



# Annual Report 2013

# Table of contents

|  |           |  |  |
|--|-----------|--|--|
| <b>Foreword from the Chairman</b>                                    | <b>4</b>  |  |  |
| <b>Foreword from the Executive Director</b>                          | <b>8</b>  |  |  |
| <b>Executive Summary</b>   | <b>10</b> |  |  |
| <b>Chapter 1 EIOPA Overview</b>                                      | <b>16</b> |  |  |
| 1.1 Introduction   | 16        |  |  |
| 1.2 Board of Supervision   | 18        |  |  |
| 1.3 Management Board   | 18        |  |  |
| 1.4 Stakeholder Groups   | 20        |  |  |
| 1.5 Working Groups   | 23        |  |  |
| 1.6 Mediation Panel  | 25        |  |  |
| 1.7 Governance and risk management                                   | 25        |  |  |
| <b>Chapter 2 EIOPA's deliverables</b>                                | <b>26</b> |  |  |
| <b>2.1 Regulatory tasks</b>  | <b>27</b> |  |  |
| 2.1.1 Insurance  | 27        |  |  |
| 2.1.2. Occupational Pensions   | 34        |  |  |
| 2.1.3 Impact assessment  | 36        |  |  |
| 2.1.4 Accounting   | 37        |  |  |
| 2.1.5 Comply-or-explain for Guidelines issued during 2013            | 38        |  |  |
| <b>2.2 Supervisory Tasks</b>   | <b>39</b> |  |  |
| 2.2.1 Colleges of Supervisors  | 39        |  |  |
| 2.2.2 Supervisory practices  | 40        |  |  |
| 2.2.3 Peer Reviews   | 40        |  |  |
| 2.2.4 Centre of Expertise in Internal Models                         | 41        |  |  |
| 2.2.5 Breach of the European Union Law                               | 41        |  |  |
| <b>2.3 Consumer protection and financial innovation</b>              | <b>42</b> |  |  |
| <b>2.4 Common Supervisory Culture</b>                                | <b>46</b> |  |  |
| 2.4.1 The ESA Training Programme 2013                                | 46        |  |  |
| 2.4.2 Sectoral training  | 50        |  |  |
| <b>2.5 Financial Stability</b>                                       | <b>55</b> |  |  |
| 2.5.1 Market Developments  | 55        |  |  |
| 2.5.2 Stress Test  | 56        |  |  |
| 2.5.3 EIOPA and ESRB   | 57        |  |  |
| 2.5.4 Emergency Situations   | 58        |  |  |
| 2.5.5 Solvency II Related Activities                                 | 58        |  |  |
| <b>2.6 Crisis Prevention, Management and Resolution</b>              | <b>58</b> |  |  |
| 2.6.1 Building Capability, Best Practice and Consistency             | 58        |  |  |
| 2.6.2 Crisis Prevention and Management                               | 58        |  |  |
| 2.6.3 Crisis Resolution  | 59        |  |  |
| <b>2.7 External relations</b>  | <b>60</b> |  |  |
| 2.7.1 Joint Committee  | 63        |  |  |
| <b>Chapter 3 EIOPA Internal Organisation</b>                         | <b>67</b> |  |  |
| 3.1 Human Resources Management                                       | 67        |  |  |
| 3.2 ICT and Information  | 69        |  |  |
| 3.3 Corporate Services   | 69        |  |  |
| 3.4 Public and Media Relations                                       | 70        |  |  |
| 3.5 Budget, finance, accounting and procurement                      | 71        |  |  |
| 3.6 Internal Control   | 72        |  |  |
| 3.7 Contingency planning   | 73        |  |  |
| 3.8 Corporate and Social Responsibility                              | 73        |  |  |
| <b>Annexes:</b>  |           |  |  |
| Annex I EIOPA Financial Statement                                    | 74        |  |  |
| Annex II Summary of EIOPA's Work Programme 2014                      | 82        |  |  |
| Annex III List of EIOPA's Board of Supervisors members and observers | 86        |  |  |
| Annex IV Overview of membership of EIOPA Stakeholder Groups          | 90        |  |  |
| Annex V EIOPA Working Groups   | 94        |  |  |
| Annex VI Abbreviations   | 96        |  |  |
| Annex VII Management and internal control systems                    | 100       |  |  |
| Annex VIII EIOPA Declaration of Assurance by the Authorising Officer | 104       |  |  |
| Annex IX BoS Assessment of the Annual Report 2013                    | 106       |  |  |

# Foreword by the Chairman



In 2013, EIOPA consolidated its relevance in regulatory and supervisory areas and our achievements have been essential not only for the present, but also for the future of the European System of Financial Supervision (ESFS).

In all major areas of EIOPA's work namely, building a single rulebook, ensuring supervisory convergence, enhancing consumer protection and contributing to financial stability, we delivered important milestones during the year.

EIOPA was heavily engaged in the process of developing a single rule book for insurance and pensions in the EU, which encompasses all layers of the European legislation. In the insurance area we run the Long Term Guarantees impact assessment and delivered our independent recommendations to the political institutions. The basic framework proposed by EIOPA was taken as the starting point of the political negotiations and it was instrumental in getting a final agreement on the Omnibus II Directive. Our advice was essential for the preservation of the economic risk-based nature of the liability valuation, the single-market approach on the implementation of the different measures and the recognition that Solvency II is built upon a three pillar approach that gives real importance to Pillar 2 supervisory review processes and Pillar 3 supervisory reporting and public disclosure.

We advised the European Commission (EC) on the Solvency II Implementing Measures, namely on the calibration for certain Long-Term Investments, proposing an innovative segmentation of securitizations according to their different risk profile.

In the course of 2013 we issued four sets of Preparatory Guidelines for Solvency II: system of governance, including risk management; forward looking assessment of the undertaking's own risk; submission of information to National Competent Authorities (NCAs) and pre-application for internal models, which ensure a consistent and convergent path towards the implementation of the Solvency II regime, avoiding market fragmentation. These Guidelines allow supervisors and companies alike to set up structures and get familiar with the new requirements.

In the pensions area EIOPA continued its work based on the overall principle that in order to meet their promises, all pension schemes throughout Europe should have sufficient financial resources, a sound and robust governance and be fully transparent to members and beneficiaries.

In 2013 EIOPA delivered the results of the first quantitative impact study in the field of occupational pensions. This was the first truly European assessment of the financial situation of occupational pension funds. It shows that the minimum harmonisation approach of the current IORP Directive has resulted in large differences in the protection of members and beneficiaries across Europe and that pension funds dispose of vulnerabilities in different areas: some are very dependent on future payments by the sponsor and in others substantial benefit reductions are expected.

During 2013 EIOPA also started to explore the necessary conditions to create an EU single market for personal pensions.

The year 2013 saw a stronger emphasis on the promotion of supervisory convergence. In this context we have been using a number of tools: participation in the colleges of supervisors, conducting peer reviews and issuing opinions addressed to NCAs.

Our action plan for colleges focused on reaching a shared view between supervisors on the assessment of the risk exposure of groups and solo entities. We conducted 4 peer reviews that contribute to the development of convergent supervisory standards. As part of its supervisory mandate, EIOPA has participated together with the national supervisors in joint on-site inspections. EIOPA's work on supervisory convergence is also underway through the development of a Supervisory Handbook that will incorporate good supervisory practices.

In 2013, EIOPA established a Centre of Expertise on Internal Models which aims at developing good practices and sound indicators to support a consistent analysis and validation in this critical area of Solvency II implementation.

Following our market analysis and risk assessment, EIOPA identified a prolonged period of low interest rates as a potential threat to the stability of the EU insurance sector and a coordinated supervisory response was set out in an EIOPA Opinion. Our coordinated EU-wide approach promoted enhanced supervision, engagement with firms to take actions to mitigate the risks inherent in certain products and actions to understand the full magnitude of the challenges faced. We raised awareness about this potential risk at the ESRB level and now this is included in the ESRB overview of systemic risks.

One of our main priorities is consumer protection. Our agenda in this area is focused on ensuring a paradigm shift in the direction of transparency towards consumers and on reinforcing fairness in selling practices.

During 2013 NCA's implemented EIOPA's Guidelines on complaints-handling by insurance undertakings in their frameworks. Following our Guidelines, many insurers updated their complaint management systems, which will ultimately help consumers to receive better services and to solve occurring problems in a quicker and a more efficient way. At the end of the year we published similar guidelines applicable to insurance intermediaries.

Having identified significant consumer detriment in the Payment Protection Insurance market, including miss-selling practices, market imperfections and disproportionate levels of commissions, we issued an Opinion, in which we provide a framework for supervisory analysis of the issue, recommend NCAs to use it, and to report back to EIOPA.

Reflecting the relevance that we attach to selling practices, we have published Good Practices Reports on Comparison Websites, on Knowledge & Ability of Distributors of Insurance Products, on Industry Training Standards and on the Provision of Information to Members of Defined Contribution Pension Schemes.

# Foreword by the Chairman

Furthermore, EIOPA continued to work on the creation of the necessary basic conditions to identify consumer protection issues as they arise. In this context we developed an enhanced methodology for collecting, analysing and reporting on consumer trends and we started to explore the use of social media monitoring tools for our consumer trends analysis and created a Consumer Lounge on EIOPA's website, which provides useful information about different products.

The Joint Committee of the three European Supervisory Authorities, comprising EBA, ESMA and EIOPA, which I had the honour of chairing in 2013, has made very substantive contributions to enhance the consistency of the supervisory approaches at the cross-sectoral level and to the development of a common supervisory culture in the EU.

Our common work resulted in cross-sectoral Reports on Risks and Vulnerabilities in the EU Financial System, which provided policy-makers with a wide-ranging picture of the main risks and recommended concrete policy actions. The work on consumer protection has been a key priority of the Joint Committee. We organised the first Joint Consumer Protection Day and developed preparatory work on areas such as PRIPs and product governance. Further, the Joint Committee has issued a proposal on principles for benchmark rate-setting processes and submitted the first joint draft Regulatory Technical Standards on the consistent application of the calculation methods described in the Financial Conglomerates Directive. Throughout regular meetings the co-operation between the ESAs was fostered and intensified.

In our daily work we adhered to the corporate values of EIOPA. We acted independently and objectively. Our advices and reports were based on in-depth analysis and research and benefited from transparent public consultation processes and specific discussions and input from our two stakeholder groups. Accountability and transparency have been the cornerstones of our relations with the external world. And finally in all our work streams we always kept a team spirit because complex challenges can be overcome only if we all work together.

I would like to thank all EIOPA staff and experts from national authorities for their contribution and commitment. And also to thank my colleagues in the Management Board and Board of Supervisors for their continuous support that contributed to achieve significant progress in our objectives.

Together we continue to build up EIOPA as a modern, competent and professional organisation, an institution in which the European citizens can trust for its capacity and independence. I am looking forward to continue this exciting journey.



Gabriel Bernardino



# Foreword by the Executive Director

2013 has marked the third year since the establishment of the European System of Financial Supervision (ESFS) and the foundation of EIOPA as part of this System and its consolidation as a key contributor in the area of its competence. Today, it is difficult to imagine the ESFS without EIOPA, or simply envisage a scenario without EIOPA leading the work in the field of insurance and pensions.

