REGULATORY FRAMEWORK RESPONSIVE TO MARKET DEVELOPMENTS

EIOPA pays close attention to how regulation is applied and how effective it remains, with a view to identify pro-

portionality issues, improving fairness and transparency, and with a focus on better and smart regulation.

In September 2021, EIOPA published the criteria for the independence of supervisory authorities, which is crucial for the legitimacy and credibility of the supervisory process<sup>22</sup>. The criteria provide clarity for supervisory authorities on EIOPA's expectations. Taking on board the relevant articles in the Solvency II and IORP II Directive, international standards and supervisory experiences, they specify further the principles of operational, financial and personal independence as well as transparency and accountability.

### SOLVENCY II

The adoption of Solvency II in January 2016 was a milestone. The Directive signalled a shift to a more risk-based approach to insurance supervision. Since its application, the insurance industry has better aligned its capital to the risks it runs.

EIOPA provided advice on the review of the Solvency II directive at the end of 2020. Overall, three broad themes

<sup>22</sup> <https://www.eiopa.europa.eu/sites/default/files/publications/reports/eiopa-bos-21-167-independence-criteria.pdf>

emerged. Firstly, the need for proper recognition of the economic situation, notably with respect to the capital requirement for interest rate risk. Secondly, that apart from the correction of the capital requirement for interest rate risk the updating of the current regulatory framework should be overall balanced in its European impact consistent with the belief that the Solvency II framework has so far been effective. Thirdly, the need to supplement the current microprudential framework with the macroprudential perspective. In 2021 EIOPA provided further data to the European Commission on the Solvency II review.

### Monitoring implementation of Solvency II

In 2021, EIOPA published a number of reports related to different aspects of Solvency II.

- › Report on the use of limitations and exemptions from reporting during 2019 and Q1 2020<sup>23</sup>
- › Report on the use of capital add-ons during 2019<sup>24</sup>
- › Report on the use of capital add-ons during 2020<sup>25</sup>
- › Report on long-term guarantees measures and measures on equity risk 2020<sup>26</sup>
- › Report on European Insurance Overview (solo undertakings)<sup>27</sup>

### Reporting and disclosure requirements under Solvency II

In July 2021, EIOPA consulted on the amendments of supervisory reporting and public disclosure documents<sup>28</sup>. EIOPA proposed amendments to the reporting requirements, which were mainly based on the assessment performed together with the Opinion on Solvency II Review but that could be implemented within the current framework. EIOPA's proposals on the review of the reporting requirements should bring several benefits, which will ultimately lead to a better protection

of policyholders: (i) reduction of reporting costs for the majority of insurance undertakings; (ii) Inclusion of information needed for supervisory purposes focusing on emerging risks and new areas for which supervisors identified a number of data gaps; (iii) a more fit-for-purpose reporting, for example reducing and simplifying when possible but also accommodating gaps identified by supervisors. The draft Implementing Technical Standards on Solvency II Reporting and Disclosure should apply to the reporting and disclosure with reference date of end-2023 and will be submitted to COM and published in EIOPA website in 2022. EIOPA will also publish early 2022 the relevant implementation documentation, i.e. XBRL Taxonomy package, to facilitate implementation by industry and NCAs.

### IBOR TRANSITIONS

The IBOR transitions is a change driven by a new legal requirement which seeks to increase the robustness and reliability of financial benchmarks. EIOPA seeks to adjust its risk-free rate (RFR) methodology and production to the new reality by adopting a common approach for all currencies on the transition to the new rates. In September 2021 EIOPA published a report on EIOPA's proposal for the implementation of IBOR transitions. It set out the basis for moving EIOPA's risk free rate production from IBOR to overnight indexed swaps.

### INTERNATIONAL RELATIONS

EIOPA plays also an important role internationally in the context of the International Association of Insurance Supervisors (IAIS), contributing to the development of global standards like the Insurance Capital Standard (ICS)<sup>29</sup> and the holistic framework on systemic risks<sup>30</sup>. EIOPA continues to forge close relationships with third countries' supervisors<sup>31</sup>. In this regard, EIOPA is working on defining the most appropriate approaches to ensure a convergent, effective and efficient supervision after Brexit.

<sup>23</sup> <https://www.eiopa.europa.eu/sites/default/files/publications/reports/report-on-the-use-of-limitations-and-exemption-from-reporting.pdf>

<sup>24</sup> <https://www.eiopa.europa.eu/sites/default/files/publications/reports/report-on-the-use-of-capital-add-ons-2019.pdf>

<sup>25</sup> [https://www.eiopa.europa.eu/sites/default/files/publications/reports/report-on-the-use-of-capital-add-ons-in-2020\\_final\\_o.pdf](https://www.eiopa.europa.eu/sites/default/files/publications/reports/report-on-the-use-of-capital-add-ons-in-2020_final_o.pdf)

<sup>26</sup> <https://www.eiopa.europa.eu/sites/default/files/publications/reports/eiopa-bos-20-706-long-term-guarantees-ltg-report-2020.pdf>

<sup>27</sup> <https://www.eiopa.europa.eu/document-library/insurance-overview-report/european-insurance-overview-2020>

<sup>28</sup> [https://www.eiopa.europa.eu/document-library/consultation/consultation-amendments-of-supervisory-reporting-and-public-disclosure\\_en](https://www.eiopa.europa.eu/document-library/consultation/consultation-amendments-of-supervisory-reporting-and-public-disclosure_en)

<sup>29</sup> The ICS is a consolidated group-wide standard with a globally comparable risk-based measure of capital adequacy for internationally active insurance groups (IAIGs) and global systemically important insurers.

<sup>30</sup> Consisting of (1) an enhanced set of supervisory policy measures and powers of intervention; (2) an annual global monitoring exercise; and (3) implementation assessment activities aimed at assessing and mitigating the potential build-up of systemic risk in the global insurance sector.

<sup>31</sup> Among other things, please see Exchange of Letters with Japan. [Letter of Japan's Financial Services Agency to EIOPA](#); [Letter of EIOPA to Japan's Financial Services Agency](#).

EIOPA takes a proactive approach to international relations and is mandated through its Regulation to reach out to third countries to address key global issues in the supervision of insurance and pensions. EIOPA strives to maintain regular contacts and dialogues with key third country jurisdictions, which enable ongoing cooperation and exchange of information on both supervisory and regulatory matters. In 2021, EIOPA conducted bilateral supervisory dialogues with USA, China, Japan, Switzerland and UK.

**DEVELOPMENT OF A SOUND AND PRUDENT REGULATORY FRAMEWORK FOR PENSIONS TO IMPROVE THE FUNCTIONING OF THE EU INTERNAL MARKET IN THE FIELD OF PRIVATE PENSIONS.**

In 2021 EIOPA issued two opinions on risk management of defined contribution pensions and on costs and charges of IORPs. These are two areas of growing relevance given the growing shift from defined benefit to defined contribution pensions.

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EIOPA provided advice to the European Commission on pensions tracking services and pensions dashboards. This work shall be seen in the context of the increasing shift of risk to individuals and the importance of understanding the adequacy and sustainability of pension systems.

**IN BRIEF**

**EIOPA'S ADVICE ON SETTING UP A PENSION TRACKING SYSTEM (PTS)**

**WHAT IS A PENSION TRACKING SYSTEM (PTS)?**

A national pension tracking system is an online tool that gives citizens access to an overview of their pension entitlements.

EIOPA's advice on Pension tracking system seeks to develop good practices for setting up national pension tracking systems.

The advice is a practical tool for EU Member States who wish to establish their own national pension tracking system.

**WHY IT MATTERS TO EU CITIZENS?**

- It allows citizens in a Member State to obtain an overview of all their pension entitlements in one place, in an accessible and understandable way.
- It helps citizens understand what income they can expect in retirement and raise their awareness on whether this will be sufficient.
- It helps to engage citizens and increase knowledge of their pension situation.

**PENSION TRACKING SYSTEMS (PTS) IN EUROPE**

7 EU Member States have a PTS (Ireland, as well as Norway)

4 EIM Member States are currently developing a PTS, as well as the UK and Switzerland

20 Member States are currently not offering an overview of pensions' entitlements to citizens in one place.

**TECHNICAL ADVICE ON THE DEVELOPMENT OF PENSION DASHBOARDS AND THE COLLECTION OF PENSIONS DATA**

EIOPA-RO/5-21/540  
01 December 2021

**EIOPA**  
European Insurance and Occupational Pensions Authority

› Read the technical advice on the development of pension tracking systems: <https://europa.eu/l7wF3hU>

› Read the technical advice on pensions dashboard: <https://europa.eu/lcmTG4c>

## ENHANCING THE USE AND QUALITY OF SUPERVISORY INFORMATION THROUGH EFFICIENT STANDARDISED EXCHANGE MECHANISMS, CENTRALISED QUALITY CHECKS AND THE TIMELY PROVISION OF BUSINESS INTELLIGENCE

Throughout 2021, EIOPA continued to calculate and publish key information fundamental to the effective application of Solvency II. This included the monthly publication of the risk-free rate term structures for the relevant currencies and equity dampener.

RFR production and publication is a critical process for EIOPA. In 2021, in an effort to improve the data management architecture and visualisation, EIOPA replaced the existing solution (processes run on local machines with a file-based backend) with a server-based approach, addressing data integration, interactivity and improved visualisation.

During the year, EIOPA also worked to enhance the quality and use of prudential and financial stability data on insurance and pensions.

The Authority also prioritised security, availability and efficiency measures for core infrastructure and tools for knowledge management and coordination and collaboration at European level.

In 2021, EIOPA continued with the BI 2.0 programme, which leads EIOPA transformation into a digital, user-focused and data driven organisation that meets its strategic objectives effectively and efficiently. More specifically in 2021, EIOPA completed a comprehensive preparatory phase of the BI 2.0 programme. Three underlying projects focusing on data analysis, data governance and IT features were successfully concluded. As a result, EIOPA initiated the implementation phase of the programme and is currently working on the data design, migration and implementation aspects.

The EIOPA BI 2.0 tools and governance will enable EIOPA to better serve NCAs with different data analysis and data reports, improving existing reports regularly submitted to NCAs, creating new ones, supporting data submission from NCAs to IAIS, and promoting the use of European Central Repository for the benefit of each NCA.

Throughout the running of BI 2.0 programme EIOPA continuously improves its business intelligence and data analytics framework while taking advantage of new technological developments and the opportunities they present to improve the efficiency and effectiveness of supervisory processes.

A strategic approach guides the implementation of the new framework based on three drivers: data techniques (for data management, data exploration, analysis and data science), cultural transformation (people & change management) and a business review of software solutions.

## IMPROVING QUALITY AND CONSISTENCY OF SUPERVISION TO CONTRIBUTE TO A LEVEL PLAYING FIELD IN THE INSURANCE AND PENSIONS MARKETS

One of the main goals of EIOPA is to ensure a high, effective and consistent level of supervision across Europe, with the aim of guaranteeing a similar level of protection of policyholders and beneficiaries across jurisdictions, preventing supervisory arbitrage and guaranteeing a level playing field.

In 2021 EIOPA continued to address the priorities stemming from the previous plans, while allowing for flexibility to continue monitoring and mitigating the impact from the Covid-19 pandemic.

In 2021, EIOPA reported on its [supervisory activities in 2020](#).



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## SUPERVISORY CONVERGENCE PLAN 2021

Similarly to the previous plans, the priority areas fall within the three building blocks

- Practical implementation of the key characteristics of the common supervisory culture and further development of supervisory tools
  - Risks to the internal market and to the level playing field which may lead to supervisory arbitrage
  - Supervision of emerging risks
- Read more about the supervisory convergence plan: [https://www.eiopa.europa.eu/document-library/strategy/supervisory-convergence-plan-2021\\_en](https://www.eiopa.europa.eu/document-library/strategy/supervisory-convergence-plan-2021_en)

## BUILDING COMMON BENCHMARKS FOR SUPERVISORY PRACTICES

EIOPA addresses supervisory convergence from different perspectives, depending on the issue and risks at stake.

In 2021, EIOPA issued supervisory statements on:

- Assessment of value for money of unit-linked insurance products under product oversight and governance<sup>32</sup> that highlights that while value for money is embedded already within product oversight and governance requirements, more convergence is needed in practical supervisory implementation.
- Own Risk and Solvency Assessment (ORSA) in the context of COVID-19 pandemic<sup>33</sup> that focuses on the supervision of the internal processes of undertakings that are necessary for having a good quality ORSA in place; and
- Supervisory practices and expectations in case of breach of the solvency capital requirement<sup>34</sup> promot-

<sup>32</sup> [https://www.eiopa.europa.eu/document-library/supervisory-statement/supervisory-statement-assessment-of-value-money-of-unit\\_en](https://www.eiopa.europa.eu/document-library/supervisory-statement/supervisory-statement-assessment-of-value-money-of-unit_en)

<sup>33</sup> <https://www.eiopa.europa.eu/document-library/supervisory-statement/supervisory-statement-orsa-context-of-covid-19>

<sup>34</sup> [https://www.eiopa.europa.eu/document-library/supervisory-statement/supervisory-practices-and-expectations](https://www.eiopa.europa.eu/document-library/supervisory-statement/supervisory-statement-supervisory-practices-and-expectations)

ing addressing the recovery plan required in case of breach of the Solvency Capital Requirement (SCR).

Additionally, EIOPA published the following opinions:

- an [opinion on the use of risk mitigation techniques by insurance undertakings](#) that raises awareness about the importance to have a proper balance between the risk effectively transferred and the capital relief in the Solvency Capital Requirement.
- an opinion on the supervision of the use of climate change risk scenarios in ORSA to set out expectations on the supervision of the integration of climate change risk scenarios by insurers in their ORSA.

Lastly, the Supervisory Handbook is one supervisory convergence tool, under Article 29 (2) of EIOPA Regulation (Regulation (EU) No. 1094/2010)<sup>35</sup>. In 2021, EIOPA enriched the Supervisory Handbook with a chapter on Data Governance Framework and other on Prudent Person rule (IORP Handbook).

## INTERNAL MODELS

EIOPA continued to work with national supervisors to promote a level playing field in the use of internal models and between internal model users and standard formula users, so that risks are captured consistently and appropriately by undertakings.

Developing comparative studies, addressing priority areas in relation to Internal Models including public reports. The objective of the studies is to compare modelling outcomes and to be used as a tool for the supervisory review of internal models. In 2021, three comparative studies were conducted, of which one, the annual Market and Credit Risk Comparative Study was published in 2021. The other two, Non-Life and Diversification Comparative Studies started in 2021 (to be finalised in 2022).

Additionally, EIOPA continued to develop supervisory tools such as the Internal Model on-going appropriateness indicators (IMOGAPIs), participate in colleges, joint on-site visits and visits to NCAs to enhance consistent and effective implementation of Internal Model provi-

<sup>35</sup> According to which "the Authority shall develop and maintain an up-to-date Union Supervisory Handbook on the supervision of financial institutions in the Union, which duly takes into account the nature, scale and complexity of risks, business practices, business models and size of financial institutions and of markets. The Union Supervisory Handbook shall set out best practices and shall specify high- quality methodologies and processes." This task was added in the context of the called 2019 ESAs review (Regulation (EU) 2019/2175), entering into force in January 2020.



sions and provide intelligence to the EIOPA Board of Supervisors in the area of IMs.

