

Annual Report 2013

Executive Summary (EN)

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In 2013, EIOPA continued to develop its role and profile within the European supervisory landscape. The Annual Report 2013 sets out the Authority's main achievements of meeting its strategic objectives of: enhanced consumer protection; the development of sound regulation; improved supervision; and timely identification and management of risks to financial stability. Furthermore, the work the Authority has undertaken to ensure efficiency and effectiveness constitutes the cornerstones of its operation.



Ensuring transparency, simplicity, accessibility and fairness across the internal market for consumers

Protecting consumers' interests remains one of EIOPA's highest priorities. Throughout 2013, the Authority provided support, guidance and clarity on consumer protection issues.

Effective redress in response to a valid complaint by a consumer is fundamental to protecting their rights. To ensure that insurance intermediaries have appropriate arrangements in place when a dispute arises with a consumer, EIOPA provided guidelines on complaints handling.

Convergent and effective supervision of the market also presents opportunities to enhance consumer protection. EIOPA provided Opinions on Payment Protection Insurance (PPI) and Beneficiary Insurance Protection. Good supervisory practices were also provided, covering knowledge and ability requirements for distributors of insurance products, comparison websites, industry training standards and the provision of information to members of defined contribution pension schemes.

A general lack of financial literacy can result in consumers not receiving the best products or services for their circumstances. To tackle this persistent issue, EIOPA created a 'Consumer Lounge' on its website. Consumers can find information to help them better understand complex products, learn how to choose a product that best fits their needs and become familiar with the different steps to follow if they need to make a complaint.

EIOPA's chairmanship of the Joint Committee in 2013 provided an opportunity to further strengthen its focus on consumer protection. In coordination with the other European Supervisory Authorities (ESAs), EIOPA organised the first Joint Consumer Protection Day, providing a forum to discuss important cross-sectoral consumer issues.

Leading the development of sound and prudent regulations supporting the EU internal market

Much of EIOPA's work on developing regulations focuses on the application of Solvency II. In 2013, EIOPA supported the trilogue discussions that ultimately concluded in an agreement on the date of its application (1 January 2016). Contributing to the success of these discussions, EIOPA produced the Report on the Long-Term Guarantee Assessment. This report delivered a set of potential measures aimed at ensuring an appropriate supervisory treatment of long-term guarantee products, under volatile and exceptional market conditions. EIOPA also published its findings on whether the calibration and design of regulatory capital requirements for long-term investments in certain asset classes under the envisaged Solvency II regime necessitates any adjustment or reduction under the current economic conditions without jeopardising the prudential nature of the regime. EIOPA's independent supervisory assessment is prudentially sound and represents a reliable basis for an informed political decision.

In order to ensure consistent and convergent preparation for the Solvency II framework, EIOPA also undertook proactive work, delivering four preparatory guidelines focusing on key areas that would need to be ready by 1 January 2016.

EIOPA became more active in the area of pensions, and in 2013 drafted its first implementing technical standard which focused on reporting prudential provisions. The first EIOPA consultation on personal pensions was also held collecting views on a variety of issues ahead of providing the Commission with advice on establishing an EU single market for personal pensions.

In 2013, EIOPA concluded its first Quantitative Impact Study (QIS) in the field of occupational pensions. As the first of its kind, the study assessed the financial position of pension funds in different Member States across Europe in a comparable and transparent way, showing the existing divergence in financial positions when using local and common European measures. The QIS outcomes reinforce the need to continue working towards a market-consistent and risk-based regulatory regime in Europe.

Ensuring the representation of the interests of the EU and its citizens in international forums, and supporting common supervisory standards beyond the EU market, EIOPA engages with international bodies and third countries. As a member of the Executive Committee of the International Association of Insurance Supervisors (IAIS), EIOPA supported the development of a global framework for the supervision of global systemically important insurers (G-SIIs) and international active insurance groups as well as the development of a standard for capital requirements.

Improving the quality, efficiency and consistency of the supervision of EU insurers and occupational pensions

Efforts to improve the quality of the supervisory framework in the European Economic Area (EEA) continued in 2013. The main areas of focus were colleges of supervisors, internal models and supervisory practices.

Drawing on extensive expertise and experience, EIOPA staff provided direct support to colleges in their work to enhance efficient, effective and consistent supervision of financial institutions that operate across borders. Implementing and monitoring the annual Action Plan for Colleges was a key area of work. In 2013, the focus was on fostering a convergent approach to risk analysis and enhancing the understanding and knowledge of the Solvency II Preparatory Guidelines.

EIOPA's active membership in colleges has also allowed it to promote communication, cooperation, consistency, quality and efficiency at the meetings. In 2013, EIOPA started to participate in joint on-site examinations.

Improvements resulting from EIOPA's College Action Plans have resulted in increased consistency among Colleges and in their activities. Specific improvements included better preparation for College meetings with quality agendas and supporting documentation prepared and sent out prior to meetings. This allowed for improved discussions and decision making. Further support from EIOPA came in the form of facilitating information and experience sharing. Where Colleges collected and exchanged information in a more structured manner, this encouraged risk discussion and improved the quality of the risk analysis. The discussion on the consequences of the implementation of the Preparatory Guidelines for Solvency II in the Colleges was kicked off in 2013. This will be a priority for 2014 for the Colleges and is therefore a prominent topic in the EIOPA College Action Plan for 2014.