To become a point of reference, not only a lot of work has to be developed, but that work must also be top quality. This can be challenging, particularly as the number of requests received by EIOPA has been increasing at a higher rate than its resources. In order to continue delivering high-quality products, we had to better define our strategic choices, prioritise our work and efficiently allocate human resources, and this was reflected in the Work Programme 2013. However this problem remains and can only be resolved by the joint action of all the three EU institutions. I would therefore like to take this opportunity to thank the European Parliament for its constant support to EIOPA, both in words and actions.

Looking back over 2013, our overall objective as an institution was twofold: to continue performing all the wide-ranging tasks assigned to EIOPA by EU law and to ensure efficiency in our daily work.

The workflow last year was very challenging, yet we managed not only to perform our regular functions and develop own-initiative products, but also to carry out important ad hoc projects such as the longterm guarantee assessment and the analysis of standard formula design and calibration for certain long-term investments. I would like to stress that despite this challenging situation, and thanks to both the commitment of the staff and the robust prioritisation exercise, EIOPA did not reduce the high-quality of its work and continued to deliver its technical advice and analysis in a timely manner.

We also have kept our transparent and interactive working style: the frequency of our contacts and information exchange with NCAs nor the granularity of consultations with external stakeholders was further enhanced. Transparency is a must for EIOPA.

As a young Authority, we have invested a great deal of effort in establishing and fine-tuning our procedures and in-house rules, always bearing in mind an objective of full accountability, enhanced efficiency and effectiveness. In 2013, EIOPA continued to reinforce its governance by refining its organisational structure, planning, evaluation and working procedures. Further work will be carried out in 2014.

EIOPA's human resources team did an excellent job, increasing the number of staff from 93 in December 2012 to 110 experts and managers in December 2013. Sometimes we found it difficult to compete with the financial sector in terms of conditions, but we finally managed to get on board highly qualified, experienced and motivated specialists. Most important is the fact that EIOPA's staff are committed and motivated to building a better EIOPA, a better Europe.



There has been a breakthrough in terms of the infrastructure development. In the course of 2013, EIOPA launched four major IT projects: the new public website; the collaboration tool for supervisory colleges; the in-house document management system; and the common document management platform for EIOPA's members and observers. The implementation of these projects will continue in 2014.

These projects are ongoing. We do not want to stop at what has been achieved but intend to further improve our performance in all areas. EIOPA has a committed and motivated team of experts and managers working together to contribute to the financial stability of Europe and the enhancement of consumer protection. It is a privilege to be part of this team, and I would like to thank all my colleagues for their professionalism, European spirit and strong willingness to add value to the European Union. At the same time our work would not be possible without the support and input of all our stakeholders, in particular the members of EIOPA's Board of Supervisors, Stakeholder Groups, Working Groups and Committees. All our achievements are underpinned by their contribution.

Going forward, three years since the ESFS's creation, the time for reviewing the System is approaching. I therefore call upon the EU public institutions to seize this opportunity to make the operation of the ESFS more dynamic and efficient. EIOPA has proved to be successful, but we have much greater potential. The chance to improve the ESFS is one not to be missed!

A handwritten signature in blue ink, which appears to be 'Carlos Montalvo', written on a white background.

Carlos Montalvo

# Executive Summary

## Executive Summary

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

# Executive Summary

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.

# Executive Summary

## 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.



## Chapter 1 **EIOPA Overview**

### 1.1 Introduction

This is the third annual report of the European Insurance and Occupational Pensions Authority (EIOPA), which was set up in January 2011 as a result of reforms of the supervisory structure in the financial sector of the European Union (EU). This report sets out EIOPA's main achievements in 2013.

EIOPA is an independent European Union advisory body to the European Parliament, the Council of the European Union and the European Commission. Its core responsibilities are to support the stability of the financial system, ensure the transparency of markets and financial products, and protect policyholders, and pension scheme members and beneficiaries. EIOPA is commissioned to monitor and identify trends, potential risks and vulnerabilities at the microprudential level, across borders and across sectors.

EIOPA's strategic goals are:

- to ensure transparency, simplicity, accessibility and fairness across the internal market for consumers;
- to lead the development of sound and prudent regulations supporting the EU internal market;
- to improve the quality, efficiency and consistency of the supervision of EU insurers and occupational pensions;
- to identify, assess, mitigate and manage risks and threats to the financial stability of the insurance and occupational pensions sectors;
- to act as a modern, competent and professional organisation, with effective governance arrangements, efficient processes and a positive reputation.

To account for the specific conditions in the national markets and the nature of the financial institutions, the European System of Financial Supervisors (ESFS) is an integrated network of national and European supervisory authorities that provides the necessary links between the macro and microprudential levels, leaving day-to-day supervision to the national level.



## 1.2 Board of Supervisors

According to EIOPA's Founding Regulation, the Board of Supervisors is the main decision-making body and provides guidance for the Authority's work. It is composed of EIOPA's Chairman, the heads of 28 national authorities (Voting Members and Permanent Representatives), Non-Voting Members and Observers.

Iceland, Liechtenstein and Norway represent the non-EU Member States of the European Economic Area, while observer status is granted to the European Commission, the European Systemic Risk Board (ESRB), the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA). The Board of Supervisors meets at least twice a year and may create internal committees and panels for specific tasks. In 2013, the Board of Supervisors met 6 times.

## 1.3 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. 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.

### MB members in 2013:

- Mr Julian Adams – The Prudential Regulation Authority, UK (from March 2013)
- Mr Peter Braumüller – Austrian Financial Market Authority, Austria (from June 2013, re-elected)
- Mr Felix Hufeld – Federal Financial Supervisory Authority, Germany (from June 2013)
- Mr Jan Parner – Finanstilsynet, Denmark (from June 2013, re-elected)
- Mr Sergej Simoniti – Insurance Supervision Agency, Slovenia (from June 2013)
- Ms Daniele Nouy – Banque de France, France (till November 2013)
- Mr Damian Jaworski – Polish Financial Supervision Authority, Poland (till June 2013)
- Mr Matthew Elderfield – Deputy Governor of the Central Bank of Ireland, Ireland (till June 2013)
- Ms Flavia Mazzarella – Istituto per la Vigilanza sulle Assicurazioni, Italy (till June 2013)

The Management Board meets at least five times a year, always before every meeting of the Board of Supervisors, and as often as it deems necessary. In 2013, the MB met seven times, playing a key strategic role in EIOPA's management. With a focus on planning, budget and assurance, the Board steered the development of the Annual Work Programme 2014, monitored the budget planning process and influenced the allocation of human and financial resources. The Management Board also received updates on EIOPA's tasks and activities.

#### 1.4 Stakeholder Groups

EIOPA Stakeholder Groups were established to facilitate consultation with EIOPA stakeholders in areas relevant to the Authority's tasks. EIOPA's two Stakeholder Groups, the Insurance and Reinsurance Stakeholder Group (IRSG) and the Occupational Pensions Stakeholder Group (OPSG), engage in close dialogue with representatives from the industry, consumers and academics.

The main tasks of the Stakeholder Groups are:

- to advise EIOPA on actions taken in accordance with the EIOPA Regulation concerning regulatory technical standards and implementing technical standards;
- to advise EIOPA on measures taken in accordance with the EIOPA Regulation concerning guidelines and recommendations, insofar as these do not concern individual financial institutions;
- to advise and assist EIOPA in assessing the potential impact of the proposed draft regulatory and implementing technical standards, guidelines and recommendations, insofar as these do not concern individual financial institutions; and
- to submit opinions and advice on any issue relating to EIOPA's tasks, with particular focus on the areas listed above and on those which follow below.

##### **INFORMATION BOX:** Selection of the new Stakeholder Groups

In September 2013, after the expiry of the mandate of the first EIOPA Stakeholder Groups, the Board of Supervisors, following an open selection process, appointed the new members of the Stakeholder Groups. The inaugural meetings of the Stakeholder Groups in the new composition took place in October. During those meetings the respective Chairs and ViceChairs were elected. For the Insurance and Reinsurance Stakeholder Group (IRSG): Ms Kay Blair (a consumer representative) was elected Chair and Mr Olav Jones (an industry representative) was elected Vice-Chair. For the Occupational Pensions Stakeholder Group (OPSG): Mr Benne van Popta (an IORP representative) was elected Chair and Mr Matti Leppälä (also an IORP representative) was elected Vice-Chair.

EIOPA is confident that the new Stakeholder Groups will provide highly valuable input to meeting the upcoming challenges in the areas of Insurance and Pensions.



Following the trend set in 2012, 2013 can be described as a year of considerable activity for both the IRSG and OPSG, leading to the combined publication of 16 responses to EIOPA public consultations, six reactions to EIOPA and European Commission public documents, three responses to EIOPA informal consultations and six own-initiative reports before the end of the Stakeholder Group members' mandates in August 2013.

Overall, EIOPA is very satisfied with the relationship established with the IRSG and OPSG, both on a technical and personal level. Both Groups have implemented ambitious work plans which not only integrated the mandatory responses to the EIOPA public consultations, but also allowed for informal consultations and for dedication to their own-initiative work. An insight into the key achievements of the first Stakeholder Groups can be found in the IRSG and OPSG Activity Reports 2011-2013, published on the EIOPA website.

Throughout 2013, the IRSG and OPSG each held three regular meetings in Frankfurt, in addition to a joint meeting with the Board of Supervisors. There were also initial meetings for the new members of each of the two Stakeholder Groups.

##### **INFORMATION BOX:** Consumer focus

EIOPA has pursued its commitment to ensure adequate involvement of consumer representatives in EIOPA's regulatory work. As such, consumer representatives from both the IRSG and OPSG were involved in the informal consultations on consumer-related topics, such as comparison websites and a questionnaire on consumer trends. Moreover, they were actively represented in the two largest public events organised by EIOPA in 2013, the EIOPA Conference and the Joint ESAs Consumer Protection Day.

Throughout 2013, the two EIOPA Stakeholder Groups covered a wide range of topics relevant for EIOPA's work.

Table 1 provides an overview of the Stakeholder Groups' key deliverables by areas of work, in the form of Opinions, Feedback Statements and Position Papers, published in the course of 2013.

**Table 1**

| Consumer Protection   | Insurance   | Occupational Pensions   |
|---|---|---|
| <p>Guidelines on Complaints Handling for Intermediaries:</p> <ul style="list-style-type: none"> <li>• IRSG Opinion</li> <li>• EIOPA Report on Good Practices for comparison websites</li> <li>• IRSG Opinion</li> <li>• EIOPA Report on Good Supervisory Practices regarding the knowledge and ability requirements for distributors of insurance products</li> <li>• IRSG Opinion</li> <li>• Packaged Retail Investment Products (PRIPs)</li> <li>• IRSG Position Paper</li> <li>• Insurance Mediation Directive (IMD II)</li> <li>• IRSG Position Paper</li> <li>• EIOPA Questionnaire on Consumer Trends</li> <li>• IRSG &amp; OPSG Input</li> </ul> | <p>IRSG Opinions on EIOPA Solvency II proposals for Guidelines on:</p> <ul style="list-style-type: none"> <li>• System of Governance</li> <li>• Forward Looking Assessment (ORSA)</li> <li>• Submission of information to national competent authorities</li> <li>• Pre-application of Internal Models</li> <li>• EC Green Paper on long-term Investment in Europe</li> <li>• IRSG Opinion</li> </ul> | <p>EIOPA draft ITS on reporting national provisions of a prudential nature:</p> <ul style="list-style-type: none"> <li>• OPSG Opinion</li> <li>• EIOPA QIS Preliminary Results</li> <li>• OPSG Feedback Statement</li> <li>• EIOPA Discussion Paper on a possible EU single market for personal pension products</li> <li>• OPSG Opinion</li> <li>• Information for members of occupational pension plans</li> <li>• OPSG Statement</li> <li>• Pension Fund Governance</li> <li>• OPSG Report</li> <li>• EIOPA Survey on Default Investment Options</li> <li>• OPSG Feedback</li> <li>• EIOPA Good Practices on information provision for Defined Contribution (DC) schemes</li> <li>• OPSG Feedback Statement</li> </ul> |

## 1.5 Working Groups

Working Groups are an important instrument regarding EIOPA's role in preparing draft documents to be adopted by the Board of Supervisors. They are divided into Committees, Task Forces and Panels, and each provides key technical input on specific areas of importance.