## PEER REVIEWS

To foster convergence and strengthen consistency in the outcome of supervisory actions, EIOPA conducts peer reviews on specific activities of NCAs, based on an agreed methodology and with experts from NCAs acting as reviewers. The results of the peer reviews are documented and published.

In 2021 one Peer review and one follow-up peer review were conducted, of which the *follow-up peer review on Key Functions* was finalised. Following the finalisation of a peer review, EIOPA undertakes a follow-up two years after the publication of the peer review report to monitor the fulfilment of the issued recommended actions. The follow-up procedure assesses if and how the recommended actions have been implemented by NCAs; this strengthens convergence and enhances the quality of supervision. Based on the findings of this exercise, EIOPA concluded that twelve NCAs fully implemented their recommended actions and six NCAs partially implemented the recommended actions addressed to them<sup>36</sup>.

The second, fully-fledged *Peer Review on outsourcing* is still ongoing. As of end 2021, the field work was completed, but work was ongoing to finalise the recommended actions and best practices. The report is expected to be published by Q2 2022.

## OWN INDEPENDENT ASSESSMENT

EIOPA conducts own assessment work in close cooperation with NCAs to enhance supervisory convergence and

to increase the quality, effectiveness and efficiency of national supervision.

In 2021, work focused on:

- Supporting the supervisory capacity of NCAs mainly through bilateral engagements and follow up on previous recommendations, as well as technical support;
- Emphasising prudential and conduct related issues in the markets and cross-border activities through colleges, group supervisor collaboration and specific cooperation platforms;
- Supervision of emerging risks

An important new task for EIOPA is the monitoring of the implementation of the Union-wide Supervisory Priorities. In the first year of application:

- In relation to “Business model sustainability”, EIOPA collected information about the approach taken by NCAs to consider the USSPs in their work programmes as well as the supervisory processes, procedures and tools engaged in order to monitor the impact of the COVID-19 crisis on the business model sustainability and development in relation to their supervised entities.
- In relation to “Adequate product design, including via a close monitoring of product oversight and governance (POG)”, EIOPA focused on the activities carried out by the NCAs to monitor EIOPA’s statements of 1 April and 8 July 2020 respectively as well as on the modalities of implementation, the approach and expectations regarding POG supervision.

Overall, EIOPA finds the level of implementation at this stage as being satisfactory.

<sup>36</sup> See report: <https://www.eiopa.europa.eu/document-library/peer-review/follow-report-peer-review-of-key-functions-supervisory-practices-and-en>

IN FOCUS



## A GENERAL OVERVIEW OF THE OWN ASSESSMENT ACTIVITIES IS AS FOLLOWS:

- **Colleges of supervisors.** In 2021, EIOPA actively engaged with 80 colleges of supervisors meetings, of in total 56 insurance groups. Of these meetings one was a specific financial conglomerates meeting and one a college meeting in a third country. In between, regular contact were maintained with the relevant group supervisors.
- **Joint on-site inspections.** In 2021, EIOPA participated in 3 (virtual) joint on-site inspections on companies based in Germany, Liechtenstein and Luxemburg.
- **Cooperation platforms.** These continue to prove to be a valuable tool in ensuring valuable and timely cooperation between home and host supervisory authorities. By the end of 2021, were active in 11 platforms with the involvement of 23 national supervisory authorities.
- **Bilateral engagement with national supervisors.** In 2021, EIOPA carried out bilateral engagements with all national supervisory authorities, mainly in the context of the Union-wide supervisory priorities.
- **Technical assistance.** EIOPA provided technical support to 2 national supervisory authorities.
- **Inquiry.** In December 2021, EIOPA received its first request to initiate an Inquiry under art. 22.4. The request focusses on concerns related to the performance of group supervision.
- **Equivalence:** in 2021, EIOPA carried out the field work of the equivalence monitoring exercise in Bermuda.
- **Sectoral and cross-sectoral training and events programme:** To strengthen stakeholder and NCA understanding as to the practical supervisory use of EIOPA's framework and instruments, EIOPA organised a total of 28 activities under the 2021 EIOPA Training & Events Programme: 15 sectoral seminars or workshops and 13 public events, including three large flagship events: the EIOPA 10th Anniversary Conference, the 7th Conference on Global Insurance Supervision and the 5th Sustainable Finance Roundtable.
- **Training on Solvency II for supervisors:** Under the Administrative agreement signed by the Directorate General Structural Reform Support (DG REFORM) and EIOPA delivered 11 virtual trainings on insurance supervision with the purpose to enhance supervisory capacity for 13 NCAs.
- **Recommendations, mediation and breaches of Union law:** To ensure that NCAs are operating according to Union Law and cooperating effectively, EIOPA did not adopt any mediation decision and issue recommendation regarding breach of Union law in 2021.
- Under **Article 16** of its founding regulation, EIOPA issued in 2021 one individual recommendation to the National Bank of Slovakia to take supervisory actions against an undertaking which pursues cross-border business in several countries. In response to that recommendation, the National Bank of Slovakia stated that they see the situation differently and that specific terms stated in the recommendation are not met at this point in time. Since the National Bank of Slovakia did not take the recommended actions, EIOPA considered it as non-compliant and published this non-compliance on its [website](#).

# STRENGTHENING THE FINANCIAL STABILITY OF THE INSURANCE AND OCCUPATIONAL PENSIONS SECTORS



As part of EIOPA's mandate to safeguard financial stability, EIOPA works to identify trends, potential risks and vulnerabilities that could have a negative effect on the pension and insurance sectors across Europe.

## IDENTIFYING, ASSESSING, MONITORING AND REPORTING RISKS TO THE FINANCIAL STABILITY OF THE EUROPEAN INSURANCE AND PENSIONS SECTORS

EIOPA publishes a risk dashboard<sup>37</sup> on a quarterly basis and a Financial Stability Report<sup>38</sup> twice a year. In par-

<sup>37</sup> [https://www.eiopa.europa.eu/sites/default/files/financial\\_stability/risk\\_dashboard/eiopa-bos-21-345-july-2021-risk-dashboard.pdf](https://www.eiopa.europa.eu/sites/default/files/financial_stability/risk_dashboard/eiopa-bos-21-345-july-2021-risk-dashboard.pdf)

<sup>38</sup> <https://www.eiopa.europa.eu/sites/default/files/publications/reports/financial-stability-report-july-2021.pdf>

ticular, the report elaborates on risk of elevated inflation and increased government bond yields, potential contagion risk related to interconnectedness of insurers with banks, possible increase of corporate credit risk, cyber risk and insurers' derivative transaction cleared in UK-based central counterparties. Moreover, EIOPA enhanced the methodology of its Risk Dashboard including new emerging risks such as cyber and climate risk. Supervisors anticipate a continuation of growing importance in the materiality of risks related to digitalisation and climate change. On the other hand, the increasing prevalence of cyber security risk across sectors could boost cyber insurance demand. Climate risk remains one of the focal points for the insurance and pension industry, with ESG factors increasingly shaping investment decisions of insurers and pension funds but also affecting the underwriting of the former.

EIOPA also developed a European Systemic Risk Assessment Framework (SRAF) to allow EIOPA and its members to determine their own view on European insurance market trends and developments and potential systemic risk,

and to assist them in the preparation of the IAIS collective discussions on the outcome of the Global Monitoring Exercise (GME) taking place in September each year. This framework focuses on data aggregated at jurisdictional level, in alignment with the IAIS Sector-wide Monitoring and provided that systemic implications at European level

can stem from impairments in the local markets depending on their relevance and interconnectedness. The framework will cover a set of key risk indicators grouped into the risk categories monitored by the IAIS in the GME, including the emerging risks related to digitalisation and climate change described above.

## IN FOCUS

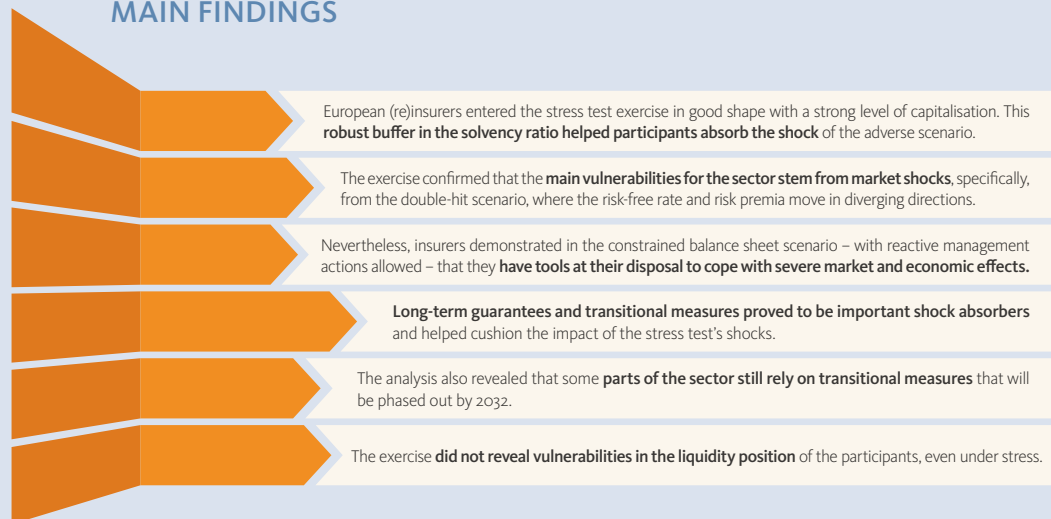


## 2021 INSURANCE STRESS TEST

The 2021 stress test exercise<sup>39</sup> focused on a prolonged COVID-19 scenario in a “lower for longer” interest rate environment. Developed in cooperation with the European Systemic Risk Board (ESRB), and evaluates its impacts on the capital and liquidity position of the entities in scope. While not being a pass/fail exercise, the 2021 exercise had mainly a microprudential approach. It allowed EIOPA to make recommendations to the industry and ena-

bles supervisors to ask insurance undertakings to take remedial actions, when needed, in order to improve their resilience. The microprudential assessment was complemented by the estimation of potential spill-over from the insurance sector triggered by widespread reactions to the prescribed shocks. The 2021 exercise targeted European (re) insurance groups, covering 75% of the EU-wide market based on total assets in the Solvency II<sup>40</sup>.

## MAIN FINDINGS



During 2021, EIOPA also further developed its framework for stress test recommendations. The aim is coming up with clear and concise recommendations addressed to NCAs, based on the lessons learned from the stress test

exercise. A set of specific recommendations following the 2021 exercise was published on March 2022. In the months to come, EIOPA will focus on the vulnerabilities that were brought to light in the exercise. Due to the lim-

39 [https://www.eiopa.europa.eu/insurance-stress-test-2021\\_en](https://www.eiopa.europa.eu/insurance-stress-test-2021_en)

40 The list of the undertakings in scope of the 2021 Stress Test exercise is reported in the [Technical Specifications](#).

ited voluntary disclosure of individual results, EIOPA will also call on legislators to consider disclosures of individual results to become a legal requirement.

In January 2021, EIOPA published a paper setting out methodological principles that can be used to design bottom-up stress test exercises to assess the vulnerability of insurers to liquidity shocks<sup>41</sup>. The conclusions are based on the current understanding and knowledge of the liquidity risk in the insurance industry. In July 2021, EIOPA published a thematic article in the Financial Stability Report on the impact of EU-wide insurance stress tests on equity prices and systemic risks, the first paper in the literature that investigates the topic for the European insurance sector<sup>42</sup>. Particularly, the paper analyses the impact of the conducted exercises in 2014, 2016 and 2018 on the equity prices of insurance companies. Using an event study framework, EIOPA finds a statistically significant impact for the publication of the 2018 exercise results. Furthermore, the empirical analysis suggests that the final version of technical specifications for the 2014 exercise, the initiation of public consultation, and the published stress test scenario of the 2018 exercise contributed to the decline in systemic risk. EIOPA's empirical results could help improve the communication and design of future stress test exercises.

In the end of 2021, EIOPA finalised the third paper on methodological principles of insurance stress testing focused on climate risks that was published in January 2022. In particular, the paper sets out methodological principles that can be used to design bottom-up stress test exercises that aim to assess the vulnerability of insurers to climate risks. Although the emergence of climate risks is relatively recent compared to other insurance-specific and financial risks, incorporating them has rapidly become a priority for policymakers and supervisors alike. Amid the increasing consideration given to climate risks by the insurance industry and by supervisors at a European and global level, and in the absence of a commonly adopted climate stress testing framework for the insurance sector in the European Union, the paper presents conceptual approaches to the assessment of the climate risks for insurers under adverse scenarios.<sup>43</sup> Following up to the sensitivity analysis on tran-

sition risks published in 2020<sup>44</sup>, EIOPA is currently working on a physical risk study, expected to be published in 2022.

In June 2021, EIOPA published a methodological framework for stress-testing IORPs setting out theoretical and practical rules, guidance and possible approaches to support future IORP stress test exercises<sup>45</sup>. This conceptual approach is expected to make IORP stress test exercises more efficient, in particular for the IORPs to carry out the stress test and the national competent authorities and EIOPA to validate and analyse the results. The paper introduces a toolbox approach, consisting of relevant analytical tools and approaches that can appropriately capture the characteristics of both Defined Benefit and Defined Contribution IORPs. The deployment of the different tools can be tailored to the specific objective of the stress test.

## PREVENTIVE POLICIES AND ACTIONS TO MITIGATE RISKS TO FINANCIAL STABILITY

EIOPA continued working in the field of recovery and resolution during 2021. Special attention was devoted to the analysis of Commissions' proposal for an Insurance Recovery and Resolution Directive adopted on 22 September 2021.<sup>46</sup> The proposal, which EIOPA considers a significant step forward, largely shares the approach and follow the objectives set in EIOPA's Opinion from December 2020.

A second report based on the insurance failures and near misses database was published, focusing on the recovery and resolution actions taken by the authorities, as well as assessing issues of cross cross-border failures.<sup>47</sup>

Additionally, a Holistic Framework Implementation (HFI) Forum was set up. The HFI Forum is a platform to exchange views on any policy, supervisory or operational issue that NCAs are confronted with when implementing the IAIS Holistic Framework for Systemic Risk in the Insurance Sector in their respective jurisdictions. Its basic aim is to increase coordination and harmonisation in the implementation of the Holistic Framework throughout the EU.