In the field of Internal Models, EIOPA continued building its Centre of Expertise. This centre is one of EIOPA's highest priorities for reinforcement and development, resources allowing. In terms of supervisory practices and standards, EIOPA conducted four peer reviews, contributing to the development of convergent supervisory standards. One was on Internal Models and highlighted differences in supervisory practices in the pre-application process, identified best practices and outlined recommendations to enhance consistency. EIOPA also conducted visits to national competent authorities (NCAs) to facilitate the exchange of practices. EIOPA also started work on drafting a Supervisory Handbook that will incorporate good supervisory practices.

Training is an essential tool for facilitating a common supervisory culture. Working both within and across sectoral boundaries, EIOPA delivered training seminars to 876 participants, covering sectoral topics defined as priorities by the NCAs. These included: preparation for Solvency II; group supervision and developments in the European pensions market. A further 337 participants attended courses conducted in conjunction with the other ESAs on cross-sector topics.

EIOPA was also very active in 2013 with regard to its responsibility for investigating potential breaches or non-application of EU law. In 2013, EIOPA registered 10 cases; six requests were closed on the ground of non-admissibility, the grievance being outside EIOPA's scope of actions or not founded, while the four other cases are ongoing.

Identifying, assessing, mitigating and managing risks and threats to the financial stability of the insurance and occupational pensions sectors

EIOPA continued to monitor micro and macro-economic developments with the aim of identifying adverse trends, potential risks and vulnerabilities for the insurance and occupational pensions sectors at an early stage.


The prolonged period of low interest rate yields was an area of focus which resulted in the publication of EIOPA's Opinion on the coordinated supervisory response to such conditions. EIOPA also carried out regular financial stability assessments in the form of quarterly Risk Dashboards and semiannual EIOPA Financial Stability Reports. In an ongoing effort to improve the basis on which this analysis is made, EIOPA implemented a number of reviews and improvement measures in terms of its data and has been making preparations for data collection in a Solvency II environment.

In line with its Opinion on the prolonged period of low interest rates, EIOPA has been examining the possible impacts on the investment behaviour of undertakings and the possible risks created by the 'search for yield', along with other potential risks. Firms have shown some tendency towards investment in new assets classes to capture yield but this is not widespread. Equally, there is evidence that firms have been modifying their guaranteed products or exit that market as a means of limiting risk. In order to get a good picture of vulnerability to low yields, it was decided to include a specific module in EIOPA's 2014 stress test. Other risks to be included in the stress test included market and insurance risks.

EIOPA capitalised on the opportunity presented by an increased focus of the work of the European Systemic Risk Board (ESRB) on insurance, and prepared a number of reports on insurance risks, in addition to participating in the ESRB's work on sovereign risk and macro-prudential instruments.

In the field of crisis management, EIOPA's Task Force on Crisis Management (TFCM) completed a stocktake of the national authorities' crisis management capabilities and considered the extension of crisis management disciplines to the occupational pensions sector. The stocktake on national Authorities' crisis management capabilities indicated that there is widespread preparedness in terms of broad frameworks, methodologies and powers. Nevertheless, there remains a degree of heterogeneity across jurisdictions and scope for greater cross-sectoral cooperation. A Crisis Handbook was also developed, consolidating EIOPA's crisis-related processes and procedures in a single document to support EIOPA's role in crisis prevention and management.





A modern, competent and professional organisation, with effective governance arrangements, efficient processes and a positive reputation

To meet its strategic objectives, it is important for EIOPA to have the best staff supported by a secure, stable and well performing IT framework and an appropriate working environment. Furthermore, it is important that the administration and management of its activities be conducted in accordance with recognised standards.

In the course of 2013, 19 new colleagues joined EIOPA, bringing the total number of staff to 110 by the end of the year. Work on the Authority's IT infrastructure in 2013 strengthened the security and reliability of the IT environment. Work was also undertaken to support the NCAs and undertakings in meeting the reporting requirements under Solvency II through the development of reporting tools and procedures that ensure the efficiency of the process and the quality of the data provided. This included publication of updated versions of the Data Point Model and the XBRL taxonomy for Solvency II. EIOPA's involvement in the Legal Entity Identifier Initiative was formalised to enhance the agency's role in this global standard-setting exercise.

The Authority further strengthened its financial processes and their effective application with positive results in terms of efficiency and compliance. This has led to reduced payment times, high budget execution rates and the successful management of more than 200 tender procedures. This is part of a general improvement in the corporate services area. In addition to streamlining existing processes, open tender initiatives were concluded in the fields of catering and travel, the latter in cooperation with ESMA.

Work was also undertaken in 2013 to ensure the continuity of EIOPA's most critical services during a potential major disruption of its business activities. Following an exercise to assess key risks, identify the most critical processes and establish targets for their reinstatement, a set of 'Business Continuity Management' strategies, policies and specific procedures was drafted. It will be deployed in the event of a disruption to business as usual to reduce the impact on EIOPA's stakeholders.