### Management Board Working Groups

**Quality Control Committee (QCC)** assesses the accuracy, efficiency and transparency of internal procedures and processes in accordance with the requirements of the EIOPA Regulation.

### Policy Working Groups

The Policy Working Groups are composed of Member States and EIOPA staff experts, and aim to promote the convergent development of policy, in particular in the areas of insurance and pensions.

**Insurance Groups Supervision Committee (IGSC)** → develops policy in the areas of group supervision for Solvency II as well as under the current supervisory regime.

**Financial Requirements Committee (FinReq)** → develops policy in the area of own funds, technical provisions and capital requirements for Solvency II.

**Internal Governance Supervisory Review and Reporting Committee (IGSRR)** → develops policy in the area of asset and liability valuation other than technical provisions, governance, own risk and solvency assessment (ORSA), public disclosure and supervisory reporting, external audit of Solvency II publically disclosed information, supervisory review, capital add-ons, the extension of the recovery period and the transparency and accountability of the supervisory authorities for Solvency II.

**Internal Models Committee (IMC)** → develops policy in the area of internal models for Solvency II.

**Task Force on EMIR** → develops policy in the area of risk-mitigation techniques for OTC derivative contracts not cleared by a Central Counterparty for the European Market Infrastructure Regulation (EMIR), in cooperation with the EBA and ESMA. It was closed in 2013.

**Occupational Pensions Committee (OPC)** → develops policy in the area of occupational pensions.

**Equivalence Committee (EQC)** → conducts gap analyses and full professional secrecy equivalence assessments of a number of non-EU countries.

**Task Force on Personal Pensions** → develops policy in the area of personal pensions.

**Task Force on Long-Term Investments** → will examine whether the calibration and design of capital requirements for investments in certain assets under the envisaged Solvency II regime require any adjustment or reduction under the current economic conditions, without jeopardising the prudential nature of the regime.

**Task Force on Long-Term Guarantee Impact Assessment** → produced the Long-Term Guarantee Assessment that was instrumental in successful discussions on Omnibus II at the political level.

### Regulatory Working Groups

**Committee on Consumer Protection and Financial Innovation (CCPFI)** → supports EIOPA in fulfilling the requirement laid down in its Regulation of taking a 'leading role' in the area of consumer protection and financial innovation.

**Task Force on Insurance Guarantee Schemes (TF-IGS)** → assesses the need for a European network of IGSs that is adequately funded and harmonised. The TF-IGS is currently dormant, as the Commission has not requested further advice from EIOPA on the assessment of the need for a European network of national insurance guarantee schemes.

### Membership-driven Working Groups

**Review Panel** → develops methodologies, procedures and tools for conducting peer reviews. Furthermore, its main objective is to conduct peer reviews.

### Information and Financial Stability Committees

**Financial Stability Committee (FSC)** → supports EIOPA in performing market intelligence functions regarding its supervisory universe, in developing a market surveillance framework to monitor and report on market trends and financial stability-related issues.

**Task Force on Crisis Management (TFCM)** → developed EIOPA's institutional framework to carry out its crisis prevention, management and resolution responsibilities under the EIOPA Regulation. Since its mandate was deemed to have been fulfilled, it was closed in 2013.

**Internal Monitoring Group (IMG)** → monitors risk concentrations in insurers' balance sheets, and prepares for discussion at the EIOPA Board of Supervisors' meetings on how to deal with the prevailing tensions and market pressures.

### Corporate Support Working Groups

**Information Technology and Data Committee (ITDC)** → is mandated to ensure the development of EIOPA's IT business architecture and strategy.

### 1.6 Mediation Panel

The Mediation Panel forms an integral part of EIOPA's internal structure. The purpose of the Mediation Panel is to facilitate an impartial settlement of disagreements between national competent authorities (NCAs) in crossborder and/or cross-sectoral situations. The Panel performs both nonbinding and binding mediation of disagreements, the latter occurring only in cases specified in the legislative acts referred to in Article 1(2) of the EIOPA Regulation.

The Mediation Panel consists of EIOPA's Chairman who also chairs the Panel, two members and four substitutes. All the members of the Panel are appointed by the Board of Supervisors from among its Voting Members and Permanent Representatives. The term of office of the Panel's members and alternates is two years, with the possibility of one renewal.

The panel did not hold any meetings in 2013.

### 1.7 Governance and risk management

In 2013, EIOPA initiated a review of its strategic goals and objectives to make clear its overarching aims and describe how it planned to achieve them. The review was designed to guide the work of the Authority and to communicate the benefits of its work to stakeholders.

Throughout the next year, EIOPA will engage with its core stakeholders to further develop and refine its strategy. Key Performance Indicators will also be defined to provide an objective measure of performance against the strategy. Future Annual Work Programmes and Annual Activity Reports will be structured around the goals and objectives, making it clear how the work carried out by the Authority delivers on its goals for stronger, safer and fairer insurance and EU pensions markets.

To ensure EIOPA meets its objectives for the EU insurance and pensions markets, and for stronger and more convergent supervision, the Authority has implemented an internal governance framework. This framework is built around the effective management of performance and risk.

Decision making is supported by the timely provision of information on performance and risks, which in turn is based on detailed planning and on risk identification and assessment. Risks are identified at both an organisational and deliverable level. In 2013, as part of a Business Continuity Management project, a series of workshops were held with representatives from across the Authority to assess the major risks. These, along with risks to the success of specific deliverables, are actively maintained through a risk log included in the Authority's Annual Work Programme Implementation Plan.



## Chapter 2 **EIOPA's deliverables**

### 2.1 Regulatory tasks

#### 2.1.1 Insurance

2013 was mostly marked by continuing uncertainty regarding the Solvency II project following the absence of agreement on the Omnibus II Directive. EIOPA provided important advice to help the trilogue parties take decisions in the key areas of long-term guarantees and long-term investments. By issuing preparatory guidelines in the areas of preapplication for internal models, governance, forward-looking assessment of own risks (based on ORSA principles) and submission of information to national supervisory authorities, EIOPA also contributed to avoiding a complete standstill in the preparation of supervisors and undertakings for Solvency II. These combined measures contributed to the successful closure of the political discussions on Omnibus II, which resulted in the agreement reached by Parliament, the Council and the Commission in November 2013.

#### **INFORMATION BOX:** the Solvency II framework – a reminder

- A new regulatory framework providing supervisors with the appropriate tools to assess the overall solvency of and the management of risks by insurance and reinsurance undertakings.
- It is based on three pillars: quantitative requirements (Pillar I); governance, risk management and supervisory review (Pillar II); and supervisory reporting and public disclosure (Pillar III).
- The Framework Directive 2009/138/EC was published on 17 December 2009 and amended by the Omnibus II Directive (agreement in November 2013, vote by Parliament expected in the first half of 2014).
- Implementing measures are being discussed in the first quarter of 2014 by the Commission and Member States.
- Implementing Technical standards are being drafted by EIOPA for endorsement by the European Commission. Matters falling under the empowerment of regulatory technical standards will be adopted as delegated acts for the first application date of Solvency II (OMDII sunrise clause). EIOPA can submit regulatory technical standards to amend certain elements two years after the entry into force of OMDII, focusing on technical aspects and based on financial markets developments.
- Guidelines are being drafted by EIOPA to ensure the convergent application of the regulation.

### Long-term guarantees

While the political institutions continued to negotiate the Omnibus II Directive, EIOPA was asked to conduct an exercise to assess the impact of measures aimed at ensuring the sustainability of long-term guarantees under Solvency II (Long-Term Guarantees Assessment, LTGA). This was conducted between January 2013 and 31 March 2013, and EIOPA published its final report in June.

#### INFORMATION BOX: Long-Term Guarantees Assessment

The LTGA tested the 'Long-Term Guarantee package' – a set of potential measures aimed at ensuring an appropriate supervisory treatment of long-term guarantee products under volatile and exceptional market conditions. EIOPA concluded that the final Long-Term Guarantee package to be included in the Solvency II framework should include a number of principles in order to ensure a high degree of policyholder protection as well as effective supervisory process:

- alignment with the Solvency II framework and the economic balance sheet concept;
- full consistency and comparability in order to enhance the single market;
- efficient linking of all the three pillars (quantitative basis, qualitative requirements and enhanced reporting and disclosure);
- proportionality and simplicity;
- adequate treatment of transitional issues.

On the basis of the assessment and the outlined principles, EIOPA supported the inclusion of some of the measures tested: extrapolation, 'classical' matching adjustment, transitional measures and extension of the recovery period, with slight amendments to provide the right incentives for sound risk management. The results of the exercise and EIOPA's advice provided the EU political institutions with a reliable basis for an informed decision on the long-term guarantee measures and a conclusion on the Omnibus II negotiations.

### Long-term investments

The Commission asked EIOPA, in September 2012, to examine whether the calibration and design of regulatory capital requirements for long-term investments in certain asset classes under the envisaged Solvency II regime require any adjustment or reduction under the current economic conditions without jeopardising the prudential nature of the regime. The preliminary findings were presented in a discussion paper published in April 2013 and the final findings published in December 2013.

#### Preparatory Guidelines

Following an EIOPA opinion issued in December 2012, in March 2013, EIOPA took the initiative, having expressed its concern about further delays in the Solvency II project, of adopting proactive measures to ensure convergence with the Solvency II approach. EIOPA launched a consultation on preparatory guidelines in the following areas:

- governance,
- submission of information to NCAs,
- forward-looking assessment of own risks (based on ORSA principles)
- pre-application for internal models.

The final reports of these guidelines were published in September, and the guidelines were published in all European languages at the end of October.

An extensive Q&A process was put in place to ensure that all questions concerning the preparatory guidelines could be addressed within the appropriate period.

Following the consultation and issuance of the final guidelines in October, the Member States reported on their compliance with the guidelines at the end of 2013. The reported compliance shows not only the support for the guidelines, but for the Solvency II project as a whole. In this respect, the project has been one of EIOPA's great achievements of 2013.

## Technical standards and guidelines

Throughout 2013, EIOPA continued its work on technical standards and guidelines in order to stand ready to proceed once the agreement on the Directive had been reached.

EIOPA continued its informal pre-consultations with selected stakeholders in order to provide an ongoing dialogue with the industry ahead of the future formal public consultation.