41 [https://www.eiopa.europa.eu/sites/default/files/financial\\_stability/insurance\\_stress\\_test/methodological-principles-liquidity.pdf](https://www.eiopa.europa.eu/sites/default/files/financial_stability/insurance_stress_test/methodological-principles-liquidity.pdf)

42 [https://www.eiopa.europa.eu/sites/default/files/financial\\_stability/thematic-article-impact-of-eu-wide-july-2021.pdf](https://www.eiopa.europa.eu/sites/default/files/financial_stability/thematic-article-impact-of-eu-wide-july-2021.pdf)

43 [https://www.eiopa.europa.eu/sites/default/files/financial\\_stability/insurance\\_stress\\_test/methodological\\_principles\\_of\\_insurance\\_stress\\_testing\\_-\\_climate\\_change\\_component.pdf](https://www.eiopa.europa.eu/sites/default/files/financial_stability/insurance_stress_test/methodological_principles_of_insurance_stress_testing_-_climate_change_component.pdf)

44 [https://www.eiopa.europa.eu/document-library/publication/sensitivity-analysis-of-climate-change-related-transition-risks\\_en](https://www.eiopa.europa.eu/document-library/publication/sensitivity-analysis-of-climate-change-related-transition-risks_en)

45 [https://www.eiopa.europa.eu/document-library/discussion-paper/discussion-paper-methodological-framework-stress-testing-iorps\\_en](https://www.eiopa.europa.eu/document-library/discussion-paper/discussion-paper-methodological-framework-stress-testing-iorps_en)

46 [https://ec.europa.eu/info/publications/210922-solvency-2-communication\\_en#documents](https://ec.europa.eu/info/publications/210922-solvency-2-communication_en#documents)

47 <https://www.eiopa.europa.eu/sites/default/files/publications/reports/eiopa-bos-21-394-failures-and-near-misses-database-report.pdf>



## CROSS-CUTTING THEMES



### SUSTAINABLE FINANCE AND CLIMATE CHANGE

EIOPA's achievements in the area of sustainable finance support the European Commission's Sustainable Finance

Agenda, including the Renewed Sustainable Finance Strategy, in striving for greater protection against climate and environmental risks through insurance coverage, and integrating sustainability risks in the prudential framework for insurers.



EIOPA's recent work addresses key issues of climate change-related risk for the insurance sector and continues to encourage insurers to play their role of enabling climate change mitigation and adaptation. As

large investors, insurers and pension funds should be well-placed to engage with business and also play an important stewardship role in a gradual transition to a more sustainable and resilient economy. As managers

of risks, insurers have a particular role in identifying and reflecting climate change and other sustainability risks. This includes considering how (re)insurance undertakings, through their investment and underwriting practices, can account for sustainability considerations. In this respect, in July 2021, EIOPA published a report investigating opportunity for (re)insurers, as risk managers and underwriters, to contribute to climate adaptation and mitigation, by supporting the insurability of climate change-related risks<sup>48</sup>. Through risk-based pricing, contractual terms, and underwriting strategy (re)insurers should consider implementing measures for climate change adaptation and/or mitigation. EIOPA aims to incentivise (re)insurers' efforts, consistently with actuarial risk-based principles, in taking a forward-looking approach to covering risks arising from climate change.

EIOPA is paying close attention to the insurance protection gap, which measures the difference between what is insured and potential economic losses. The more frequent and more severe natural catastrophes, as a result of climate change, risks causing a widening of the protection gap for natural catastrophes. A widening of the gap would have significant impact on households, businesses and the financial system. Hence, there is a strong need for concerted action. Insurers, working together with public authorities, can contribute to mitigate and adapt to climate change risks. There is also the need to share information so that commonly available data on natural catastrophes in Europe can be used to inform policy decisions. In sharing data related to exposure, vulnerability and economic loss, there is the potential to develop an open ecosystem to foster innovation in modelling and risk transfer solutions through insurance and capital markets.

Furthermore, EIOPA proposed methodological steps which support the need to formalise an approach to re-assess and, where needed, recalibrate parameters for the natural catastrophe risk module of the Solvency II standard formula on a regular basis<sup>49</sup>. The regular re-assessment or recalibration would integrate new considerations such as use of models, which explicitly consider climate change, as well as the possibility to include new countries. The paper also identifies the need to enhance the understanding on emerging perils such as wildfire or droughts. The methodology takes into account that the

frequency and severity of natural catastrophes is expected to increase due to climate change. The solvency capital requirements for natural catastrophe underwriting risk therefore need to reflect the expected impact of climate change to ensure the financial resilience of (re)insurers covering natural catastrophes.

In July 2021, EIOPA and ECB staff published a thematic article in the EIOPA Financial Stability Report on climate change, catastrophes and the macroeconomic benefits of insurance<sup>50</sup>. This article considers the protective role that insurance can play in mitigating the negative macroeconomic and welfare impact of catastrophes, and the interplay between climate change and insurance coverage. The article first develops a theoretical model of insurance, climate change, catastrophes and the macroeconomy as a basis for the analysis. Predictions from this model are then empirically tested to explore how insurance has mitigated the impact of catastrophes in the past. Finally, the authors used these empirical results to explore the potential future impact of catastrophes using a range of climate-change related scenarios.

In January 2021, EIOPA consulted on the draft Opinion on the supervision of the use of climate change scenarios in Own Risk and Solvency Assessment (ORSA). The consultation is a follow-up to the last year's Opinion on Sustainability within Solvency II<sup>51</sup>, which recommended that (re)insurers consider climate risks beyond the one-year time horizon through the system of governance, risk-management system and the ORSA.<sup>52</sup> In April 2021, EIOPA published an opinion on the supervision of the use of climate change risk scenarios in ORSA, setting out expectations on the supervision of the integration of climate change risk scenarios by insurers in their ORSA<sup>53</sup>.

In February 2021, EIOPA submitted to the European Commission its technical advice on key performance indicators under Article 8 of the Taxonomy Regulation<sup>54</sup>. EIOPA suggested requiring two most relevant key performance indicators (KPIs) on sustainability that depict the extent to which:

48 <https://www.eiopa.europa.eu/sites/default/files/publications/reports/report-impact-underwriting.pdf>

49 [https://www.eiopa.europa.eu/sites/default/files/publications/methodological\\_paper-potential-inclusion-of-climate-change-in-the-nat-cat-standard-formula.pdf](https://www.eiopa.europa.eu/sites/default/files/publications/methodological_paper-potential-inclusion-of-climate-change-in-the-nat-cat-standard-formula.pdf)

50 [https://www.eiopa.europa.eu/sites/default/files/financial\\_stability/thematic-article-climate-change-july-2021.pdf](https://www.eiopa.europa.eu/sites/default/files/financial_stability/thematic-article-climate-change-july-2021.pdf)

51 [https://www.eiopa.europa.eu/content/eiopa-issues-opinion-sustainability-within-solvency-ii\\_en](https://www.eiopa.europa.eu/content/eiopa-issues-opinion-sustainability-within-solvency-ii_en)

52 <https://www.eiopa.europa.eu/sites/default/files/publications/consultations/resolutions-table-cp-climate-scenarios-orsa.pdf>

53 <https://www.eiopa.europa.eu/sites/default/files/publications/opinions/opinion-on-climate-change-risk-scenarios-in-orsa.pdf>

54 <https://www.eiopa.europa.eu/sites/default/files/publications/advice/eiopa-21-184-sustainability-non-financial-reporting-advice-art8-taxonomy-regulation.pdf>



- › the insurer or reinsurer is funding or financing taxonomy-related economic activities in relation to total investments (KPI: proportion of the insurer's or reinsurer's 'investments' – in relation to 'total investments' – that are directed at funding, or are associated with, economic activities that qualify as environmentally sustainable).
- › the insurer or reinsurer carries out taxonomy-relevant economic activities – in relation to non-life gross premiums written (KPI: proportion of the non-life 'gross premiums written' - in relation to total non-life gross premiums written - corresponding to insurance activities identified as environmentally sustainable in the EU taxonomy).

## DIGITALISATION

Rapid technological developments are changing the way insurance and pension products are developed and the way consumers shop. These developments bring benefits to businesses and consumers, but can carry certain risks. This fast-changing landscape brings opportunities and challenges to supervisors. EIOPA keeps pace with different aspects of innovation to make sure that the regulatory and supervisory frameworks account for both the opportunities and risks that innovation brings. EIOPA proactively assesses these changes so that it and its members are ready to address impacts for insurance and pensions sectors.

In 2021, EIOPA published its digital transformation strategy to ensure a systematic, balanced and holistic approach to the technological transformation of the European insurance and pensions markets and their supervision that is currently underway.

EIOPA, together with the other ESAs, worked during 2021 on the Final Report answering the European Commission's February 2021 Call for Advice on digital finance and related issues: regulation and supervision of more fragmented or non-integrated value chains, platforms and bundling of various financial services, and risks of groups combining different activities.

EIOPA continues to follow closely the growing use of data and digitalisation to identify ways to better protect consumers without hindering innovation, including by continued engagement with the consultative Expert Group on Digital Ethics in insurance<sup>55</sup>. Leveraging on the cross-

<sup>55</sup> [https://www.eiopa.europa.eu/content/eiopa-establishes-consultative-expert-group-digital-ethics-insurance\\_en](https://www.eiopa.europa.eu/content/eiopa-establishes-consultative-expert-group-digital-ethics-insurance_en)

torial AI Ethical and Trustworthy guidelines developed by the Commission's High Level Expert Group on AI<sup>56</sup>, the Expert Group provided further guidance to stakeholders from the insurance sector on the responsible use of digital technologies in June 2021<sup>57</sup>.

Furthermore, EIOPA has started a broader discussion with different stakeholders on possible balanced, forward-looking and secure approaches to open insurance and its risks and benefits to the insurance industry, consumers and supervisors. This work is currently on-going and the analysis should consider potential benefits for the consumers (e.g. easier for consumers to compare offerings and switch providers), sector (increased efficiency) and its supervision (RegTech and SupTech; more effective and responsive oversight capabilities) if handled right. This also links to questions of interoperability and data availability. Moreover, in April 2021, EIOPA published a discussion paper exploring the benefits and risks arising from the use of blockchain and smart contracts for (re-)insurance undertakings and consumers, including assessing possible regulatory barriers preventing the deployment of this innovation<sup>58</sup>.

Regarding the digital resilience of the insurance sector EIOPA adopted Guidelines on information and communication technology (ICT) security and governance, which have been implemented as of 1 July 2021<sup>59</sup>. The objective of these Guidelines is to (i) provide clarification and transparency to market participants on the minimum expected information and cyber security capabilities; (ii) avoid potential regulatory arbitrage; (iii) foster supervisory convergence regarding the expectations and processes applicable in relation to ICT security and governance and focused on preparing the technical work needed for the implementation of the new legislative proposal on digital operational resilience act (DORA) which, once adopted, will aim to ensure that all participants in the financial system have the necessary safeguards in place to mitigate cyber-attacks and other risks.

<sup>56</sup> <https://ec.europa.eu/digital-single-market/en/news/ethics-guidelines-trustworthy-ai>

<sup>57</sup> <https://www.eiopa.europa.eu/sites/default/files/publications/reports/eiopa-ai-governance-principles-june-2021.pdf>

<sup>58</sup> <https://www.eiopa.europa.eu/document-library/consultation/discussion-paper-blockchain-and-smart-contracts-insurance>

<sup>59</sup> [https://www.eiopa.europa.eu/sites/default/files/publications/eiopa\\_guidelines/eiopa-bos-20-600-guidelines-ict-security-and-governance.pdf](https://www.eiopa.europa.eu/sites/default/files/publications/eiopa_guidelines/eiopa-bos-20-600-guidelines-ict-security-and-governance.pdf)

EIOPA chaired the European Forum for Innovation Facilitators (EFIF)<sup>60</sup> until summer 2021. Under EIOPA's chairmanship, EFIF members have *inter alia* shared updates on developments in the field of innovation hubs and regulatory sandboxes, discussed perceptions around the role of FinTech in responding to the COVID-19 crisis and impact of the crisis on the FinTech industry. Furthermore, thematic discussions about various topics in the broad field of digitalisation have been organised by EIOPA (for example on 'Platformisation', 'RegTech' and 'Blockchain'). In order to enhance the visibility of the EFIF internationally and to benefit from experiences gathered worldwide, EI-

OPA engaged with the Monetary Authority of Singapore, the Australian Securities and Investments Commission and the UK Financial Conduct Authority. In close cooperation with the other two European Supervisory Authorities and the European Commission, EIOPA led the EFIF work on the development of a procedural framework for cross-border testing in the EU. As next steps, parts of the framework are expected to be integrated in the EU Digital Finance Platform, following a cross-border testing in the EU. Finally, EIOPA participated actively in the IAIS Fintech Forum and assumes the IAIS FinTech Champion role from the end of 2021.

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60 The EFIF provides a platform for European supervisors to meet regularly to share experiences from engagement with firms through innovation facilitators (regulatory sandboxes and innovation hubs), to share technological expertise, and to reach common views on the regulatory treatment of innovative products, services and business models.

## ENGAGING WITH STAKEHOLDERS



### ENGAGING WITH STAKEHOLDERS

EIOPA acts as an independent advisory authority and has a strong accountability framework in place, being accountable to the European Parliament and the Council. Moreover, EIOPA maintains strong relations with other European institutions such as the European Commission, ECB, ESRB, SSM, SRM, as well as EBA and ESMA.

EIOPA relies on a constructive and continuous engagement with stakeholders, in particular consumer organisations and industry representatives. In line with its mandate, EIOPA solicits its two stakeholder groups<sup>61</sup> – the Insurance and Reinsurance Stakeholder Group (IRSG) and the Occupational Pensions Stakeholder Group (OPSG) – for consultation on initiatives concerning: technical standards and their implementation, guidelines, recommendations, peer reviews, convergence tools, or assessments of market developments. Members of the stakeholder groups may also submit opinions and advice to EIOPA on any issue related to its tasks. The IRSG and OPSG have each 30 members, which were renewed in 2020.

61 [https://www.eiopa.europa.eu/about/working-stakeholders\\_en](https://www.eiopa.europa.eu/about/working-stakeholders_en)

To ensure active and comprehensive engagement with stakeholders on a particular subject, EIOPA organises roundtable events, seminar or similar outreach activities. In addition, EIOPA engages with consumer groups, industry, academics and students through speaking engagements and visits. A record of visitors and meetings is published on the Authority's website<sup>62</sup>.

In total, EIOPA staff conducted 167 speaking engagements and engaged in 135 visits.

### JOINT COMMITTEE

The Joint Committee is a forum with the objective of strengthening cooperation between EIOPA, the European Banking Authority (EBA), and the European Securities and Markets Authority (ESMA). Through the Joint Committee, the three ESAs coordinate their supervisory activities in the scope of their respective responsibilities regularly and closely and ensure consistency in their practices.

Find out more about the Joint Committee's activities in 2021 in the [Annual Report](#).

### COOPERATION AT A EUROPEAN LEVEL

EIOPA is an independent advisory authority and has a strong accountability and transparency framework in place, being accountable to the European Parliament and the Council of Ministers. EIOPA in its capacity as advisory authority interacts closely with the European Commission, the European Parliament as well as the Council of Ministers providing advice in its area of competence. Moreover, EIOPA maintains strong relations with other European institutions such as the ECB, the ESRB, the SSM, the SRM, the EBA and ESMA. EIOPA is furthermore member of the EU Agencies Network.

62 [https://www.eiopa.europa.eu/about/accountability-and-transparency/record-of-meetings\\_en](https://www.eiopa.europa.eu/about/accountability-and-transparency/record-of-meetings_en)

# MANAGEMENT

## BOARD OF SUPERVISORS

The Board of Supervisors (BoS) is EIOPA's main decision-making body and guides the work of the authority.

Further to EIOPA's Chairperson, the Board of Supervisors is composed of the heads of the national public authorities of the EU and the EEA-EFTA countries, competent for the supervision of financial institutions in the fields of insurance and pensions, representatives of the European Commission, the European Systemic Risk Board, the European Banking Authority, the European Securities Markets Authority, the European Free Trade Association Surveillance Authority, and where applicable, representatives of consumer protection authorities and observers. EIOPA's Executive Director also participates in the meetings of the Board of Supervisors.

The main tasks of the BoS are the adoption of draft technical standards, guidelines, recommendations and opinions, as well as the issuance of advice to the EU institutions.

In 2021 the BoS met 6 times.

## MANAGEMENT BOARD

The Management Board (MB) ensures that EIOPA carries out its mission and performs the tasks assigned to it. It is composed of EIOPA's Chairman and six other members of the Board of Supervisors, elected by and from among the Voting Members of the Board of Supervisors. The Alternate Chairman and the Executive Director of EIOPA participate in the meetings of the Management Board without the right to vote. In accordance with EIOPA's regulation, the Executive Director also has an important role preparing the work of the Management Board. The meetings are also attended by a representative of the European Commission, who has a right to vote only on budget issues. The term of office of members of the Management Board is two and a half years, and it can be renewed once.

### INFORMATION BOX



#### MANAGEMENT BOARD MEMBERS AS OF 31 DECEMBER 2021

- Petra Hielkema – EIOPA Chair
- Zuzana Silberova – Czech National Bank, Czech Republic
- Patrick Montagner - Autorité de Contrôle Prudentiel et de Résolution, France
- Frank Grund - Federal Financial Supervisory Authority (BaFin), Germany
- Alberto Corinti - Istituto per la Vigilanza sulle Assicurazioni (IVASS), Italy
- Åsa Larson - Finansinspektionen, Sweden
- Else Bos - De Nederlandsche Bank (DNB), The Netherlands

The Management Board meets at least five times a year, always before every regular meeting of the Board of Supervisors, and as often as it is deemed necessary. In 2021, the Management Board met 5 times. The Management Board played a key strategic role in planning, budget and assurance, and steered the revisions of EIOPA's Annual Work Programmes and development of the Draft Single Programming Document 2022-2024 and 2023-2025. To support the Management Board's role monitoring the budget planning process and allocation of human and financial resources, it received regular updates on EIOPA's tasks and activities.

## MAJOR DEVELOPMENTS

2021 continued under the influence of COVID-19 pandemic, which reflected on EIOPA's core business activi-

ties and on organisational measures put in place towards EIOPA's staff, visitors and Board members to contribute to contain the spread of the epidemic and thus also ensure business continuity. EIOPA continued applying different precautionary measures, among which all physical events and meetings took place exclusively remotely and all staff travels had been suspended.

The composition of the Board of Appeal of the ESAs was renewed in December 2021<sup>63</sup>. The renewal concerned five members and five alternates whose term will run until 30 November 2026, renewable once. Michele Siri was appointed President of the Board of Appeal.

## BUDGETARY AND FINANCIAL MANAGEMENT

On 28 January 2021, the Board of Supervisors adopted the 2021 budget for a total of EUR 32,885,305. The authority signed an administrative agreement with DG REFORM, which increased the budget by EUR 271,000 and led to a first budget amendment on 7 June 2021. In December 2021, a second and final budget amendment was adopted by the BoS, which reduced the budget by EUR -316 679 to a total of EUR 32,839,625.64 to address the excess of Pension Contribution paid by EFTA Countries and Member States. The below text will only refer to the amended budget.

For the EIOPA budget the European Union grants EIOPA a subsidy of 40%. The remaining 60% are contributions from the Member States. The individual Member States contributions are calculated according to the weighting of votes set out in Article 3(3) of the Protocol (No 36) on transitional provisions. EFTA states pay their contributions according to the weighting factor on the top of the Member States contributions. With effect from 2022 the European Free Trade association (EFTA) states contributions will be calculated as part of the Member States contributions. In addition, since 2016 the Member States and EFTA states pay the 'employers contributions to the EU pensions' scheme in accordance with Article 83a of the Staff Regulations. Any surplus (n-2, i.e. from two years before) will be set against the contributions due according to the above model and therefore, reduces the relevant contributions.

63 <https://www.eiopa.europa.eu/media/news/esas-renew-their-board-of-appeal>

EIOPA's 2021 budget included the following contributions: EUR 18,210,900 from NCAs, EUR 563,805 from EFTA countries, and EUR 12,140,600 from the European Commission EUR 1,483,320 for pension contribution and EUR 441,000 through administrative agreements with DG REFORM.

The initial adopted 2021 budget and the amended EIOPA budget 2021 can be viewed in the Annex III.

A total of eight budget transfer operations were executed to accommodate budgetary needs throughout 2021.

In 2021, 97.21% of the credits carried forward from 2020 were consumed. The carry forward concerns services and products ordered in 2020 which were invoiced and paid in 2021. More information on the carry forward can be viewed in the Annex III.

In 2021, EIOPA managed successfully three (or 8% of all procedures) open procurement procedures, one (or 3% of all procedures) competitive procedure with negotiation, eight (or 22 % of all procedures) negotiated procedures without prior publication of a contract notice; three (or 8 % of all procedures) negotiated procedures for middle value contracts and one (or 3% of all procedures) negotiated procedures for a low value contract. In addition, seventeen (or 46 % of all procedures) negotiated procedures for very low value contracts (single tenders) and four (or 11 % of all procedures) re-opening of completion under the framework contract were completed. Furthermore, twenty-one direct and framework contracts were concluded; hundred thirty two specific contracts and order forms (under existing framework contracts); sixteen purchase orders; twenty-three memoranda of understanding and service level agreements; three price revisions (under a framework contract) and twenty nine amendments of existing contracts were signed.

## DELEGATION AND SUB-DELEGATION

The "Charter of tasks and responsibilities of authorising officers by delegation" has been drawn up in accordance with the provisions of the Staff Regulations, the Conditions of Employment of Other Servants, the Financial Regulation, and identifies the tasks entrusted to authorising officers by delegation, their rights and duties and the responsibilities they assume in their capacity as authorising officers by delegation.

EIOPA's Financial Circuits, updated in March 2020, details all the budget lines and thresholds that the Authorising Officers by delegation are appointed to authorise. In line with the Financial Circuits, the Executive Director shall execute the authorising officer function and can authorise all transactions on all budget lines. The Heads of Departments can be the authorising officer by delegation for all appropriations and transactions below or equal to EUR 139,000 on all budget lines, The Heads of Units of the Information Technology, Human Resources, Finance and Corporate Services can be the authorising officers by delegation for all appropriations and transactions below or equal to EUR 60,000 on all budget lines. The Budget Officer can be the authorising officer by delegation for all appropriations and transactions below or equal EUR 60,000 for the budget lines related to administrative and operational missions. In case on absence of the Executive Director, for operational needs and in order to ensure business continuity of service the authority to approve commitments and transactions for all appropriations with no ceiling can be delegated by the Executive Director to Heads of Departments or Heads of Units, including one Head of Department as permanent delegation.

## HUMAN RESOURCES MANAGEMENT

In 2021, the continuation and uncertainty due to COVID-19, working remotely, the restrictions in movement and recruitment being done remotely, the focus has been to have the right profiles to ensure continued delivery of the mandate; and the fulfilment of the Establishment Plan to 99% was achieved. However, there was a substantial increase of rejected offered letters due to the uncertainty with regard to the future flexible working arrangements, in particular teleworking, that the Agency can provide. EIOPA continued integrating newcomers throughout the year with specific induction sessions and providing the necessary support to join the agency remotely.

Staff and management alike have been provided with dedicated training to deal with the new working situation at their best. In particular, enhancing the leadership and management skills of the management team when dealing with hybrid teams and remote working have been at the core of their training in 2021 and form part of the mindful leadership program.

Further implementation of SYSPER as the e-HR management system has been achieved with the roll out of

different modules for staff to have access to personal data. In addition, an on-boarding tool has been developed and rolled out facilitating the on-boarding of new staff, managing internal movements and overall enhancing efficiency.

The selection procedure to recruit the new Chairperson launched in December 2020 was finalised in May 2021 with the appointment by the Council of Petra Hielkema as EIOPA Chairperson.

## DIVERSITY AND INCLUSION

In the area of diversity and inclusion, EIOPA has adopted its Diversity and Inclusion Strategy and detailed Action Plan. The strategy reflects EIOPA's vision to be a credible supervisory authority within the European System of Financial Supervision, going well beyond ensuring compliance with non-discrimination and equality rules. EIOPA values individual differences and commits to a pro-active diversity management approach seeking to create a truly diverse working environment and an inclusive culture in which everyone feels valued and accepted. Initiatives as part of the strategy include the adoption of the EUAN Charter on Diversity and Inclusion and actions covering cross-cutting measures such as: collaborating with EU Commission, EUAN and other institutions; attracting and selecting a more diverse workforce; preventing discrimination, harassment, conscious and unconscious bias; ensuring flexible working environment; ensuring fair and equitable career, learning and development opportunities; awareness raising on diversity and inclusion; monitoring diversity and inclusion related data, as well as targeted measures with regard to specific groups: gender equality; persons with disabilities and staff with disabled dependants; Lesbian, Gay, Bisexual, Transgender, Intersex, Questioning/Queer (LGBTIQ+); and underrepresented age groups among staff. EIOPA also took steps to raise the profile of insurance and pensions as a rewarding career choice for women, in particular as women leaders are under-represented in the sector. To this end, EIOPA published a series of profiles of women in leadership roles during the course of 2021.

Further, when visiting national competent authorities, EIOPA staff/Chairperson will find opportunities to meet with women in finance groups. Finally, in assessing participation in speaking engagements (panels, conferences), EIOPA has started to consider the diversity of speakers as decision-making factor. This approach will be incorporated into the review of the policy on speaking engagements.

## STRATEGY FOR EFFICIENCY GAINS

In line with its commitment to ensure the responsible use of resources, EIOPA has established a strategy to capitalise on opportunities through cost sharing, improving processes and by investing in technology. Such measures have allowed the Authority to increase year-on-year both the quality and quantity of its work at a pace that out-matches its growth in resources. They have also made it possible to adapt to new demands and changing circumstances, including the move from regulation to supervision and the COVID-19 crisis. Resources are being shifted to the strategically important areas of supervision, digitalisation, sustainability and financial stability.

The strategy that EIOPA applies to achieve efficiency gains is founded on the following components:

**Resource planning and prioritisation** – In 2021, EIOPA introduced initiatives for streamlining the prioritisation of its activities and resources (both internal and while being conscious of NCA resource impact) as part of the regular planning cycle, an essential step in realising efficiency gains and enabling a dynamic (re)deployment of resources based on needs. Additionally, EIOPA increased its focus on Activity Based Management, aiming to integrate planning, monitoring and performance management methods and tools. Furthermore, EIOPA enhanced its strategic and corporate planning activities, starting with its Multi-Annual Programming revision, in order to articulate in better way the Authority's strategic ambitions. A revision of the KPIs focused on results and impact rather than outputs and activities as well as links to political priorities in financial markets.

**Integrated talent management** – In 2021, EIOPA further enhanced its Integrated Talent Management System that allows for strategically aligned HR processes, better sourcing of candidates and more leveraged learning and development. The system also helps to preserve institutional knowledge, expertise and the accrued efficiency in executing core tasks. EIOPA continued to implement targeted recruitment reaching out to very technical profiles and continued exchange initiatives of staff with NCAs, ESAs and ECB to acquire certain competences, further promote skills development and exchange of best practices. Furthermore, EIOPA worked on an adjusted working model that balances physical presence and remote working.

**Business process review, service optimisation and capitalising on shared services** – EIOPA continued its business process optimisation initiatives, automatizing and

streamlining business processes. It is capitalising on shared services as per the Data & IT strategy, thereby increasing internal and external productivity through the reuse of digital solutions. EIOPA continued to review its processes, identifying opportunities to remove redundant steps and exploit new technologies. Examples include projects to foster efficient collaboration with NCAs and stakeholders on EIOPA's Extranet as well as solutions to streamline day-to-day processes such as Q&A and written BoS procedures. Additionally, significant work was carried out to modernise and secure staff equipment to prepare for flexible working arrangements once COVID-19 restrictions are lifted.

**Data & IT strategy and digital solutions** – A major new initiative in 2021 was the development of EIOPA's Cloud Strategy in close collaboration with the EBA, ESMA, EIOPA's Members and the European Commission. Important first steps were taken to jointly prepare procurement for the transition from the existing infrastructure to the Commission's cloud framework in 2023. The Central Repository data warehouse continued to be one of the most important business systems developed and maintained by the IT Unit. The system was successfully updated in 2021 to accommodate the latest XBRL taxonomies. Additionally, in line with an approved business case for EIOPA's "BI 2.0" programme, a major IT project was closed successfully to build the technical foundations for the migration to Microsoft Power BI. In preparation for the regulatory deadline in March 2022, projects were run to build a PEPP register and a collaboration platform for NCAs together with internal and external business partners.

## ASSESSMENT AND FOLLOW-UP OF AUDITS AND EVALUATIONS

EIOPA has put in place arrangements to ensure that all recommendations made by the Internal Audit Service (IAS) of the European Commission, European Court of Auditors (ECA) and the Discharge Authority are timely and adequately addressed through dedicated action plans and this within the agreed deadlines or in case no specific target date is specified the latest within twelve months after the communication of the recommendation (internal EIOPA KPI).

### INTERNAL AUDIT SERVICE

EIOPA is audited annually by its Internal Auditor, i.e. the European Commission's Internal Audit Service. In 2021 the



IAS performed an audit of the 'EIOPA Intervention Measures'. The objective of the audit is to assess the design and the effectiveness and efficiency of the management and control systems put in place by EIOPA in order to carry out its tasks related to the intervention measures targeting the NCA and the market operators in the EU insurance and occupational pensions sectors. The Authority is empowered to take such measures in order to protect the stability of the financial markets, to promote harmonised supervision and consistent supervisory action, and to protect consumers against unethical marketing methods and business models. The IAS is currently still conducting the audit exercise and is planned to conclude by the end of June 2022.

From past audits, EIOPA continued in 2021 to address the remaining recommendations from the audit on the 'Oversight Tools in the Consumer Protection Area' (2019-2020). This audit resulted in four recommendations which EIOPA has been addressed as follows:

- two recommendations were officially closed by the IAS in November 2021;
- two recommendations were completed by EIOPA and are currently being evaluated by the IAS.

The selected IAS audit topic for 2022 is 'EIOPA Procurement and Contract Management'.