**INFORMATION BOX:** Areas in which EIOPA prepared technical standards and guidelines in 2013

EIOPA continued preparing material for draft technical standards and guidelines in the following areas:

### Standard formula capital requirements

Undertaking-specific parameters (approval process and data quality, calculation methods), the loss-absorbing capacity for deferred taxes and technical provisions, standard capital requirements for health underwriting risk (including standard deviations for business subject to health risk equalisation systems), market risk and counterparty default risk (application of look-through requirements for investments, quantification of basis risk, choice of the equity index for the equity dampener, adjustments for currencies pegged to the euro, lists of regional governments and local authorities treated as exposures to central governments), underlying assumptions relating to the standard formula, application of reinsurance, zonation of natural catastrophes risks and application of the man-made liability CAT risk submodule.

### Technical provisions

Valuation of technical provisions (including the definition of contract boundaries, simplifications, methodologies, data quality requirements) and the determination of the risk-free rate term structure.

### Own funds

Classification of own funds, approval of ancillary own funds, determination of ring-fenced funds and treatment of participations.

### Valuation of assets and liabilities (excluding technical provisions)

In order to ensure consistent harmonisation in relation to the valuation of assets and liabilities: specification of the consistency of the International Financial Reporting Standards (IFRSs), as adopted by the Commission, with the overall measurement approach; specification of the methods and assumptions to be used where quoted market prices are either not available or applicable IFRSs are either temporarily or permanently inconsistent with the overall measurement approach; and specification of the methods and assumptions to be used if the use of alternative valuation methods is allowed.

### External audit

EIOPA is continued to examine developing the guidelines on the external audit of Solvency II publically disclosed information.

### Reporting and disclosure

Guidelines were issued under the preparatory guidelines project on supervisory reporting, which aimed at providing stable requirements for the preparation for Solvency II by industry and supervisors. In the meantime, EIOPA continued to further prepare the final Quantitative Reporting Templates, Narrative Public Disclosure & Supervisory Reporting, Third-Country Branches Reporting Templates and Financial Stability Reporting Templates.

### Governance and risk management requirements, including ORSA

Guidelines were issued under the preparatory guidelines project, which aimed at providing stable requirements for the preparation for Solvency II by industry and supervisors.

### Internal models

Guidelines were issued under the preparatory guidelines project, which aimed at providing stable requirements for the preparation for Solvency II by industry and supervisors.

### Group supervision

Intragroup transaction, risk concentration, group solvency requirements, treatment of third-country branches, operational functioning of colleges and information exchange in colleges as well as group specificities in the areas of capital requirements, own funds, technical provisions, governance, ORSA, capital add-ons, external audit, reporting, disclosure and a supervisory review process.

### EIOPA's preparation for implementing Solvency II

The Solvency II Directive, in particular the additions made by the OMDII Directive, creates various tasks which EIOPA will have to implement once the Solvency II regime has become applicable. These tasks should aim at supporting the consistent and convergent application of Solvency II. EIOPA continued to develop the business processes and data requirements in view of executing these tasks.

These tasks include:

- publishing parameters for the SCR calculation;
- updating correlation and other standard formula parameters;
- publishing technical information on the symmetric adjustment for equity risk;
- declaring and monitoring the existence of adverse market circumstances for the application of extension of the recovery period for undertakings;
- publishing information necessary for deriving the relevant risk-free rate;
- publishing information necessary for the fundamental spread for the calculation of the matching adjustment;
- publishing information regarding volatility adjustment;
- monitoring the consistency of applicable IFRS with the Solvency II principles;
- aligning practices with internal models;
- collecting data on the use of capital add-ons;
- annual reporting to Parliament, the Council and the Commission on long-term guarantees and equity risk measures.



During 2013, EIOPA defined the conceptual framework of the processes needed once Solvency II comes into force, and adequately identified these processes and started their implementation with the aim of completing them by 1 January 2016. Processes derived from reporting, disclosing and longterm guarantee regulations after the Omnibus II Directive are especially challenging in terms of technical definition, data needs and implementation.

### 2.1.2. Occupational Pensions

2013 was an important year for EIOPA's further work in the area of occupational and personal pensions. EIOPA issued its first Quantitative Impact Study (QIS) report for IORPs and submitted its first draft implementing technical standards (ITS) to the Commission. EIOPA also made progress in its policy development work in the important and increasingly significant area of Defined Contribution (DC) occupational pension schemes, and took responsibility in a new area of competence, advising the Commission on future policy development in the field of personal pensions.

#### **INFORMATION BOX:** IORP II: Quantitative Impact Study (QIS)

The first pension QIS executed in Europe assessed the financial situation of pension funds in a comprehensive and comparable manner. The QIS tested the various options for the holistic balance-sheet approach that EIOPA proposed in its advice to the Commission on the Review of the IORP Directive.

The QIS was conducted between mid-October and 17 December 2012 in seven European countries: Belgium, Germany, Ireland, the Netherlands, Norway, Sweden and the United Kingdom.

The QIS results show that the minimum harmonisation approach of the current IORP Directive has resulted in large differences in the protection of members and beneficiaries across Europe, and that pension funds have vulnerabilities in different areas: some are very dependent on future payments by the sponsor, while for others substantial benefit reductions are expected.

The results reinforce the need to continue working towards a European regulatory regime that is market-consistent, ensuring a comparable and transparent assessment of the financial situation of IORPs, and risk-based, enhancing risk-management, including sound asset and liability management techniques.

### **Draft implementing technical standards (ITS)**

In December 2013, EIOPA submitted its first draft implementing technical standard to the Commission: the ITS on the reporting of national provisions of a prudential nature relevant to the field of occupational pension schemes by competent authorities to EIOPA. The ITSs aimed at promoting the transparency and comparability of the prudential provisions affecting occupational pensions in the EEA.

### **Own initiative reports, surveys and data collection**

After the pensions QIS, EIOPA embarked on further work to enhance the methodologies and specifications for assessing the holistic balance sheet. A discussion paper on the valuation of sponsor support was issued for public consultation in July 2013 followed by a public event in October.

In the area of DC pensions, EIOPA published the results of its survey of EU practice on default investment options in April 2013, and published a report on good practices on information provision for DC schemes in February 2013. This was followed by an extensive dialogue with the Commission on effective policy and regulatory approaches to the provision of information to pension scheme members (see box below). The objective behind EIOPA's initiatives is to identify and advise the Commission on key areas and issues that should be addressed in the coming years with regard to occupational pensions.

#### **INFORMATION BOX:** Good practices on information provision for DC schemes

The report, published in February with the title 'Enabling occupational DC scheme members to plan for retirement', introduced the average pension scheme member, Max, who has limited time and motivation for getting involved in retirement planning, and often applies rules of thumb to quickly process information. EIOPA argues for a new approach to information disclosure, given the changes in the pension systems throughout the EU, and for the need to inform Max and others to support them in making the appropriate financial decisions regarding their retirement planning. Just providing 'sufficient' legally and technically relevant information has proven to be ineffective, and could even be counter-productive.

Relying on insights from behavioural economics and communication science about how people process information and make financial decisions, the report also collects good practices for the provision of information to DC schemes by various Member States.

As is customary, EIOPA published, in July 2013, a Market Development Report, which tracks the overall activity and developments in the European cross-border occupational pensions market. It revealed that the number of cross-border IORPs had fallen to 82, compared to 84 in last year's report.

### Personal pensions

In July 2012, the Commission asked EIOPA to provide technical advice on the prudential regulation and consumer protection measures required to develop an EU single market for personal pension schemes. EIOPA was asked to consider at least two approaches:

- develop common rules to enable cross-border activity for personal pension schemes (similar to the IORP Directive); and
- develop a 29th regime, whereby EU rules do not replace national rules but are an optional alternative to them.

EIOPA established the Task Force on Personal Pensions (TFPP), and published the discussion paper on a possible EU single market for personal pension products, covering a wide range of prudential and consumer protection issues.

As part of the same public consultation, on 11 June 2013, EIOPA organised a public event on personal pensions in order to provide representatives of industry, consumers, supervisors and academia with a forum for exchanging views on an EU single market for personal pension products.

Following this discussion paper, the drafting of a preliminary report began, outlining available course(s) of action towards establishing an EU single market for PPPs, with a view to advising the Commission in early 2014.

#### 2.1.3 Impact assessment

In 2013, EIOPA continued to apply the impact assessment methodology systematically in the policy development process for technical standards and guidelines. The development of impact assessments in parallel from the first moment of drafting standards and guidelines has become a golden rule in the main regulatory areas (insurance, pensions and consumer protection).



#### 2.1.4 Accounting

In 2013 EIOPA commented on the International Accounting Standards Board's 'Exposure Drafts 'Classification and Measurement: Limited Amendments to International Financial Reporting Standards (IFRS) 9' and 'Financial Instruments: Expected Credit Losses', and in particular on the revised Exposure Draft 'Insurance Contracts'. These activities are part of EIOPA's obligation to contribute to the development of high quality international accounting standards. In addition to that, EIOPA actively fosters the consistency between international accounting standards as adopted by the Commission and the valuation principles set out in the Solvency II Directive, these activities are of great importance and will require continuous attention.

EIOPA was closely involved in the on-going initiative by Commissioner Barnier to increase the European contribution to international accounting standards. Commissioner Barnier assigned Mr Philippe Maystadt to elaborate recommendations on how to reinforce the EU's contribution to the IFRSs and to improve the governance of the European institutions endorsing these standards.



### 2.1.5 Comply-or-explain for Guidelines issued during 2013

All national competent authorities (NCAs) reported their compliance or intention to comply with the referred Guidelines within two months, in accordance with Article 16(3) of the EIOPA Regulation. The replies were published on the EIOPA website.

Table 2

| Title of guidelines                    | Guidelines on complaints handling by insurance undertakings   |
|--|---|
| Deadline for replies                   | 15 January 2013.  |
| Number of NCAs and/or FIs that replied | 32 NCAs including:<br>27 EU Member State NCAs<br>Non-EU EEA NCAs (Iceland, Liechtenstein and Norway)<br>EU accessing countries: Croatia<br>UK overseas territories: Gibraltar                       |
| Results                                | All NCAs confirmed their compliance or intention to comply with the guidelines. With few exceptions, they provided links to existing or planned national measures for incorporating the guidelines. |
| Published on the EIOPA website         | <a href="https://eiopa.europa.eu/publications/eiopa-guidelines/index.html">https://eiopa.europa.eu/publications/eiopa-guidelines/index.html</a>   |

## 2.2 Supervisory Tasks

### 2.2.1 Colleges of Supervisors

Colleges are multilateral groups of relevant supervisors formed for the collective purpose of enhancing efficient, effective and consistent supervision of financial institutions operating across borders. Colleges foster supervision at both group and solo level.

The development of colleges of supervisors takes place in different stages. The first stage refers to information exchange, i.e. the exchange of financial details at solo and group levels. The next stage is cooperation, where joint activities such as joint on-site inspections and the development of a shared view on risks are undertaken. The following stage is coordination and delegation, where the tasks are shared and delegated, and cross-border teams are created in colleges. In the final stage, decisions are taken jointly. In 2013, a gradual shift took place from information exchange towards more cooperative and coordinated work planning in colleges, e.g. an increase in joint on-site reviews, the development of a joint risk-assessment approach, and the setting up of crossborder specialised teams.

The principal aim of the EIOPA College Action Plan, published at the end of January 2013, was to foster the risk analysis for colleges of supervisors. Another focal point for colleges in 2013 was to enhance the understanding and knowledge of the Solvency II Preparatory Guidelines. As a member of colleges, EIOPA aims to promote and steer communication, cooperation, consistency, quality and efficiency throughout all colleges.