## QUALITY CONTROL COMMITTEE

The Quality Control Committee (QCC) supports the work of the Management Board by overseeing and assessing the appropriate implementation of the internal procedures and decisions at EIOPA. It works independently from the Internal Audit that evaluates the effectiveness of EIOPA's risk management, control and governance processes. In 2021 the QCC's main focus was on the review of the 'functionality of EIOPA's Website (public area and extranet)'. The final review report was approved by the Management Board in September, followed by EIOPA developing and executing an action plan addressing the different recommendations. This implementing is ongoing. The review theme for 2022 is "Lessons learnt from the cooperation and interaction between EIOPA and the NCAs during the COVID-19 pandemic".

## EUROPEAN COURT OF AUDITORS

EIOPA is audited every year by the external auditor, the European Court of Auditors. The audit provides a Statement of Assurance regarding the reliability of the accounts of the Agency and the legality and regularity of

the transactions underlying them. In addition, an independent external auditor verifies the income, expenditure and financial position of EIOPA.

The ECA audit over the financial 2021 accounts started in October and the final report is expected to be received in Q3 2022.

The audit report on the EIOPA 2020 accounts was adopted by the Court on 21 September 2021. **The Court's statement of assurance provided to the European Parliament and the Council regarding the reliability of the accounts and the legality and regularity of the transactions underlying the accounts is the following:**

### **"Opinion on the reliability of the accounts 2020**

*In our opinion, the accounts of the Agency for the year ended 31 December 2020 present fairly, in all material respects, the financial position of the Agency at 31 December 2020, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.*

### **Legality and regularity of the transactions underlying the accounts**

*In our opinion, revenue and payments underlying the accounts for the year ended 31 December 2020 are legal and regular in all material respects.*

### **Opinion on the legality and regularity of payments underlying the accounts**

*In our opinion, the payments underlying the accounts for the year ended 31 December 2020 are legal and regular in all material respects. "*

In 2021 EIOPA also followed up on the open audit actions from previous years, for which the implementation status is as described below.

### **Provision of online training (audit 2020)**

In 2020 EIOPA amended a contract for in-house training services to allow on-line trainings to be given during the extraordinary COVID-19 remote working context that was considered by EIOPA as a 'force majeure'. ECA issued a finding as this contract amendment constituted new conditions, which could have potentially attracted additional bidders without any geographical limitation imposed by

the need for training to take place in person. EIOPA took corrective actions and launched a procurement for online training services which was successfully completed in September 2021.

Status on 1 March 2022: EIOPA has addressed the recommendation; it is being assessed for formal closure by ECA.

#### **Late interest not applied to the contributions from the NCAs (audit 2020)**

ECA noted that EIOPA did not request late interest payments to NCAs who paid their 2020 budgetary contribution to the EIOPA budget after the due date. As a follow up EIOPA implemented corrective measures applying late interest as of 2021.

Status on 1 March 2022: EIOPA has addressed the recommendation; it is being assessed for formal closure by ECA.

#### **Ex-ante and ex-post control for the SNEs costs (audit 2020)**

ECA raised in 2020 a finding related to EIOPA's ex-ante and ex-post verification of the amounts reimbursed to the NCAs for their seconded national experts. As a follow up EIOPA enhanced its controls in relation to the SNE agreements.

Status on 1 March 2022: EIOPA has addressed the recommendation; it is being assessed for formal closure by ECA.

#### **Budget documentation (audit 2019)**

In 2019 ECA found that EIOPA's budget documentation describing how the contributions from EU, NCAs and EFTA Members' NCAs were calculated had to be improved. To address ECA's comment, EIOPA provided a more detailed explanation in the 2021-2023 and next Single Programming Documents, as well in the Consolidated Annual Activity Reports.

Status on 1 March 2022: EIOPA has addressed the recommendation; it is being assessed for formal closure by ECA.

#### **Ratio of contributions to EIOPA budget (audit 2019)**

EIOPA's budget is financed by NCAs and by the EU itself, with a ratio of contributions of 60 % for the NCAs and of 40 % for the EU each year. ECA recommended to adjust the calculation method as the actual ratio used by EIOPA had been differently applied over the years, because of the

contributions of the EFTA NCAs. EIOPA followed the advice received by ECA: the Single Programming document of 2021-2023 and following years reflect the adjusted ratio.

Status on 1 March 2022: EIOPA has addressed the recommendation; it is being assessed for formal closure by ECA.

#### **Interim workers employment conditions (audit 2018)**

ECA made a finding related to the engagement of interim workers, who should work under the same working as agency employees, in line with European and national labour law. While EIOPA addressed the finding in 2018, it was formally kept open awaiting for the judgement of a pending case before the CJEU, addressing questions concerning the application of Directive 2008/104/EC of 19 November 2008 on temporary agency work which could have an impact on EU agencies as well. The Court Judgement was made public by the end of 2021 and EIOPA's assessment is that the agency is compliant to all the applicable rules.

Status on 1 March 2022: EIOPA has addressed the recommendation; it is being assessed for formal closure by ECA.

## **FOLLOW-UP ON DISCHARGE**

On 28 April 2021, the European Parliament granted EIOPA the Discharge 2019 and approved the closure of its annual accounts (2020/2175(DEC)). In reply to the Discharge Authority, the EIOPA Board of Supervisors adopted its Opinion and informed accordingly the European Parliament on 3 August 2021 on the measures taken to address any possible deficiency or uncertainty raised during the discharge exercise<sup>64</sup>.

## **ENVIRONMENTAL MANAGEMENT**

EIOPA aims to improve its environmental performance and lower the impact of its operations on the environment. In line with the European Court of Auditors' recommendation to all EU institutions and bodies, the Authority is implementing EMAS. With the assistance of external consultants, an environmental aspects register detailing EIOPA's key environmental impacts has been established and an initial action plan has been created. The develop-

64 <https://www.eiopa.europa.eu/sites/default/files/publications/administrative/opinion-observations-onep-discharge-2019.pdf>

ment and implementation of EIOPA's environmental management system is ongoing. In 2021, the Authority finalised the establishment of its environmental management system and started running related management processes in alignment with EMAS standards. The registration for EMAS certification is indicatively planned for 2022.

In the context of the COVID-19 pandemic, EIOPA reviewed its multiannual environmental targets and has formulated the ambition to reduce its number of on-site meetings and missions by 35% as of 2022. This would imply to reduce the number of on-site meetings with external participants from 300-400 in previous years to around 250 meetings per year. Similarly, the total number of missions is planned to be reduced from 655 approved in 2019 to approximately 425 in future years.

EIOPA has joined an inter-institutional procurement procedure for carbon off-setting. As of 2022, the Authority plans to offset ca. 250-300 tons of carbon emissions per year related to organisational activities whose environmental impact cannot be further reduced, i.e. essential business travel.

As EIOPA does not own and operate its own building and facilities but instead occupies rented office space, the scope for building related environmental improvements is comparatively limited. However, the Westhafen Tower in Frankfurt, which houses all of EIOPA's offices, adheres to very advanced sustainability and environmental standards, as accredited by the building's Leadership in Energy and Environmental Design Gold certification. In addition, EIOPA maintains regular exchanges with the landlord to identify and pursue opportunities for the further environmental improvement of the building infrastructure, especially upgrading automation systems for lights, blinds, heating and cooling.

Within the remit of EIOPA's own office, facility and staff policies and processes, the Authority has already implemented several actions to reduce the impact of its administrative operations on the environment, and is pursuing others. Examples include the following:

- Reduced paper use by implementing e-workflows for most financial transactions;
- Planned digitalisation of further work processes and awareness campaigns to change staff behaviour;
- EIOPA's travel policy encourages staff to use the train for distances of 400 km or less, one way;
- EIOPA's meeting room and audio-visual facilities have been upgraded to promote and facilitate the increased use of videoconferencing instead of travelling;
- Staff training on the effective use of web conferencing tools has been conducted;
- For on-site catering, EIOPA puts increasing emphasis on local produce and offering a greater variety of vegetarian options;
- EIOPA has adopted a sustainable public procurement approach and has already trained all interested staff.

## MANAGEMENT ASSESSMENT

The building blocks of management assurance at EIOPA consist of several core elements. These are rooted in the implementation of the Internal Control Standards and continued strong management oversight of both operational and horizontal activities, and adherence to principles such as sound financial management. Regular reviews by EIOPA's Internal Control Coordinator and audits of EIOPA by the Internal Audit Service, the EIOPA Quality Control Committee and the European Court of Auditors provide impartial and thorough reviews of these measures, and are a further element of management assurance.

The Authority has adopted a set of internal control principles, based on international good practices, aimed to ensure the achievement of operational and administrative objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these principles. EIOPA has assessed the internal control system during the reporting year and has concluded that the internal control components and principles are implemented and functioning, with some improvements needed (see the chapter below on the Internal Control System).

In addition, EIOPA has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the Internal Audit Service, the European Court of Auditors, and the Quality Control Committee and audit firms. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives.

Overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. With this framework in place, EIOPA is confident there are no significant weaknesses that would create reservations or impact on the validity on the Declaration of Assurance.

## INTERNAL CONTROL SYSTEM

### EFFECTIVENESS OF INTERNAL CONTROL FRAMEWORK (ICF)

EIOPA's current Internal Control Framework was adopted by the Management Board in November 2018 and is applicable since January 2019. The framework consists of five internal control components and 17 principles which are further developed in 49 characteristics. The framework has been developed in line with the European Commission guidance and it follows the COSO<sup>65</sup> model.

The monitoring cycle of EIOPA's internal control system is based on ongoing activities and specific periodical assessments. The deficiencies identified in the context of the monitoring activities are important elements taken into account in the overall assessment of the presence and functioning of the internal control system. For the reporting year 2021, there are no major or critical risks identified that could affect EIOPA in achieving its objectives. **All the components and principles are present and functioning, with some improvements needed.**

The following represent the main areas for improvements, which will be addressed in 2022 by concrete actions:

- Business continuity: to review and update plans; perform tests;
- Process management: to strengthen agility, efficiency and clarity;
- Training, awareness: to streamline the activities, in particular business continuity, internal control and security.

### CORPORATE RISK MANAGEMENT

#### Major Risk Areas

During the course of 2021, EIOPA identified, monitored and took measures to mitigate the effects of the following risks:

- Not having sufficient capacity to implement new powers and tasks, whilst delivering existing commitments;
- Lack of skilled staff with the required competences due to issues related to attractiveness and recruitment;
- Cyber security threats.

To mitigate the impacts of these risks, EIOPA applied impact assessment of every new task, pro-actively engaging with its Boards and the EU institutions in order to support the legislator in informed decision-making through strategic discussions on developments in the external environment and the impact on EIOPA resources. Furthermore, the Authority continued to apply resource planning and prioritisation measures, ensuring that available resources are focused on delivering the greatest benefit.

Additionally, EIOPA continued its business process optimisation initiatives, automating and streamline business processes, capitalising on shared services and Data & IT strategy and digital solutions thus increasing internal and external productivity through the use of digital solutions.

Furthermore, EIOPA continued its efforts towards branding the Authority as an attractive employer, that includes a modern working environment and strong talent management provisions.

Lastly, on the cyber security front, EIOPA strengthened its organisational measures, with a focus on awareness, technical infrastructure, vulnerability assessments and testing.

#### Risk management process

EIOPA's risk management process is intended to systematically identify and assess potential risk events and then plan and, if required, implement responses to them. Such events can originate from within the Authority or be driven by external forces. The likelihood of an event occurring and the impact of its consequences on an objective should it occur will vary. This variance is discussed in terms of risk exposure.

65 <https://www.coso.org/Pages/default.aspx>

The aim of the process is to provide Executive Director and Management Team with an overview of the aggregated risks, and in particular to allow the management to focus on those with a potential material impact on its work programme and wider operations, and to offer responses to mitigate and overcome risks as they occur. Based on the level of negative exposure, EIOPA considers steps to prevent the event from happening (if within its power), avoid it or mitigate the negative consequences. Staff at all levels of the Authority are asked to consider risks in their work, assess them using a standardised scale and then consider appropriate and proportionate responses, escalating material risks to management when needed. Such an approach is essential, and will aid the management as it oversees implementation of an ambitious work programme.

EIOPA's risk management process is in line with internal control principle No 7, which defines how risks should be managed to assure the achievement of the institutional objectives.

Following the initiative of the European Commission, EIOPA in cooperation with DG FISMA and the other European Supervisory Authorities, conducted a peer risk assessment in order to identify the most important strategic risks in a "cluster" approach, in an effort to better inform the Commission's own risk assessment.

Lastly, in 2021, EIOPA introduced improvements to its risk management process aiming to better integrate into the planning and reporting processes, quarterly monitoring activities and streamlining of all risk registers.

### Anti-Fraud

In 2021, EIOPA conducted a review of what it had achieved with its previous anti-fraud strategies and an assessment of the threats from fraud it is likely to face over the next three years. This informed the definition of EIOPA's Anti-Fraud Strategy 2022-2024 based on the following four objectives:

1. **Prevent:** denying opportunities through reliant processes and systems; and building on EIOPA's anti-fraud culture;
2. **Detect and investigate:** enhancing EIOPA's capability to detect irregularities across its processes; and being ready to support investigations by the appropriate authorities;
3. **Recover, mitigate and impose sanctions:** taking measures to recoup losses; managing the risks relat-

ed to any act of fraud; and providing an appropriate response for those found to have perpetrated an act of fraud;

4. **Exploit:** learning lessons from incidents to help harden processes against fraud; and ensuring EIOPA staff are aware of the consequences of committing fraud.

EIOPA will focus the balance of its effort on preventing fraud. We will continue to review, update and automate processes to enhance managerial oversight and engage in ongoing communication with staff so that there is clarity on their obligations and responsibilities. EIOPA will also continue to maintain measures to address ethics and conflicts of interest and encourage staff to make use of existing channels to report any concerns (i.e. whistleblowing).

In view of the in-depth review in 2021 of EIOPA's anti-fraud strategy, the anti-fraud project deliverables for 2021 were delayed to 2022. They will be part of a dedicated anti-fraud action plan for 2022-2024, in line with the renewed strategy.

### ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL FRAMEWORK (ICF)

EIOPA's internal control monitoring and evaluation cycle includes both ongoing (continuous) and annual (periodical) assessments.

In reference to the continuous monitoring, the following control activities were performed during the reporting year and the results were integrated in the annual assessment:

- ABAC (EIOPA's financial system) verification of access rights;
- Ex-post verification of financial transactions;
- Ex-post verification of HR operations;
- Management and reporting of the exceptions and non-compliances;
- Sensitive functions review;
- Monitoring of action plans resulting from the audits.

The annual assessment of the internal control system of EIOPA is based on a methodology which compasses the results of the continuous control activities, a set of indicators measured individually or via staff survey and the audits results. **The assessment has concluded that all**

**the components and principles are implemented and function, with some improvements needed.**

In conclusion, based on the above-mentioned control sources, no significant weakness has been unveiled which could have a material impact on EIOPA achieving its objectives. Therefore, the assessment concluded that the internal control system implemented by the Authority provides sufficient assurance to the adequate management of EIOPA's operations

## COST & BENEFITS OF CONTROLS

Control activities ensure that risks related to the achievement of the organisation's objectives are mitigated at all levels. Consequently they include a variety of checks and approaches to mitigate risks, through manual and automated controls, both preventive and detective.

To be cost-effective, EIOPA's controls are designed to strike the right balance between effectiveness, efficiency and economy. Having this in mind and following the guidance from the European Commission, EIOPA has run for

the first time an assessment of the cost-effectiveness of its controls for the year 2021.

EIOPA has calculated the costs of staff members involved in the ex-ante and ex-post activities related to financial management as well as to more horizontal control tasks such as budget management, planning, evaluation, anti-fraud, data protection, ethics, risk management and internal control.

In 2021, EIOPA allocated approximately 7.47 FTEs for control activities, which together with other direct costs amounts to 1.98% of the 2021 total budget.

Based on the above, and given the overall conclusion on the maturity of the internal control system at EIOPA, i.e. the system is present and functioning with some improvements needed, EIOPA has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls.

The calculation method will be refined in 2022, being the second year of application.

## STATEMENT OF THE INTERNAL CONTROL COORDINATOR AND RISK MANAGER

I declare that I have reported my advice and recommendations on the overall state of internal control and risk management in EIOPA to the Executive Director and to the Management Board.

I hereby certify that the completeness and reliability of management reporting on the state of internal control and risk management is to the best of my knowledge, accurate, reliable and complete.

Danny Janssen

Internal Control Coordinator and Risk Manager

[Signed]



## DECLARATION OF ASSURANCE

I, the undersigned,

Fausto Parente, Executive Director of EIOPA, in my capacity as Authorising Officer,

- › declare that the information contained in this Consolidated Annual Activity Report 2021 gives a true and fair view;
- › state that I have reasonable assurance that the resources assigned to the activities described in this report were used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures in place are effective, efficient and provide the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal as presented in this report, including:

- › results of the annual internal control self-assessment, including audits recommendations and implementation of the measures to address the weaknesses identified, exceptions management, ex-ante and ex-post controls;
- › the progress and follow-up of risk management activities;
- › the recommendations of the Internal Audit Service, the accompanying action plans and their follow-up; and,
- › the lessons learnt from the reports of the Court of Auditors for the years prior to the year of this declaration.

I confirm that I am not aware of anything not reported here which could harm the interests of the authority.

Fausto Parente

[Signed]

# ANNEXES

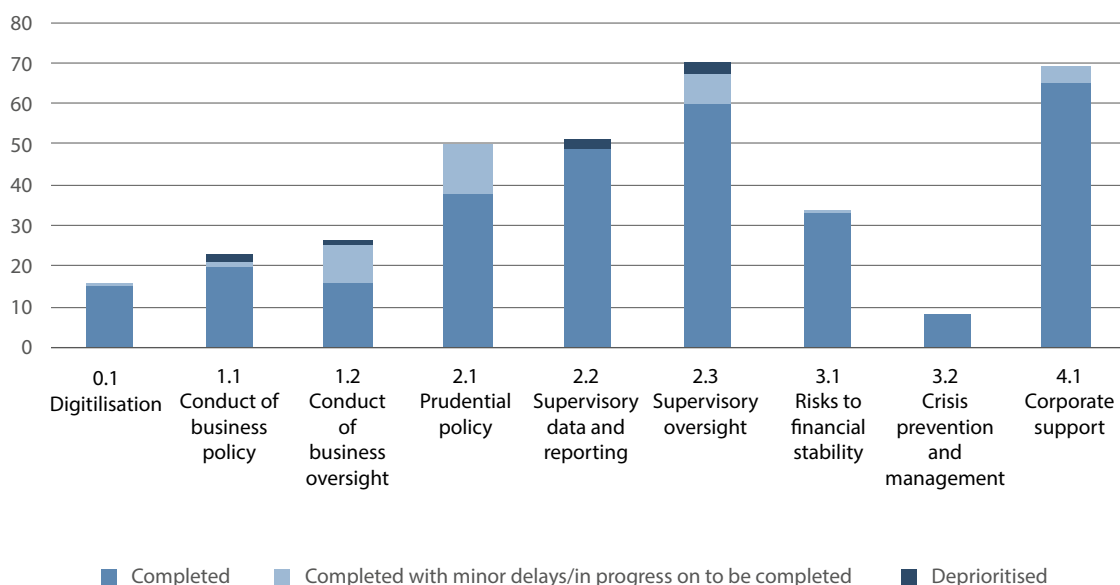
## ANNEX I: CORE BUSINESS STATISTICS

### PRODUCT AND SERVICES OVERVIEW

EIOPA monitors delivery of its Annual Work Programmes (AWP) through the development of an Annual Implementation Plan (AIP). For each product and service in its AWP, specific milestones are planned, the involvement of different departments and horizontal functions is specified and risks are recorded. Throughout the year, EIOPA's management is informed of the status of this work and decides on changes such as the introduction of new work or de-laying and de-prioritising existing tasks. In 2021, EIOPA initiated the quarterly reporting of its AWP implementation to the Management Board.

EIOPA ended the year with a work programme including 347 different products and services. The majority of EIOPA's work was delivered as planned and this equates

to 304 or 88% of the total. A further 35 products and services experienced minor delays and 8 were not taken forward. The latter mostly relate to political decisions on re-prioritisation (e.g. prioritise the call for advise on Retail Investment Directory over the IDD call for advise, de-prioritisation of development the Supervisory Handbook in the Internal Model area over other Internal Model projects), COVID-19 impact (e.g. conduct of business visits to NCAs due to travel restrictions), connection to other successful initiatives (e.g. generating new insights on the use of data and analytics to be used with the colleges collaboration platform link to BI 2.0 project), and lack of resources (e.g. exploration of the access to the ESMA TRACE System and development of a business case on the use of EMIR data, electronic Register for Passporting Intermediaries, the preparation for the annual report on proportionality).



## KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPIs) are an important tool for monitoring EIOPA's progress in relation to its defined strategic ambition. EIOPA has set fourteen strategic lev-

el targets for performance across its seven main areas of work. Of these, EIOPA achieved or exceeded the target for 12 KPIs in 2021 and is at the process of achieving the targets for 2 KPIs in the policy area.

KPI	Status
Average number and diversity of respondents to public consultations on consumer protection topics per consultation.  <i>Target - 30</i>	Target exceeded
Number of national initiatives taking inspiration from deliverables (reports, thematic reviews, conduct oversight country visits and recommendations in the course of oversight work more generally etc.) of EIOPA's conduct of business supervision framework and broader consumer protection work.  <i>Target - 5</i>	Target exceeded
A technically sound and participatory review of the Solvency II insurance regulation by EIOPA.  <i>Target - Follow-up to EIOPA's Opinion on the 2020 review, including consideration of relevant technical standards and guidelines.</i>	Target in progress to be achieved
Pursuit of Solvency II as the practical implementation of the International Association of Insurance Supervisors' (IAIS) International Capital Standard (ICS).  <i>Target - The adaptations during the monitoring phase of ICS 2.0 remain largely in line with Solvency II.</i>	Target in progress to be achieved
The development of an appropriate regulatory framework for pensions by promoting a common supervisory culture, consistent supervisory practices and sound European regulation.  <i>Target - EIOPA supervisory opinions and reports in the areas of investment rules, governance, risk assessment and information provision to members and beneficiaries under IORP II promote a common supervisory culture as well as best and consistent supervisory practices.</i>	Target achieved
Data available in the Central Repository calculated as a percentage of number of insurance undertakings reported on with valid data by NCAs and market share of each country, as evidenced by the completeness ratio of technically valid reports of the Quantitative Reporting Templates (QRTs).  <i>Target - 97% of number or 98% of market share</i>	Target achieved
Timely and high quality publication of the Risk Free Rate.  <i>Target - Twelve publications a year – meeting the deadline of publication within four working days of the beginning of the month.</i>	Target achieved
Number of supervisory or policy actions taken by NCAs following observations and feedback from EIOPA's Oversight Unit.  <i>Target - 20</i>	Target exceeded
Number of bi-lateral engagements with National Competent Authorities on oversight topics.  <i>Target - 25</i>	Target exceeded
Citations of EIOPA's Financial Stability products in research journals and publications from other public institutions in the field of financial stability.  <i>Target - 6</i>	Target exceeded

KPI	Status
The number of financial stability risks with a material impact, within the agreed scope of the Stress Test, not identified by the exercise materialising within one year of the publish date of the results.	Target achieved
<i>Target - 0</i>	
Percentage of audit findings from European Court of Auditors and Internal Audit Service addressed by improvement measures by the agreed deadline, or if no deadline was set, within twelve months of the finding being issued.	Target achieved
<i>Target -100%</i>	
Implementation rate of EIOPA budget: Percentage of the approved budget committed.	Target exceeded
<i>Target – 99%</i>	

## ANNEX II: STATISTICS OF THE FINANCIAL MANAGEMENT

### BUDGET EXECUTION

#### Budget Execution 2021 by Title

Title	Initial adopted budget	Final budget (following amendment and transfers)	Variance % (initial budget vs final budget)	Committed	% Committed
Title I - Staff Expenditure	23,266,327	22,298,785	-4.16%	22,298,785	100.00%
Title II - Administrative Expenditure	3,643,000	4,135,763	13.53%	4,134,321	99.97%
Title III - Operational Expenditure	5,975,978	6,405,077	7.18%	6,400,558	99.93%
<b>GRAND TOTAL</b>	<b>32,885,305</b>	<b>32,839,626</b>	<b>-0.14%</b>	<b>32,833,664</b>	<b>99.98%</b>

#### Percentages of commitments and payments executed of budget 2021 and carry-forward of budget 2021 to 2022 per Title

Title	Final budget 2021	Committed	% Committed	Paid in 2021	% Paid in 2021	Carry-forward to 2022	% Carry-forward to 2022
Title I - Staff Expenditure	22,298,785	22,298,785	100.00%	20,091,462.08	90.10%	2,207,322.96	9.90%
Title II - Administrative Expenditure	4,135,763	4,134,321	99.97%	3,246,056.86	78.51%	888,264.28	21.49%
Title III - Operational Expenditure	6,405,077	6,400,558	99.93%	2,646,168.20	41.34%	3,754,389.97	58.66%
<b>GRAND TOTAL</b>	<b>32,839,626</b>	<b>32,833,664</b>	<b>99.98%</b>	<b>25,983,687.14</b>	<b>79.14%</b>	<b>6,849,977.21</b>	<b>20.86%</b>

#### Implementation of carry-forward from 2020 by Title

Title	Carry-forward from 2020	Carry-forward from 2020 – Paid amount	% Carry-forward from 2020 - Paid
Title I - Staff Expenditure	1,755,842	1,723,789	98.17%
Title II - Administrative Expenditure	734,099	655,197	89.25%
Title III - Operational Expenditure	2,547,022	2,517,289	98.83%
<b>GRAND TOTAL</b>	<b>5,036,963</b>	<b>4,896,274</b>	<b>97.21%</b>

### NUMBER AND VALUE OF BUDGET TRANSFERS

In 2021, eight budget transfers were authorised in the EIOPA financial system:

- Four transfers within the same Title to according to Article 26, paragraph 1 (b) of the EIOPA Financial Regulations;
- Four transfers from one Title to another within the 10% rule according to Article 26, paragraph 1 (a) of the EIOPA Financial Regulations.

### INTEREST CHARGED FOR LATE SUPPLIER PAYMENTS

There were no late payments in 2021, and consequently no interests were due to suppliers.





## ANNEX IV: ESTABLISHMENT PLAN AND ADDITIONAL INFORMATION ON HUMAN RESOURCES MANAGEMENT

### ESTABLISHMENT PLAN 2021

Function group and grade	2021	
	Final budget	Filled as at 31/12/2020
AD 16	1	0
AD 15	1	2
AD 14	1	0
AD 13	4	2
AD 12	10	3
AD 11	13	4
AD 10	14	11
AD 9	19	13
AD 8	15	10
AD 7	15	25
AD 6	20	24
AD 5	11	29
<b>AD total</b>	<b>124</b>	<b>123</b>
AST 11	1	0
AST 10	1	0
AST 9	2	0
AST 8	3	0
AST 7	3	1
AST 6	2	2
AST 5	2	5
AST 4	0	0
AST 3	0	0
AST 2	0	0
AST 1	0	0
<b>AST total</b>	<b>14</b>	<b>14</b>
<b>TOTAL</b>	<b>138</b>	<b>137</b>

\* Some posts are in practice filled at a lower grade.

Contract Agents	Filled as at: 31.12.2020	Filled as at: 31.12.2021
Function Group IV		9 <sup>66</sup>
Function Group III		23 <sup>67</sup>
Function Group II		1
Function Group I		0
<b>Total</b>		<b>33</b>
<b>Seconded National Experts</b>		<b>23</b>

### ENTRY LEVEL FOR EACH TYPE OF POST

Key functions (examples)	Type of contract (official, TA or CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administration support or policy (operational)
CORE FUNCTIONS			
Head of Department	TA	AD 12	Administration support and operational
Head of Unit	TA	AD 9	Administration support and operational
Head of Sector	n/a	n/a	n/a
Senior Officer / Principal Expert	TA	AD 9-11	Administration support and operational
Officer / Senior Expert	TA	AD 7-8	Administration support and operational
Junior Officer / Expert	TA + CA	AD 5-6 + FG IV	Administration support and operational
Senior Assistant/Specialist	TA + CA	AST 4 + FGIII	Administration support
Junior Assistant	TA + CA	AST 2 + FGII	Administration support
SUPPORT FUNCTIONS			
Head of Administration	TA	AD 12	
Head of Human Resources	TA	AD 9	
Head of Finance	TA	AD 9	
Head of Communication	TA	AD 9	
Head of IT	TA	AD 9	
Senior Officer / Principal Expert	TA	AD 9-11	
Officer / Senior Expert	TA	AD 7-8	
Junior Officer / Expert	TA + CA	AD 5-6 + FGIV	
Webmaster- Editor	CA	FGIV	
Secretary	CA	FGIII	
Mail Clerk	n/a	n/a	

<sup>66</sup> Including 2 CA FGIV for DG REFORM project.

<sup>67</sup> Including 1 CA FGIII for DG REFORM project.