In 2013, EIOPA contributed by developing several tools in close cooperation with relevant Working Groups and Group Supervisors, e.g. by collecting and disseminating Practical Solutions and Examples (PSEs)<sup>1</sup>, and by providing a coordination arrangement template, including one for smaller undertakings, and a structure for a risk assessment approach. In 2013, EIOPA monitored 92 colleges compared to 91 in 2012. Colleges of supervisors with at least one physical meeting or telephone conference were organised for 83 groups compared to 78 in 2012. For at least 20 groups, especially for the large groups (measured by premium), college meetings or telephone conferences were held more than once a year. At those extra meetings, either specific topics were discussed (internal model), or the quarterly or half-year results of the firm, as well as specific developments in firms (mergers). Besides college meetings, college members had bilateral contacts and set up specialised teams. EIOPA attended college meetings and/or telephone conferences for 82 groups and participated in three joint on-site examinations.

<sup>1</sup> PSEs are practical solutions and examples developed by Group Supervisors at colleges and aimed at helping other National Supervisory Authorities (NSAs) when dealing with an issue for the first time or looking for ways to work more effectively in colleges. In 2013 the PSEs covered the following supervisory areas: confidentiality at colleges, college work plans and college coordination arrangement.

Finally, in April and November 2013, EIOPA organised workshops called ‘Group Supervisors’ Days’, which provided a forum for Group Supervisors to express the benefits of the EIOPA Action Plan 2012, as well as their difficulties in accomplishing it, and to exchange with their peers their plans for the implementation of the EIOPA Action Plan 2013.

### 2.2.2 Supervisory practices

With the aim of monitoring and further building on consistent supervisory practices, EIOPA has initiated a new supervisory oversight function. The new team will engage with NCAs and the industry to monitor Solvency II preparation. The EIOPA Colleges Team also continued to gather questions and best practices at the meetings. Furthermore, work on drafting a *Supervisory Handbook* began in 2013. This handbook will define a common approach for risk assessment.

### 2.2.3 Peer Reviews

In 2013, the peer reviews on the pre-application of internal models for NSAs, supervisory practices for EEA Branches and IORPs (based on Articles 13 and 14 of the IORP Directive), were completed. As a result of the peer reviews, EIOPA proposed recommendations for improving procedures at various NSAs. For example with respect to the peer review on the pre-application of internal models, 75% of the participating NSAs received recommendations. Therefore, according to the methodology for conducting peer reviews, a follow-up phase was launched in the fourth quarter of 2013 to assess the level of follow-up actions implemented by NSAs, based on the recommendations from the peer review.

Two further peer reviews were launched in 2013, namely on the supervisory practices of NSAs regarding participation in the colleges of supervisors, and on IORPs (based on Article 9 of the IORP Directive). They are scheduled to be completed in June 2014.

The peer review on the Guidelines on complaint handling by insurance undertakings was not launched due to ongoing work on compliance by NSAs.

The process through which the methodology for peer reviews is applied was reviewed and optimised in order to ensure that a peer review is completed within approximately nine months.

### 2.2.4 Centre of Expertise in Internal Models

In March 2013, EIOPA established its Centre of Expertise in Internal Models (CoEIM). The CoEIM’s purpose is to achieve greater consistency and efficiency in the implementation of the Solvency II internal models across Member States.

The CoEIM’s approach is firstly to use the meetings of the Internal Models Committee (IMC), discussions with members and observations at onsite inspections to identify gaps in consistency. It then works with IMC members to develop tools that will promote consistency (e.g. notes on good practice, questions and answers, case studies, simple models, qualitative and quantitative benchmarking and surveys).

A priority in 2013 was collaborating with the Chair of the IMC to improve the effectiveness of the monthly Informal Supervisory Meeting (ISM). The CoEIM supported the ISM in moving from sharing the challenges of assessing internal models towards agreeing on consistent approaches and standards. Several groups of experts on specific technical topics were set up with experts from NSAs, and the groups and the CoEIM are developing convergent good practice in their fields of expertise.

Members of the CoEIM visited eight NSAs to improve understanding of their approaches to modelling assessment and to foster collaboration.

The report of the peer reviews on the pre-application of internal models contained several recommendations for EIOPA, the IMC and the ISM. The CoEIM produced an action plan to address the recommendations. Around half of the actions have already been implemented; the remainder are on schedule for completion over the first two quarters of 2014.

Two further projects promoting consistency are in progress, namely the development of a common template for groups to use when submitting their model application, and a benchmarking exercise on market and creditrisk calibrations using end-2013 data.

### 2.2.5 Breach of the European Union Law

EIOPA has the power to investigate alleged breaches or non-application of EU law by national competent authorities (NCAs) in accordance with the powers set out in the EIOPA Regulation. EIOPA can start an investigation upon its own initiative or following a request. EIOPA’s Chairman is in charge of the investigation, and his decisions regarding the admissibility of a request, the opening of an investigation and a potential breach are submitted for the approval of EIOPA’s Alternate Chairman. Before the Board of Supervisors is invited to adopt the proposed recommendation, the national competent authority concerned is asked to provide its views.

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.

### 2.3 Consumer protection and financial innovation

Under its founding Regulation, EIOPA is mandated to enhance customer protection within its fields of competence by fostering protection of policyholders, pension scheme members and beneficiaries. As such, EIOPA is required to take a 'leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market' (Article 9(1) of the EIOPA Regulation). As a consequence, consumer protection is embedded in all of EIOPA's deliverables. Most of EIOPA's achievements in the area of insurance and occupational pensions involve close cooperation with EIOPA's Committee Consumer Protection and Financial Innovation (CCPFI).

In 2013, the main activities in the field of consumer protection and financial innovation were the following:

#### Consumer protection issues

In November 2013, EIOPA published its Consumer Trends Report in the European insurance and occupational pensions sector. The report was based on both qualitative and quantitative information from Member States in relation to consumer trends in their respective jurisdictions. The following high-level consumer trends were identified:

- new or evolving channels for sales and marketing, including social media, increasing advertising, especially via the internet, and the rise in the use of comparison websites;
- lack of or misleading disclosure of information, and poor advice given to consumers, potentially leading to the mis-selling of various insurance products, in particular life insurance products such as unitlinked life insurance;
- new or emerging products, for example mobile phone insurance and packaged bank accounts bundled with the sale of insurance;
- sale of complex products to retail investors, and governance rules for the development of these products;
- unilateral changes in the terms of contracts by insurance undertakings; and
- use of telematics (also known as 'black box' technology) by insurers in the sale of motor insurance.



Further to the publication of the above-mentioned Consumer Trends Report, the Authority has revised its methodology for collecting, analysing and reporting on consumer trends. The existing methodology established a framework for the collection of consumer-trend data from NSAs, while the review approach explores other possible data sources and considers the level of comparability of available data. The templates developed for quantitative data collection on complaints and sales have been revised to also allow the capture of complementary qualitative information. Qualitative information is gathered through two questionnaires covering thematic work and the NSA's top three consumer protection issues. EIOPA, on an ongoing basis, monitors consumer trends together with the revised methodology for collecting information on such trends. The data collected will be published in regular future reports on consumer trends, and could provide the basis for targeted policy proposals.

EIOPA finalised its work on comparison websites. The report's objective is to promote transparency, simplicity and fairness for internet users in the market for online comparisons of insurance products. The report outlines good practices for websites that compare insurance products and is expected to be published in the first quarter of 2014.

EIOPA also conducted a mapping exercise on the implementation of the Test Achats ruling into the national legislation of its Members and Observers. All 28 EU Member States and the three EFTA States (Iceland, Liechtenstein and Norway) took part in the survey. The responses were summarised in a short report, and the detailed country-specific information provided by EIOPA Members included in an annex.

Furthermore, in 2013, EIOPA published a Report on knowledge and ability, which sets out good supervisory practices in the form of high-level principles that competent authorities would apply to all distributors of insurance products. These are supplemented by indicative examples of what a competent authority could require a distributor to demonstrate in terms of knowledge and ability, thus allowing for flexibility to adopt a proportionate approach at national level. Following on from previous Guidelines on complaints handling by insurance undertakings, in 2013, EIOPA issued Guidelines on complaint-handling by insurance intermediaries. The Guidelines provide guidance on appropriate internal systems and controls for complaints handling, the provision of information and the procedures to be used for responding to complaints. The Guidelines, lay down high-level principles for national competent authorities (NCAs), and are supplemented by a Report on best supervisory practices.

Regarding payment protection insurance, EIOPA sent an opinion to the NCAs. Based on a review and analysis of available national experience, EIOPA found that there were several potential issues of consumer detriment, including mis-selling cases, and regulatory or market imperfections, such as cross-selling, group insurance contracts, information asymmetry and failings in product design. The opinion recommends that the NCAs explore their national markets and, on this basis, decide whether PPI merits (further) investigation and any possible (further) supervisory and/or regulatory action at national level.

Another opinion issued by EIOPA in the consumer protection area addresses the issue of beneficiary protection arrangements for life insurance contracts. The opinion identifies a number of types of arrangements that help ensure that life insurance policies are actually paid out to the beneficiaries when due. In 2012, the CCPFI facilitated an update of the links on the EIOPA website to national general good provisions<sup>2</sup>. For 2013, in line with the objective to ensure a level-playing-field and improve transparency, EIOPA asked the NSAs to provide tables with examples of key or main national general good provisions, in addition to the existing links. The added value of the tables is the establishment of a highlevel categorisation of the areas where national general good provisions frequently exist. A 'Consumer Lounge' was set up on the EIOPA website, where consumers, among others, 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 different steps to follow if they need to make a complaint about a product or service. The Consumer Lounge also provides information on recent work carried out by EIOPA in the field of consumer protection, and financial education initiatives in the Member States.

In its capacity of chairing the Joint Committee in 2013, EIOPA organised, together with the other ESAs, the first Joint Consumer Protection Day, which took place in Paris on 25 June 2013. The aim of the event was to provide a forum for exchange and discussion of important and current cross-sectoral consumer issues. The Joint Consumer Protection Day attracted around 250 consumer representatives, academics, legal and financial consultants, national supervisors, and experts from the EU institutions and the financial services industry (banking, securities, insurance and pensions).

<sup>2</sup> <https://eiopa.europa.eu/disclosure/committee-on-consumer-protection/general-good-provisions/index.html>



## 2.4 Common Supervisory Culture

The EIOPA Regulation stresses the importance of a common supervisory culture in the European Union through technical training and a strong focus on building common supervisory skills and approaches.

### 2.4.1 The ESA Training Programme 2013

With the objective of further developing a common supervisory culture, the European Supervisory Authorities (ESAs) offered cross-sector training sessions and facilitated staff exchanges throughout 2013. In consultation with the NCAs, the ESAs identified priority topics on which a training programme for 2013 was developed (see Table 2).

The cross-sector training programme drawn up in 2013 included the following training activities:



Table 3

| TECHNICAL TRAINING |  |                      |             |             |                        |
|--------------------|--|----------------------|-------------|-------------|------------------------|
| No.                | Name of training activity  | Date & Location      | Leading ESA | Host        | Number of participants |
| 1                  | Regulatory Impact Assessment   | 27-28 Feb, Frankfurt | EIOPA       | EIOPA       | 48                     |
| 2                  | Working with ESMA / ESMA's role and powers in the new legislative framework            | 14 May, Paris        | ESMA        | ESMA        | 39                     |
| 3                  | Workshop on developing Technical Standards and undertaking Impact Assessments          | 30-31 May, London    | EBA         | EBA         | 24                     |
| 4                  | Supervisory Review Process   | 25-26 Jun, Frankfurt | EIOPA       | EIOPA       | 38                     |
| 5                  | Workshop on XBRL implementation  | 1-2 Oct, Warsaw      | EBA         | PFSA (KNF)  | 105                    |
| 6                  | General course on IFRS   | 21 Nov, Brussels     | ESMA        | ESMA        | 45                     |
| 7                  | Colleges of Supervisors  | 28-29 Nov, Berlin    | EIOPA       | Bafin - ESE | 53                     |
| 8                  | Discussion and seminar on the CRA supervision and reduction of the reliance on ratings | 11 Dec, Paris        | ESMA        | ESMA        | 25                     |
| <b>In Total</b>    |  |                      |             |             | <b>377</b>             |

11 'Soft-skill' courses open to all three sectors were also organised in 2013.

Table 4

| SOFT-SKILL COURSES |  |                    |       |                        |
|--------------------|--|--------------------|-------|------------------------|
| No.                | Name of training activity                        | Date & Location    | Host  | Number of participants |
| 1                  | ESMA – presenting with impact                    | 6-7 Feb, Paris     | ESMA  | 12                     |
| 2                  | ESMA on-site supervision beginners course        | 26-27 Mar, Paris   | ESMA  | 14                     |
| 3                  | English of the European Law                      | 19 Apr, Bratislava | NBS   | 15                     |
| 4                  | ESMA Train-the-Trainer for training organisers   | 22 Apr, Paris      | ESMA  | 11                     |
| 5                  | Seminar on 'English of the European Law'         | 16 May, Paris      | ESMA  | 15                     |
| 6                  | ESMA Train-the-Trainer for occasional organisers | 24 May, Paris      | ESMA  | 7                      |
| 7                  | Advanced on-site supervision                     | 29-30 May, Paris   | ESMA  | 12                     |
| 8                  | On-site beginner                                 | 10 Sep, Paris      | ESMA  | 12                     |
| 9                  | On-site advanced                                 | 17 Sep, Paris      | ESMA  | 13                     |
| 10                 | Effective meeting skills                         | 7 Oct, Rome        | IVASS | 14                     |
| 11                 | On-site beginner                                 | 16 Oct, Paris      | ESMA  | 11                     |
| <b>In Total</b>    |  |                    |       | <b>136</b>             |

Figures 1.1 and 1.2 provide a comparison of the number of training activities provided and the total number of participants.

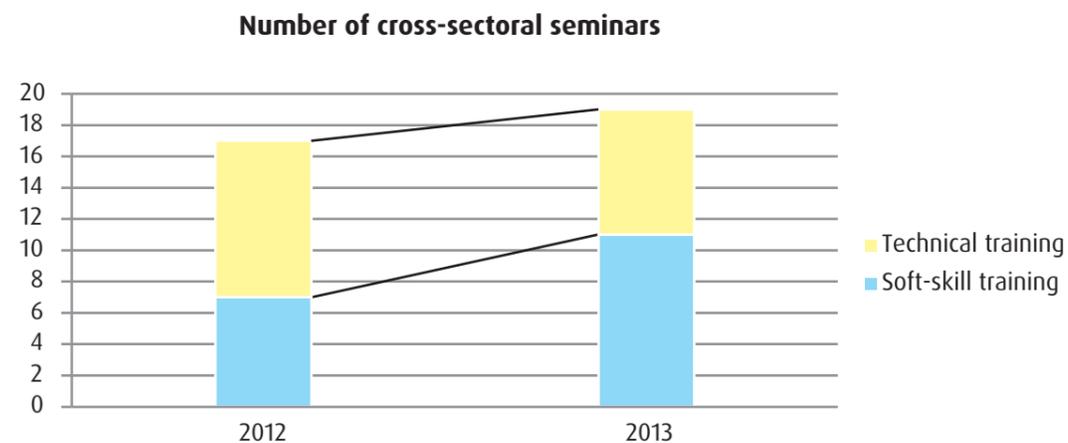


Figure 1.1: Number of cross-sector seminars in 2013, compared to 2012

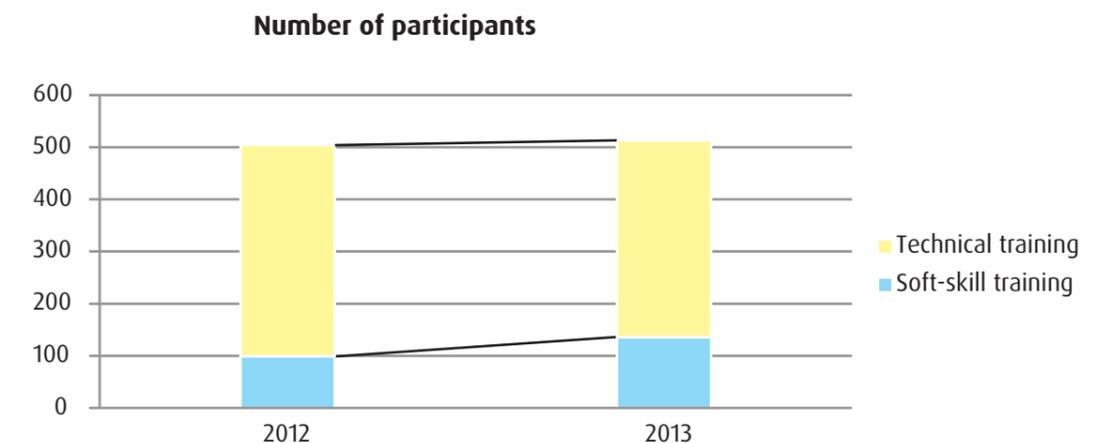


Figure 1.2: Number of participants in cross-sector seminars in 2013, compared to 2012

In certain cases financial support was provided to NCAs which, for budgetary reasons, they could not otherwise attend. This ensured a more equal representation at the ESA training sessions, and such support, including the reimbursement of travel and accommodation expenses, will continue in 2014.

#### Establishing the ESA Training Programme 2014

The ESA sector and cross-sector Training Programme 2014 was developed based on NCA responses to the Training Need Assessment Questionnaire 2013. This online survey was circulated to all NCAs in July 2013 and captured their responses to a number of proposed topics. All training programmes were first circulated to the Joint Committee for information and then to the ESAs' Boards of Supervisors in November and December 2013.

#### 2.4.2 Sectoral training

The 2013 EIOPA Training & Events Programme consisted of 17 sector seminars and six public events, including the 'Conference on Global Insurance Supervision (GIS)', an event on the 'Results of QIS (Quantitative Impact Study) for Pensions', the annual EIOPA Conference and the 'ESAs' Joint Consumer Protection Day' (see Tables 4 and 5).



© David Ausserhofer, Swiss Re

Table 5

| No. | Name of training activity   | Date & Location             | Host                                     | Number of participants |
|-----|---|-----------------------------|--|------------------------|
| 1   | Financial analysis and related tools: Applied empirical financial models and practical applications | 25-26 Feb, Frankfurt        | EIOPA                                    | 42                     |
| 2   | 1st Group Supervisors Day   | 10-Apr, Frankfurt           | EIOPA                                    | 63                     |
| 3   | SII in a nutshell   | 11-12 Apr, Paris            | ACP                                      | 54                     |
| 4   | Building-blocks of a financial reporting framework  | 25-26 Apr, Ljubljana        | Insurance Supervision Agency of Slovenia | 60                     |
| 5   | Crisis prevention, management and resolution  | 13-14 May, Rome             | IVASS                                    | 47                     |
| 6   | Advanced risk mitigation techniques   | 5 Jun, Stockholm            | FSA Sweden                               | 50                     |
| 7   | Own Funds   | 12-13 Jun, London           | FSA UK                                   | 35                     |
| 8   | Governance under SII  | 20-21 Jun, Tallinn          | Finantsinspektsioon (Estonia)            | 90                     |
| 9   | Supervisory Review Process – groups   | 23-24 Jul, Frankfurt        | EIOPA                                    | 30                     |
| 10  | Valuation under Solvency II   | 30 Sep & 1-2 Oct, Frankfurt | EIOPA                                    | 43                     |
| 11  | Internal models   | 7-8 Oct, Frankfurt          | EIOPA                                    | 45                     |
| 12  | Solvency Capital Requirements under SII   | 10-11 Oct, Athens           | Bank of Greece                           | 81                     |
| 13  | EIOPA pilot workshop: proportionality in regulation and supervision                                 | 21-22 Oct, Malta            | MFSA                                     | 61                     |
| 14  | Current developments in European pensions   | 22-23 Oct, Warsaw           | KNF                                      | 49                     |

| No.          | Name of training activity             | Date & Location      | Host  | Number of participants |
|--------------|---------------------------------------|----------------------|-------|------------------------|
| 15           | Reporting                             | 29-30 Oct, Frankfurt | EIOPA | 52                     |
| 16           | 2nd Group Supervisors Day             | 7-Nov, Frankfurt     | EIOPA | 28                     |
| 17           | Group Solvency Calculations under SII | 14-15 Nov, Amsterdam | DNB   | 46                     |
| <b>Total</b> |                                       |                      |       | <b>876</b>             |

Table 6

| PUBLIC EVENTS |  |                               |       |                        |
|---------------|--|-------------------------------|-------|------------------------|
| No.           | Name of training activity                  | Date & Location               | Host  | Number of participants |
| 1             | Personal pensions                          | 11 June, Frankfurt            | EIOPA | 61                     |
| 2             | ESAs' Joint Consumer Protection Day        | 25-Jun, Paris                 | ESMA  | 260                    |
| 3             | Results of QIS for Pensions                | 10-Jul, Frankfurt             | EIOPA | 92                     |
| 4             | Conference on Global Insurance Supervision | 5-6 Sep, Frankfurt University | EIOPA | 81                     |
| 5             | Sponsor support event                      | 17-Oct, Frankfurt             | EIOPA | 53                     |
| 6             | EIOPA Conference                           | 20 Nov, Frankfurt Messe       | EIOPA | 340                    |
| <b>Total</b>  |  |                               |       | <b>887</b>             |

Figures 1.3 and 1.4 provide a comparison between 2012 and 2013 for EIOPA sectoral training seminars and public events. EIOPA maintained the level of training seminars over these two years, with two additional public events held in 2013. In total, 195 more participants attended a sectoral training session or public event in 2013 than in 2012.