Key functions (examples)	Type of contract (official, TA or CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administration support or policy (operational)
SPECIAL FUNCTIONS			
Data Protection Officer	TA	AD 8	
Accounting Officer	TA	AD 6	
Internal Auditor	n/a	n/a	
Secretary to the Director/ Personal Assistant to the Senior Management	TA	AST 3	

### STATISTICS FROM JOB SCREENING/BENCHMARKING EXERCISE

Job type categories	2021 results
<b>Administrative Support and Coordination</b>	<b>10.9%</b>
Administrative Support	9.4%
Coordination	1.6%
<b>Operational</b>	<b>83.9%</b>
Top Level Operational Coordination	2.1%
Programme Management & Implementation	73.4%
Evaluation & Impact Assessment	1%
General Operational	7.3%
<b>Neutral</b>	<b>5.2%</b>
<i>Finance &amp; Control</i>	5.2%
<i>Linguistics</i>	0%

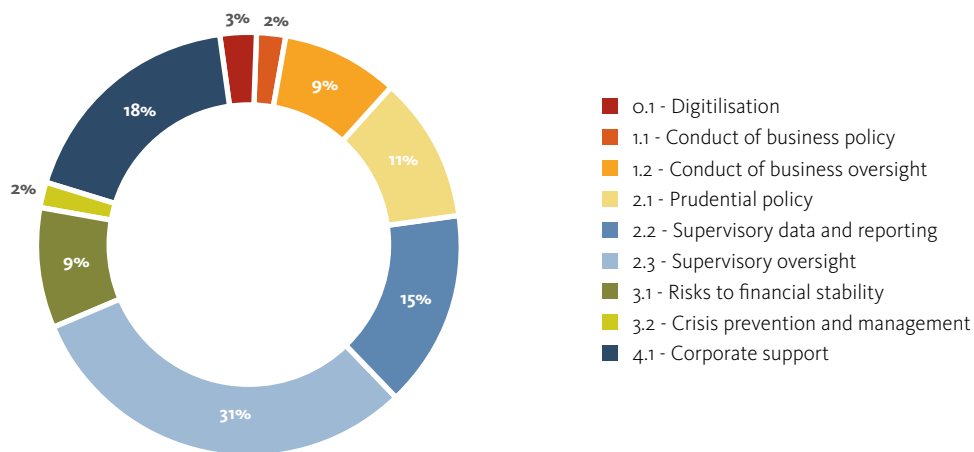
## ANNEX V: ALLOCATION OF RESOURCES BY ACTIVITY

### ALLOCATION OF HUMAN RESOURCES

In line with a central recommendation of the European Court of Auditors special report “EIOPA made an important contribution to supervision and stability in the insurance sector, but significant challenges remain”, EIOPA’s human resource allocation in 2021 favoured its work supporting supervisory convergence.

This included increase of the activities of conduct of business oversight (8.6%), supervisory data and reporting (14.75%) and supervisory oversight (31%). EIOPA slightly decreased the staffing levels for its work on the regula-

tory frameworks for both conduct (2.5%) and prudential (10.7%) matters. Further resources were allocated to identifying, analysing and reporting on risks to financial stability (9.1%) and crisis prevention and management (1.86%). The last operational area where EIOPA allocated staff was the cross-cutting theme of digitalisation, making up 2.93% of available human resources in 2021. EIOPA will continue to grow the allocation of resources to this important area of work. The remaining 18.5% of staff in 2020 were allocated to horizontal tasks including providing legal support, maintaining IT solutions, running EIOPA’s headquarters and management of the Authority itself (staff, finance and tasks).

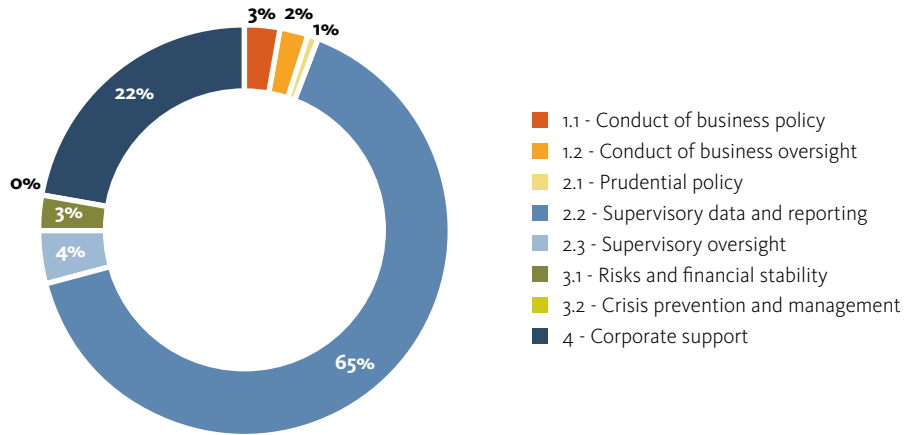


### ALLOCATION OF OPERATIONAL BUDGET

EIOPA’s operational expenditure in 2021 has been driven to a large extent by the ambition to increase efficiency through digital transformation. Important activities included:

- The technical implementation of the PEPP Register and collaboration platform;
- Updates to the XBRL taxonomies and the data warehouse for insurance and IORPs returns to foster data standardisation and management;
- Following the SupTech Strategy, preparations for an upgrade of the Register of Insurance Undertakings to improve efficiency and consistency throughout Europe;
- Projects under EIOPA’s programme to enhance its business intelligence solutions (“BI 2.0”) and the strengthening of existing data capabilities, e.g. through the introduction of additional Oversight reports;
- Improvements to the Extranet to facilitate collaboration with NCAs based on the Quality Control Committee’s report;
- Several initiatives to drive business process automation for increased efficiency, e.g. in the areas of supervision, financial management, HR and document management;
- Upgrades of core technical infrastructure to ensure security, availability business continuity and cloud readiness.

The following graph shows the final allocation of operational budget by Strategic Action Areas:



## ANNEX VI: COMMITTEES AND TASK FORCES

EIOPA's Board of Supervisors, its main decision making body, is supported by various committees and working groups.

### COMMITTEE ON CONSUMER PROTECTION AND FINANCIAL INNOVATION

The Committee on Consumer Protection and Financial Innovation (CCPFI) plays an important role in EIOPA's work in the area of conduct of business regulation and supervision. It is specifically mandated by EIOPA's founding regulation to "bring together all relevant competent authorities and authorities with a view to enhancing consumer protection, achieving a coordinated approach to the regulatory and supervisory treatment of new or innovative financial activities, and providing advice for EIOPA to present to the EU institutions". The Committee facilitates EIOPA in advancing its strategy towards a comprehensive risk-based and preventive framework for conduct of business supervision by:

- › Taking a proactive role in intervening early to tackle risks of consumer detriment;
- › Building a coordinated understanding of issues that go beyond one national market; and
- › Fostering convergence across the EU by promoting a high, effective and consistent level of regulation and supervision, including with regard to data needs.

### SUPERVISORY STEERING COMMITTEE

The Supervisory Steering Committee (SSC) contributes to EIOPA's role and tasks with the objective to improve the functioning of the internal market of the EU in the fields of insurance and pensions by strengthening the convergence and quality of supervision. The SSC supports EIOPA in setting the priorities for themes and topics strengthening supervisory convergence and provides a platform for exchange of views and information with regard to the implementation of the Solvency II framework. Furthermore the SSC steers the work on EIOPA tools to achieve supervisory convergence such as the Supervisory Review Process (SRP) Guidelines, Supervisory Statements, Internal Model consistency studies, or the Supervisory Review Process Handbook.

### RISKS & FINANCIAL STABILITY COMMITTEE

The Risks and Financial Stability Committee (RFSC) contributes to EIOPA's role and tasks related to preserving

the stability of the EU insurance and occupational pensions sectors in accordance with the EIOPA Regulation. The RFSC identifies, assesses and prioritises financial stability risks and focuses on potential adverse developments that could impact the European insurance and occupational pension sectors.

The analyses are based on a wide range of information, including financial stability analysis, financial market analysis, reporting information, as well as market intelligence and other sources. The RFSC shall operate EIOPA's institutional framework to carry out its crisis prevention, management and resolution responsibilities under the EIOPA Regulation.

The RFSC shall transform analytical conclusions into possible policy actions that EIOPA could take within the powers and responsibilities allocated to it under the Regulation. In particular, the RFSC supports a market surveillance and assessment framework to monitor and report on market trends and financial stability related issues, in line with EIOPA's annual work plan, bringing the relevant topics for discussion and decision to the Board of Supervisors.

### POLICY STEERING COMMITTEE

The Policy Steering Committee (PSC) contributes to EIOPA's role and tasks relating to the convergence of European prudential legislation in the field of insurance and pensions in accordance with the EIOPA Regulation. The PSC develops and monitors based on evidence, the appropriateness and effectiveness of the regulatory frameworks, and ensures the execution of major projects dealing with EIOPA's regulatory deliverables, including the review of the regulatory framework, the delivery of new regulation and policy as well as the steering on practical matters on the implementation of the relevant EU legal framework.

### IT AND DATA COMMITTEE

The Information Technology and Data Committee (ITDC) delivers advice on information technology and the transfer, storage and handling of data in EIOPA.

In particular, the ITDC deals with pan-European IT-related projects derived from EU legislation and any other area where EIOPA Members or EIOPA consider it necessary



or useful to work together on IT and data issues. ITDC is a forum to discuss all IT and data issues between EIOPA and Members.

### AD HOC PEER REVIEW COMMITTEES

To foster convergence and strengthen consistency in the outcome of supervisory actions, EIOPA conducts peer reviews in accordance with Article 30(2) of the EIOPA Regulation on specific activities of NCAs, based on an agreed methodology and with experts from NCAs and EIOPA acting as reviewers. Peer reviews also strengthen the dialogue within and between supervisory authorities and in facilitating sharing of best practices. In 2019 and before the peer reviews were coordinated and overseen by the EIOPA Review Panel, comprising representatives of the NCAs and EIOPA.

### INSURTECH TASK FORCE

The Insurance Technology (InsurTech) Task Force (ITF) leads EIOPA's current work relating to issues and aspects arising from InsurTech. In particular, the ITF analyses topics such as cloud computing, new business models, innovation facilitators, licensing requirements and regulatory barriers to financial innovation and the use of Big Data by (re-)insurance undertakings and intermediaries (both incumbents and start-ups). Furthermore, the ITF maps the supervisory initiatives undertaken by the different jurisdictions in the areas of InsurTech, with a view of establishing efficient and effective supervisory practices. The ITF will also concentrate, among other tasks, on Digital Ethics, convergence on supervision of algorithms and explore the benefits and risks arising from the use of blockchain and smart contracts for (re-) insurance and consumers. The ITF will also monitor other developments

in the area of financial innovation, including on RegTech and crypto-assets, while recognising that reliable market monitoring can be challenging justifying the combination of different monitoring approaches to improve overall outcomes.

In view of the wide range of issues and aspects arising from InsurTech, the ITF gathers expertise from all the relevant disciplines including consumer protection, financial stability, policy, supervisory oversight, IT, etc. The ITF also liaises with all relevant EIOPA working groups and steering committees as well as with EIOPA's Stakeholder Groups. Moreover, the ITF ensures coordination with the relevant work being developed in the area of InsurTech by the European Commission, the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and other relevant EU and international institutions and bodies.

### ADVISORY COMMITTEE ON PROPORTIONALITY

In 2020, EIOPA established the Committee on proportionality in accordance to Article 1(7) of EIOPA Regulation. This committee constitutes an integral part of the Authority and has as its objective to advise EIOPA as to how, in full accordance with applicable rules, its actions and measures should take account of specific differences prevailing in the sector, pertaining to the nature, scale and complexity of risks, to business models and practice as well as to the size of financial institutions and markets to the extent that such factors are relevant under the rules considered. This Committee has already provided its first advice to the BoS in 2020 regarding EIOPA's 2021 Activities and in 2021 regarding EIOPA's 2022 Activities. During 2021 it also approved its methodology.

## ANNEX VII: STAKEHOLDER GROUPS

EIOPA has two independent advisory bodies: the Insurance and Reinsurance Stakeholder Group (IRSG) and the Occupational Pensions Stakeholder Group (OPSG).

In terms of the groups' achievements, the IRSG delivered advice to EIOPA on the following: Bancassurance, Revision of Guidelines (valuation of Technical Provisions and contract boundaries, on reporting and disclosure, Legal Entity Identifier) supervision of run-off undertakings, Retail Investment Strategy, Proportionality, Blockchain and smart contracts, IBOR transition (risk-free rates), Value for money in Unit-linked market, supervisory convergence and the single rulebook, Taxonomy-compliant product disclosures, Open Insurance, insurability of business interruption and shared resilience, Supervisory Statement on ORSA in the context of COVID-19, inclusion of climate change (scenarios in ORSA, natural catastrophe in standard formula), Non-life underwriting and pricing in light of climate change, supervisory practices and expectations in case of breach of the Solvency Capital Requirement, Insurance Distribution Directive.

The OPSG provided EIOPA with the following advice: Pension Tools – Pensions gap dashboard and Pension tracking services, Methodological framework for stress-testing IORPs, Proportionality for IORPs, IORP II Opinions – on IORP costs and charges and on governance and risk management, best practices for Defined Contributions (DC) pensions, Consumer Trends, Legal

Entity Identifier Guidelines revision, Taxonomy-compliant product disclosures, Key findings of EIOPA's Report on Cost and Past performance. On top, the group work to refine its report on Funded pensions contribution to old age income, growth and employment.

Both groups worked closely together in 2021 for instance on the Pan-European Pension Product, where they addressed open questions to EIOPA to support the implementation of the PEPP. The IRSG and OPSG were increasingly involved in providing input to the Task Forces of EIOPA's Advisory Committee on Proportionality.

IRSG and OPSG members interacted with the Board of Supervisors and Management Board Members throughout the year and more intensively during a yearly Joint BoS and Stakeholder Groups meeting on 23 November. At that meeting, participants discussed the following strategic topics of common interest: Digital Operational Resilience (DORA), the future of retirement savings, and Investing in the best interest of policyholders, members and beneficiaries in light of sustainability considerations.