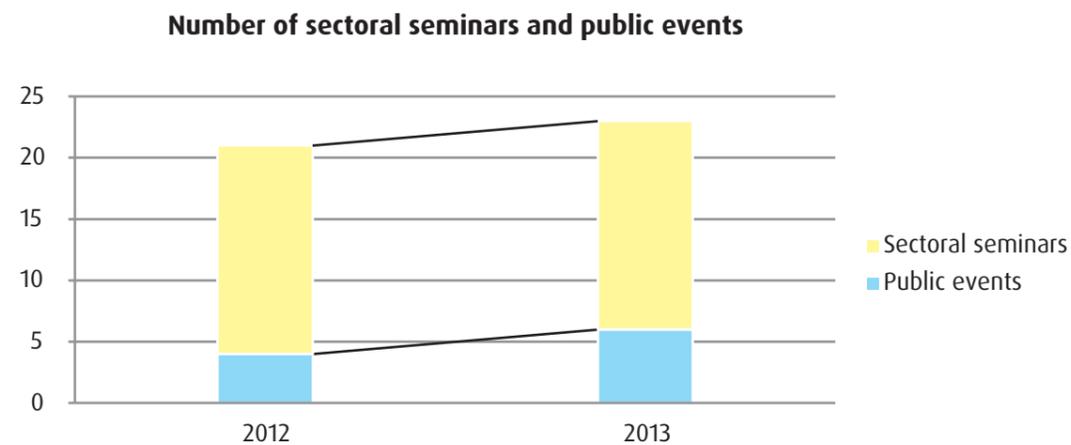


Figure 1.3: Number of sectoral seminars and public events in 2013, compared to 2012

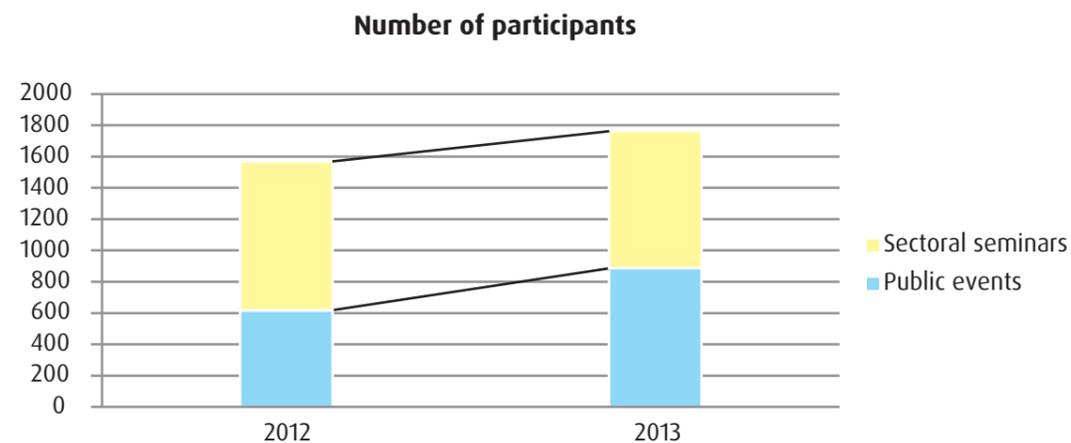


Figure 1.4: Participation in sectoral seminars and public events in 2013, compared to 2012

## 2.5 Financial Stability

### 2.5.1 Market Developments

Adverse trends, risks and vulnerabilities for the insurance and occupational pensions sectors can arise from micro and macroeconomic developments. In 2013, EIOPA continued to focus on the early identification of such developments and was active in a number of areas. A key focus during 2013 was the impact of a prolonged period of low interest rates and yields, with EIOPA publishing an Opinion on the supervisory response to such conditions. The Opinion, published in February 2013, was motivated by the results of an earlier stress test and survey work by EIOPA on the types of businesses that are exposed to this risk and the remedies available to firms and supervisors. Other issues that were closely followed in 2013 included the impact of banking difficulties in Cyprus and Slovenia, and the reaction of the insurance sector to low investment returns in terms of changes in risk appetite and portfolio structure. Other key issues to be examined in 2013 included shadow banking, search for yield, credit risk associated with sovereign debt and the systemic significance of insurance.

As in previous years, this was achieved by monitoring market data, and collating and disseminating aggregate data from insurance undertakings and occupational pensions, along with extensive information sharing and discussion among members of the Financial Stability Committee (FSC). In 2013, EIOPA carried out a review and revision of its published database for the insurance sector, and undertook a process review to improve the quality of supervisory data received from national supervisory authorities. The specification and design of data collection for financial stability purposes in a Solvency II environment continued with the participation of financial stability experts in the implementation projects being run by EIOPA's IT and Information staff. Another area of development was the commencement of work on developing 'desktop' models to assess the evolution of key indicators in the sector. In time, these tools will enhance the assessment of financial stability and will support the challenge and validation of stress test results.

In terms of cooperation, the risk assessments carried out by the financial stability area directly informed EIOPA's work on crisis prevention and participation in colleges. In turn, where appropriate, information and intelligence from these areas informed EIOPA's financial stability work. For example, in terms of qualitative information, the EIOPA college's team provides a regular overview on key issues arising in colleges, such as patterns in risk appetite or entry into new markets.

EIOPA carries out quarterly assessments of the risk environment in the form of the quarterly EIOPA Risk Dashboard that is published on the EIOPA website. In addition, EIOPA carries out a twice yearly in-depth assessment of financial stability in the form of the EIOPA Financial Stability Report, which was published in June and December 2013. The Financial Stability Report was revised in 2013 to improve its structure, content and accessibility.

### 2.5.2 Stress Test

EIOPA is mandated to carry out regular stress tests to assess the resilience of the insurance and occupational pensions sectors. A stress test exercise for the insurance sector was originally planned for May 2012, but had to be postponed to 2014 due to practical reasons associated with the Long-Term Guarantees Assessment (LTGA) exercise. As a result of the timing of the trilogue negotiations between Parliament, the Council and the Commission, the LTGA was carried out in the first half of 2013. The LTGA used the same 'technology' and, in many cases, the same supervisory and undertaking staff that would carry out a stress test exercise. The Board of Supervisors decided that the best course of action to maintain the momentum of the Solvency II project was to carry out the LTGA exercise first and then to perform the stress test. The LTGA exercise was run in early 2013 by a joint EIOPA/NSA team. Undertakings calculated their Solvency II positions under a range of assumptions, and the results were validated and analysed by the NSAs before being subjected to central validation, collation and analysis at EIOPA. A final report was delivered in May 2013 and served as the basis for the subsequent trilogue negotiations for finalising the Omnibus II Directive. The negotiations concluded in November 2013.

Preparations for the 2014 Stress Test commenced in mid-2013 with a review of the preparations originally made for the planned 2012 exercise. A key focus was a reassessment of the stress scenarios, to ensure that they were still valid. This provided an opportunity to hold close consultations with the European Systemic Risk Board (ESRB) on the development of scenarios, which falls under EIOPA's mandate.

EIOPA's Opinion on the supervisory response to a prolonged period of low yields provided for the completion of a quantitative exercise in 2013 to assess the scale and scope of the challenges that might arise. EIOPA's Board of Supervisors determined that, for practical purposes relating to the LTGA, the best course of action was to postpone this exercise until 2014 and to carry it out in conjunction with the stress test. Preparations for the 'Low Yield Exercise' commenced in 2013 and focused on the development of appropriate scenarios and the sample of undertakings to be included.

The work stream on the possible extension of the stress testing process to the occupational pensions sector continued during 2013.

### 2.5.3 EIOPA and ESRB

EIOPA continued to actively participate in the ESRB and its Sub-Structures, which were expanded in late 2013 to include an Expert Group on Insurance. This development reflects an increased focus of the ESRB's work on insurance in a macro-prudential context and builds on the cooperation between EIOPA and the ESRB. In 2013, EIOPA prepared a number of reports on insurance risks for ESRB meetings, and participated in the ESRB's work on sovereign risk and macro-prudential instruments.

EIOPA is also represented in other international financial stability forums, including: the European Council's Financial Services Committee (FSC), the Economic and Financial Committee (EFC), the EFC's Financial Stability Table (EFC-FST) and the Joint Committee. EIOPA also participates in the IAIS Financial Stability Committee.



#### 2.5.4 Emergency situations

In accordance with Article 18 of the EIOPA Regulation, EIOPA has a role to play in the identification of an emergency situation, and once such a situation is declared by the European Council, a number of EIOPA powers are triggered. As part of its financial stability and crisis prevention activities, EIOPA continually scans the horizon to assess the likelihood of an emergency situation. In 2013, EIOPA did not identify any circumstances that merited making a recommendation on the existence of an emergency situation. Equally, the European Council did not declare such a situation, so EIOPA's specific powers under Article 18(3) and (4) remained untriggered.

#### 2.5.5 Solvency II related activities

In 2013, EIOPA's financial stability resources were called upon to extensively support the development of the Solvency II framework by providing quantitative assessment and input. The main work carried out was the development and completion of the LTGA exercise. In addition, staff analysed the financial stability impact of proposed new provisions of the Solvency II framework, including the Countercyclical Premium and the Matching Adjustment.

### 2.6 Crisis prevention, management and resolution

#### 2.6.1 Building capability, best practices and consistency

In 2013, the work programme of EIOPA's Task Force on Crisis Management (TFCM) was deemed to have been completed, and the Board of Supervisors decided to disband the TFCM as it had fulfilled its mandate.

Other developments in 2013 included the consolidation of all EIOPA's crisis-related processes and procedures into a *Crisis Handbook*, and the commencement of planning for a 'walk-through' exercise of colleges' emergency planning in conjunction with the EIOPA College Team.

#### 2.6.2 Crisis prevention and management

In early 2013, EIOPA published an Opinion on the supervisory response to a period of prolonged low interest rates. This Opinion sets out a coordinated approach by EIOPA Members to dealing with the prevailing low interest rate and low yield environment. For its part, EIOPA has been exploring the possible impacts on undertakings' investment behaviour, including the possibility of "search for yield" without due attention to risk. The quantitative study that was flagged in the Opinion will take place as an element of the 2014 Stress Test programme.



In addition, the Internal Monitoring Group has been examining other potential risks that have come to its attention through EIOPA's financial stability and colleges work, as well as from members and other sources. Specific themes that were explored included the significance and purpose of liquidity swap activity, the implications of a shift from subsidiary structures to branch structures, the potential role of insurance in credit intermediation and the resurgence in some jurisdictions of transactions to monetise future profits or value of in force business. As with all of the Internal Monitoring Group's work, these themes were explored with a view to considering whether they constitute adverse developments or raise any threats to financial stability that require facilitation or coordination of supervisory action.

In 2013, Cyprus came under profound economic and financial stress, resulting in the resolution of a number of banks. One effect of this resolution process was the allocation of losses to insurance companies, policyholders and pension beneficiaries. This impact of this 'bailing-in' was monitored very closely by EIOPA and was raised in contacts with other EU authorities to highlight this spillover effect.

#### 2.6.3 Crisis Resolution

In August 2013, the Financial Stability Board (FSB) launched a consultation on the 'Application of the key attributes of effective resolution regimes to non-bank financial institutions', which included application to insurance undertakings. This consultation provided EIOPA with an excellent opportunity to put forward its position on the key issues relating to the resolution of insurance undertakings.

A detailed EIOPA response to the consultation was sent to the FSB in October 2013. This contribution addressed the specific issues raised in the consultation. It highlighted in particular the way in which insurance undertakings fail, their possible systemic impact when they fail and the timescales within which insurers can be resolved. Specific comments were made in relation to the objectives of a resolution framework for insurance undertakings and the tools necessary for resolution.

## 2.7 External relations

### International Dialogues

EIOPA Regulatory and Supervisory Dialogues aim to establish bilateral relations between the Authority and third countries' supervisors, as well as associations of supervisors, contributing to the mutual understanding of the different regulatory and supervisory regimes.

As in the previous year, EIOPA participated in around 20 Dialogues with supervisors and associations of supervisors from Asia, Latin America, South Africa, Canada, Switzerland, Australia and the US. A large number of these meetings were organised back-to-back with the IAIS Annual Meeting in Taipei in October 2013. This also allowed the participation of European National Supervisory Authorities in the Dialogues.