You will find the advice of the stakeholder groups, as well as the members' CVs, on the EIOPA website at:

[https://www.eiopa.europa.eu/about/governance-structure/working-stakeholders\\_en](https://www.eiopa.europa.eu/about/governance-structure/working-stakeholders_en)

IRSG membership, as of 31 December 2021:

Chairperson: Michaela Koller, Germany

Vice Chairperson: Paul Fox, United Kingdom

<b>Member's Name</b>	<b>Nationality</b>	<b>Organisation</b>	<b>Representing</b>
Anthony O'Riordan	Ireland	Society of Actuaries in Ireland/AAE	Professional associations
Antti Talonen	Finland	University of Helsinki	Academics
Benoît Hugonin	France	SCOR	Industry
Bruno Scaroni	Italy	Assicurazioni Generali	Industry
Claudia Donzelmann	Germany	Allianz	Industry
Desislav Danov	Bulgaria	Fintechguardian	Consumers & Users
Galit Saar	Sweden	Länsförsäkringar	Industry
Gisella van Vollenhoven	Netherlands	ASR Nederland	Industry
Greg Van Elsen	Belgium	BEUC	Consumers & Users
Guillaume Prache	France/Belgium	BETTER FINANCE	Consumers & Users
Hugh Francis	United Kingdom	Aviva	Industry
Juan - Ramón Plá	Spain	BIPAR	Industry
Lauri Saraste	Finland	LocalTapiola	Industry
Liane Hirner	Austria	VIG	Industry
Liisa Halme	Finland	Trade Union Pro	Employees
Marcin Kawiński	Poland	Warsaw School of Economics	Academics
Martin Schmalzried	Czech Republic	COFACE-Families Europe	Consumers & Users
Michaela Koller	Germany	Insurance Europe	Industry
Mireille Aubry	France	COVEA	Industry
Monica Calu	Romania	Asociatia Consumer United	Consumers & Users
Niko Daskalakis	Greece	GSEVEE	SMEs
Patricia Plas	Belgium	AXA	Industry
Paul Fox	United Kingdom	Finance Watch	Consumers & Users
Pauline Azzopardi	Malta	Assoc.for Consumer Rights - Malta	Consumers & Users
Pierpaolo Marano	Italy	Catholic University of the Sacred Heart	Academics
Stefan Materne	Germany	Cologne University of Applied Sciences	Academics
Tito Rodrigues	Portugal	DECO PROTESTE	Consumers & Users
Tomas Paulauskas	Lithuania	Insurance policyholders association	Consumers & Users
Typhaine Beaupérin	Belgium/France	FERMA	Professional associations
Xavier Larnaudie Eiffel	France	CNP Assurances	Industry

OPSG membership, as of 31 December 2021:

Chairperson: Bernard Delbecque, Belgium

Vice Chairpersons: Aleksandra Maczynska, Poland; Falco Valkenburg, Netherlands

<b>Member's Name</b>	<b>Nationality</b>	<b>Organisation</b>	<b>Representing</b>
Aleksandra Maczynska	Poland	BETTER FINANCE	Beneficiaries
Antonello Motroni	Italy	Assoeuropea	IORPs
Bernard Delbecque	Belgium	EFAMA	Professional associations
Bruno Gabellieri	France	AEIP	Employees
Christian Gülich	Germany	BdV	Beneficiaries
Christian Lemaire	France	Amundi Pension Fund	IORPs
Cosmina Amariei	Romania	ECMI	Beneficiaries
Elisa Luciano	Italy	University of Torino	Academics
Falco Valkenburg	Netherlands	AAE	Professional associations
Flavia Micilotta	Italy	Diligent Vision	SMEs
Francesco Briganti	Italy	CBBA-Europe	IORPs
Gertrude Pils	Austria	PEKABE	Beneficiaries
Hans Van Meerten	Netherlands	Utrecht University	Academics
Ioannis Tzanakos	Greece	HUIORP	IORPs
Jan Sebo	Slovakia	Matej Bel University	Academics
Janina Petelczyc	Poland	Warsaw School of Economics	Academics
Jerry Moriarty	Ireland	IAPF	IORPs
Kęstutis Kupšys	Lithuania	LVOA	Beneficiaries
Łukasz Budzyński	Poland/France	Sanofi	IORPs
Marjolijn Bulk	Netherlands	FNV	Employees
Matti Leppälä	Finland	PensionsEurope	IORPs
Nele Nys	Belgium	UNI Europe Finance	Employees
Olav Jones	Norway/UK	Insurance Europe	IORPs
Onno Steenbeek	Netherlands	APG	IORPs
Paul Le Bihan	France	MNCAP	IORPs
Pauline Azzopardi	Malta	Assoc. for Consumer Rights - Malta	Beneficiaries
Philip Neyt	Belgium	PensioPlus	IORPs
Stefan Nellshen	Germany	Bayer-Pensionskasse	IORPs
Torun Reinhammar	Sweden	CDP Europe	Professional associations
Valdemar Duarte	Portugal	APFIPP	IORPs

## ANNEX VIII: ANNUAL ACCOUNTS

### EIOPA'S FINANCIAL PERFORMANCE IN 2021

EIOPA's annual accounts have been established in accordance with EIOPA's Financial Regulation, Title IX of the Framework Financial Regulation (FFR)<sup>68</sup>, and in accordance with the accounting rules adopted by the European Commission's Accounting Officer. The aforementioned regulations and rules are to be applied by all the institutions and union bodies and adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the EU. The reports on the implementation of the budget, instead, continue to be primarily based on movements of cash.

The accounting system of EIOPA comprises general accounts and budget accounts. These accounts are kept in Euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle. The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

#### Disclaimer:

*Please note the annual accounts of EIOPA are provisional at the date of establishment of the Annual Activity Report awaiting observations of the external auditor of EIOPA and the opinion of the EIOPA Board of Supervisors.*

### EIOPA – BUDGET RESULT<sup>69</sup>

Budget outturn	Amounts in EUR		
	2019	2020	2021
Revenue actually received (+)	26,869,513	28,827,008	33,275,150
Payments made (-)	(23,320,569)	(23,607,834)	(26,116,432)
Carry-over of appropriations (-)	(3,991,167)	(23,607,834)	(7,039,693)
Cancellation of appropriations carried over (+)	182,308	151,834	140,688
Adjustment for carry over of assigned revenue appropriations from previous year (+)	80,855	81,831	7,878
Exchange rate differences (+/-)	(11,673)	(4,485)	(5,720)
Adjustment for negative balance from previous year (-)	-	(190,733)	(190,733)
Total	(190,733)	212 781	261,871

<sup>68</sup> COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

<sup>69</sup> The figures are rounded

EIOPA uses only non-differentiated appropriations. In 2021, the authority was funded by contributions from the NCAs of the Member States and EFTA countries as well as by a subsidy from the European Commission. EIOPA also generated other income from administrative agreements with DG Reform and from internal assigned revenue.

The total revenue was EUR 33,275,150. EIOPA's total annual spending from available commitment appropriations, including budget commitments carried forward to 2022, reached EUR 33,156,125. Payments made from the adopted budget were equal to EUR 25,983,687, payments from internal assigned revenue equal to EUR 132,745 and appropriations carried over to 2022 equal to EUR 7,039,693. This led to an outturn of the financial year equal to EUR 119,025. Cancelled appropriations from the carry-over of the previous year as well as appropriations available from 2020 internal assigned revenue increased the outturn while adjustments made for foreign exchange rate differences slightly alleviated the positive effect. The budget result 2021 was EUR 261,871.

The budget implementation rate for commitments was 99.44% and 81.18% for payments made in 2021, including payments from internal assigned revenue and from the carry-over of appropriations of the previous year. The ratio of commitments carried forward to the following year achieved 20.86% (17.20% in 2020). Payments made from commitments carried forward in 2020 were high and reached 96.12%.

## EIOPA – STATEMENT OF FINANCIAL PERFORMANCE

The financial statements below show all income and charges on accrual basis complying with the accounting rules of COM.

The economic result of the year was equal to 1,834,090. In 2021, the reserves further increased. High carry overs of budget appropriations were the main reason. Furthermore, a liability towards the Members States and EFTA states generated due to an adjustment of the contribution to the EU Pensions Scheme after a second budget amendment produced this effect. These reserves are bound in cash on banks. EIOPA's cash balance further increased in comparison to 2020. EIOPA also capitalised additional development expenditure for IT products. The amortisation of the internally generated software and the increase of short-term payables reduced the overall positive effect.

	Amounts in EUR	
	2021	2020
European Union contribution	11,878,729	10,339,128
Other operating revenue	20,923,463	17,915,579
<b>TOTAL OPERATING REVENUE</b>	<b>32,802,192</b>	<b>28,254,707</b>
<b>Administrative expenses</b>	<b>(25,804,665)</b>	<b>(23,442,953)</b>
All Staff expenses	(17,439,476)	(15,972,481)
Fixed asset related expenses	(840,156)	(1,135,511)
Other administrative expenses	(7,525,033)	(6,334,961)
<b>Operational expenses</b>	<b>(5,127,316)</b>	<b>(4,345,410)</b>
Other operational expenses	(5,127,316)	(4,345,410)
<b>TOTAL OPERATING EXPENSES</b>	<b>(30,931,981)</b>	<b>(27,788,363)</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>1,870,211</b>	<b>466,344</b>
Financial revenues	1,078	0
Financial expenses	(37,199)	(35,752)
<b>SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES</b>	<b>(36,121)</b>	<b>(35,752)</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	<b>1,834,090</b>	<b>430,592</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>1,834,090</b>	<b>430,592</b>



## EIOPA - BALANCE SHEET- ASSETS

The balance sheet presents EIOPA's assets and liabilities on a full accrual-basis.

	Amounts in EUR	
	31.12.2021	31.12.2020
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
<b>Intangible assets</b>	<b>1,814,423</b>	<b>1,527,490</b>
<b>Property, plant and equipment</b>	<b>1,407,311</b>	<b>1,462,164</b>
Land and buildings	0	0
Plant and equipment	0	0
Computer hardware	151,649	59,312
Furniture and vehicles	295,197	321,596
Other fixtures and fittings	960,465	1,081,256
Property, plant and equipment under construction	0	0
<b>Long-term receivables and recoverables</b>	<b>0</b>	<b>0</b>
Long-term receivables and recoverables	0	0
Long-term receivables and recoverables with consolidated Commission entities	0	0
<b>TOTAL NON CURRENT ASSETS</b>	<b>3,221,734</b>	<b>2,989,654</b>
<b>CURRENT ASSETS</b>		
<b>Short-term receivables</b>	<b>2,215,111</b>	<b>1,750,851</b>
Current receivables	781,366	691,658
Current receivables consolidated EU entities	0	0
Sundry receivables	42,579	53,941
Pre-paid expenses	0	0
Deferred charges and accrued income	1,063,480	814,002
Deferred charges and accrued income with consolidated EU entities	327,686	191,250
<b>Short-term pre-financing</b>	<b>2,839</b>	<b>916</b>
Short-term pre-financing	2,839	916
<b>Cash and cash equivalents</b>	<b>6,795,714</b>	<b>4,784,759</b>
<b>TOTAL CURRENT ASSETS</b>	<b>9,013,664</b>	<b>6,536,526</b>
<b>TOTAL</b>	<b>12,235,398</b>	<b>9,526,180</b>

## EIOPA - BALANCE SHEET- LIABILITIES

	Amounts in EUR	
	31.12.2021	31.12.2020
<b>LIABILITIES</b>		
<b>CAPITAL</b>		
Accumulated surplus/deficit	7,325,660	6,895,068
Economic result for the year - profit/(loss)	1,834,090	430,592
<b>TOTAL CAPITAL</b>	<b>9,159,750</b>	<b>7,325,660</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions for risks and charges	73,511	68,498
Other financial liabilities	815,622	798,628
Accrued charges and deferred income	122,990	100,492
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,012,123</b>	<b>967,618</b>
<b>CURRENT LIABILITIES</b>		
Provisions for risks and charges	0	0
<b>Accounts payable</b>	<b>2,063,525</b>	<b>1,232,902</b>
Current payables	(19,819)	32,904
Sundry payables	13,504	13,504
Accrued charges and deferred income	1,779,530	949,310
Accrued charges with consolidated EU entities	28,439	24,403
Accounts payable with consolidated EU entities	261,871	212,781
<i>Pre-financing received from consolidated EU entities</i>	261,871	212,781
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,063,525</b>	<b>1,232,902</b>
<b>TOTAL</b>	<b>12,235,398</b>	<b>9,526,180</b>

**EIOPA - CASH FLOW TABLE (INDIRECT METHOD)**

The cash flow provides a basis to assess the ability of EIOPA to generate cash and cash equivalents, and the needs of the entity to utilise those cash flows. Cash flows are classified by operating, investing and financing activities.

	<b>Amounts in EUR</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows from ordinary activities</b>		
<b>Surplus/(deficit) from ordinary activities</b>	<b>1,834,090</b>	<b>430,592</b>
<b>Operating activities</b>		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	524,804	825,007
Depreciation (tangible fixed assets) +	315,353	310,504
Increase/(decrease) in long-term provisions for risks and liabilities	5,012	8,917
Increase/(decrease) in short-term provisions for risks and liabilities	0	0
(Increase)/decrease in inventories	0	0
(Increase)/decrease in long term pre-financing	0	0
(Increase)/decrease in short term pre-financing	(1,923)	50,873
(Increase)/decrease in long term receivables and recoverables	0	0
(Increase)/decrease in Short term Receivables and recoverables	(327,824)	82,259
(Increase)/decrease in receivables related to consolidated EU entities	(136,436)	171,465
Increase/(decrease) in value reduction for doubtful debts	0	0
Increase/(decrease) in long-term financial liabilities	16,994	99,682
Increase/(decrease) in short-term financial liabilities	0	0
Increase/(decrease) in other long-term liabilities	22,498	43,108
Increase/(decrease) in other short-term liabilities (accrued charges and deferred income)	834,255	66,206
Increase/(decrease) in short-term payables	(52,723)	26,724
Increase/(decrease) in Liabilities related to consolidated EU entities	49,090	212,781
Other non-cash movements	0	0
<b>Net cash Flow from operating activities</b>	<b>3,083,190</b>	<b>2,328,118</b>

	Amounts in EUR	
	2021	2020
<b>Cash Flows from investing activities</b>		
(Increase)/Decrease in intangible assets and property, plant and equipment	(1,072,235)	(758,789)
Other proceeds from intangible assets and property, plant and equipment	0	0
<b>Net cash flow from investing activities</b>	<b>(1,072,235)</b>	<b>(758,789)</b>
<b>Increase/(decrease) in Employee benefits</b>	<b>0</b>	<b>0</b>
Net increase/(decrease) in cash and cash equivalents	2,010,955	1,569,329
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,784,759</b>	<b>3,215,430</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6,795,714</b>	<b>4,784,759</b>

## EIOPA – STATEMENT OF CHANGES IN NET ASSETS

	Amounts in EUR		
Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
<b>Balance as of 31 December 2020</b>	<b>6,895,068</b>	<b>430,592</b>	<b>7,325,660</b>
Other	0	0	0
Fair value movements	0	0	0
Movement in Guarantee Fund reserve	0	0	0
Allocation of the Economic Result of Previous Year	430,592	(430,592)	0
Amounts credited to Member States	0	0	0
Economic result of the year	0	1,834,090	1,834,090
<b>Balance as of 31 December 2021</b>	<b>7,325,660</b>	<b>1,834,090</b>	<b>9,159,750</b>

## ANNEX IX: ACCESS TO DOCUMENTS REPORT 2020

### 1. INITIAL REQUESTS IN 2021

Number of received applications and of identified documents, as requested<sup>70</sup>

Number of applications	Number of identified documents
68	311

Outcome of the applications in number of documents

Full disclosure	214
Partial disclosure	27
Of all which, documents already publicly available	20
Refusal	70
No existing/possession of document	178
Decision pending	0

### 2. CONFIRMATORY APPLICATIONS IN 2021

Number of confirmatory applications and of identified documents, as requested

Number of requested applications	Number of identified documents
7	21

Outcome of the applications in number of documents

Confirmation	19
Partial revision	-
Full revision	2

<sup>70</sup> An ATD application containing a general request to any documents relating to a specific subject(s) cannot be quantified in terms of number of requested documents. Such quantification is only possible with regard to an ATD application requesting access to a specific document. Therefore, the figures in this table do not necessarily coincide.

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