In April, EIOPA participated in two conferences with industry participation in Brazil dedicated to risk-based regulation and supervision. EIOPA also presented the main features of the Solvency II regime in a three-day seminar for the staff of the Brazilian Superintendence of Private Insurance (SUSEP), and views were exchanged regarding the current status and future developments of both the European and Brazilian regimes.

In addition, numerous Institutional Dialogues and Technical Meetings took place, among others with the IAIS, the World Bank, Insurance Europe and the Financial Supervisory Commission of Taiwan. EIOPA also participated in the US Chamber of Commerce Symposium.

The EU-US Dialogue Project, established in 2012 by EIOPA, the Commission, the NAIC and the Federal Insurance Office (FIO), is moving forward on the agreed five-year working plan to enhance cooperation between regulators in the EU and the US. During 2013 the focus has been on the initiatives relating to professional secrecy/confidentiality and reinsurance and collateral requirements. Another workstream of the Project relates to certain initiatives pertaining to solvency and capital requirements. A public Supervisory Colleges Best Practices Forum was held in Washington in December to mark the completion of the first year of the Project. The event was very well received by the industry, regulators and supervisors.

### Second Annual Conference on Global Insurance Supervision

The second GIS Conference took place on 5-6 September 2013 in Frankfurt, in cooperation with the International Center for Insurance Regulation (ICIR) at the Goethe University Campus. Building on the success of the first GIS conference, the event attracted 81 participants from Europe, the US, Latin America and Asia.

The objective of this year's conference was to encourage the exchange between supervisors, leading professionals from major (re)insurance groups and renowned academics on currently prevailing subject matters of global insurance supervision, such as a self-assessment of risks and solvency in insurance companies, the supervisory convergence and the search for global standards.

### EIOPA and international organisations

Considering its responsibilities in the drafting of regulatory standards in the EU, EIOPA has maintained an active participation in relevant international organisations. The strengthening of the representation and visibility of Europe in such organisations, especially in the International Association of Insurance Supervisors (IAIS), is paramount given the increased importance of international standards.

Since 2011, EIOPA is a member of the IAIS, and EIOPA's Chairman is a member of the IAIS Executive Committee as one of the Western European Region's representatives. EIOPA's Chairman is also a member of the IAIS Technical Committee. In 2013, EIOPA maintained its active participation in both the Executive and Technical Committee, as well as in the Financial Stability Committee (FSC), as these are the main decision-making bodies of the IAIS.

The area of Financial Stability was very important in 2013, in the context of the Financial Stability Board's global efforts to reduce the issues relating to 'Too Big to Fail' institutions in the financial system. In July 2013, the IAIS and the FSB, in cooperation with the NSAs, published a methodology for identifying Global Systemically Important Insurers (G-SIIs), and a list of policy measures to be applied to such entities.

This development triggered a very rapid and significant change in the efforts to develop Global Insurance Capital standards. The FSB asked the IAIS to develop these standards by the end of 2016, as part of a Comprehensive Supervisory Framework for Internationally Active Insurance Groups (ComFrame). This required an increase in the resources committed by EIOPA to such work, namely in the context of the Field Testing Task Force (FTTF) and the Higher Loss Absorbency Drafting Group (HLADG). EIOPA also actively contributed to the IAIS Solvency and Actuarial Issues Sub-Committee (SSC) to this end.

One of EIOPA's main priorities in the area of international organisations in 2013 was increasing the voice of the EU in international discussions. Significant progress was achieved in this area, culminating in the presentation of common EU positions on several of the main topics under discussion.

In March 2013, EIOPA and the World Bank signed an operational Memorandum of Understanding (MoU) to cooperate on developing the insurance sector. The MoU will enable both organisations to collaborate on promoting a risk-based regulatory and supervisory framework in insurance and the identification of systemic risk, and the promotion of consumer protection. The agreement also covers cooperation on activities such as seminars, the exchange of knowledge, technical papers and best practices.

### Equivalence

The delivery of technical advice to the Commission on third-country professional secrecy provisions and supervisory regimes stood at the core of EIOPA's work on equivalence in 2013.

As part of its work on the establishment and implementation of the Solvency II framework, the Commission developed a transitional equivalence regime. Supervisory authorities in eight countries expressed interest in being covered by such transitional provisions, namely Australia, Chile, China, Hong Kong, Israel, Mexico, Singapore and South Africa.

In a Call for Advice in February 2012, the Commission asked EIOPA to examine whether persons working for or on behalf of these supervisory authorities are bound by obligations of professional secrecy. Professional secrecy equivalence is a prerequisite for inclusion in a transitional regime. In addition, the Commission asked for a gap analysis of each country's supervisory regime to identify the main areas where it could not currently be considered to be equivalent to that created under Solvency II.

In the course of 2013, EIOPA's Equivalence Committee produced reports on the eight countries, which were formally submitted to the Commission. EIOPA's findings were not made public since the Commission is expected to discuss the findings, and any relevant development plans, with the third countries concerned before deciding on which countries should be included in a transitional regime. Inclusion in a transitional regime is subject to a formal decision by the Commission.

Furthermore, in 2013, the MoU text for supervisory cooperation between EIOPA members and the Bermuda Monetary Authority (BMA) was agreed upon with the BMA and approved by EIOPA BoS. The BMA signed the MoU and EIOPA initiated the signature procedure on the European side at the end of 2013, which will run into 2014. EIOPA is also working on the mutually agreeable content for a MoU with regard to the Japanese Financial Services Authority (JFSA).



In December 2013, a seminar with countries in Central and Eastern Europe took place with the aim of enhancing supervisory cooperation, with a particular focus on professional secrecy requirements. The seminar was used to inform the participants on the EU's professional secrecy requirements and to initiate professional secrecy equivalence assessments. EIOPA BoS has asked the Equivalence Committee to undertake, during 2014, assessments of Serbia, Albania, the Former Yugoslav Republic of Macedonia, Montenegro, Ukraine, BosniaHerzegovina, Moldavia, Georgia, Turkey and Kosovo with the cooperation of the supervisory authorities concerned.

### 2.7.1 Joint Committee

2013 was an important year for the Joint Committee, which stepped up the pace as a forum for cross-sectoral coordination and exchange of information. Under the chairing of EIOPA, it focused particularly on cross-sectoral risk monitoring, consumer protection and the ESFS review exercise.

As a key forum for sharing information and data on risks between the ESAs, the Joint Committee developed 'Joint Cross Sectoral Reports on Risks and Vulnerabilities in the EU Financial System', thus contributing to a crosssectoral approach to risk analysis and anticipation, and financial stability. Two such reports were published on the websites of the ESAs in 2013 and shared with the European institutions, in March and September, respectively. In addition, information was regularly exchanged on specific topics, including cyber risks, risks as a consequence of criminal acts and risks owing to bad business conduct.

Consumer protection is high on the agendas of the three ESAs, and a topic where coordination is essential. To reach out to consumers of financial services, retail investors, and other stakeholders, the ESAs organised their first Joint Consumer Protection Day, which was held on 25 June 2013 in Paris. This Joint Consumer Protection Day was intended as a forum for exchange and discussion on important consumer issues and consumer protection supervisory practices. The Joint Consumer Protection Day attracted around 250 consumer representatives, academics, legal and financial consultants, national supervisors, experts from the EU institutions and financial services industry.

Furthermore, in order to increase market confidence of all participants, and in particular to ensure the adequate protection of complainants, ESMA and the EBA published, on 6 November 2013, a consultation paper on draft guidelines for complaint-handling for the securities and banking sectors, building on the existing complaints-handling guidelines established by EIOPA for the insurance sector. The objective is to enable EU consumers to refer to a single set of complaints-handling arrangements, irrespective of the type of product or service, or the geographical location of the firm in question. This, in turn, will also enable firms to streamline and standardise their complaints-handling arrangements, and national regulators to supervise the same requirements across all sectors of financial services across the EU. The final guidelines are expected to be published in the first half of 2014.

On 28 November 2013, a Joint Position was published, detailing eight principles applicable to the oversight and governance processes for financial products. These principles cover the responsibilities of manufacturers and producers in setting up processes, functions and strategies for designing and marketing financial products, as well as in reviewing the products' life cycles. They stress the importance of the controls that manufacturers should put in place before launching their products, thereby discouraging products and services that may cause consumer detriment from entering the market and, ultimately, enhancing consumer confidence in financial markets.

As part of its work on Financial Conglomerates, the Joint Committee submitted its first joint draft RTS on the uniform conditions of application of the calculation methods for determining the amount of capital required at the level of the financial conglomerate under Article 6(2) of the Financial Conglomerates Directive (2002/87/EC – FICOD) to the Commission on 26 July 2013. Their underlying principles are to eliminate multiple gearing and intra-group creation of own funds, to ensure transferability and availability of own funds and to cover deficit at financial conglomerate level with regard to the definition of cross-sector capital.

The annual update of the list of identified Financial Conglomerates was published on 8 October 2013. The identification process has now been expanded in line with the enlarged scope of the FICOD so as to include reinsurance undertakings, asset management companies and alternative investment fund managers for the identification of financial conglomerates.

With regard to Anti-Money Laundering, a report on anti-money laundering and counter-financing of terrorism Risk Based Supervision, was published on the websites of the three ESAs on 8 November 2013. In addition, the Joint Committee considered matters related to, inter alia, cost recovery of agent inspections of cross-border payment institutions and distance customer due diligence, and started discussions of its work as envisaged under the upcoming 4th Money Laundering Directive (4MLD).

Following the publication of the EBA and ESMA final report and principles for Benchmark-Setting Processes in the EU in June 2013, the Joint Committee continued its discussions of benchmark-related issues, in particular with respect to benchmark contingency matters and considerations to develop more robust models for benchmarks.

In November 2013, the ESAs ran a joint public consultation on mechanistic references to credit ratings in the ESAs' guidelines and recommendations, as envisaged by the CRA Regulation. The ESAs also initiated the joint work on a draft ITS for mapping the credit assessment of external Credit Assessment Institutions (ECAIs), for submission to the Commission by 1 July 2014.

In addition, the Joint Committee initiated considerations on how to coordinate EU initiatives related to the transparency of securitisation products, aiming at potentially limiting overlapping requirements for issuers and possibly identifying positive and negative patterns of securitisation.

Finally, with the European System of Financial Supervision (ESFS) under review by the Commission after three years of existence, the ESAs actively cooperated in the review process, by providing quantitative and qualitative data submissions on the activities of the ESAs to the Commission, submitting a joint report on the achievements and challenges of the ESAs to the Council, and participating in the Commission's public hearing on 'Financial Supervision in the EU' on 24 May 2013<sup>3</sup>. The ESAs also jointly responded to the European Parliament's ECON set of common questions for their regular annual public hearing, which took place on 24 September 2013, and provided their joint opinion on the functioning of the European Systemic Risk Board on 17 December 2013.

Through the Joint Committee, the ESAs continued to provide operational and secretarial support to the Board of Appeal. The Board of Appeal worked on two appeal cases in 2013, publishing its first decision in an appeal brought by an Estonian company against a decision of the EBA on 24 June 2013.

<sup>3</sup> [http://ec.europa.eu/internal\\_market/conferences/2013/0524-financial-supervision/index\\_en.htm](http://ec.europa.eu/internal_market/conferences/2013/0524-financial-supervision/index_en.htm)



## Chapter 3 **EIOPA Internal Organisation**

### 3.1 Human Resources Management

In the course of 2013, 19 new colleagues joined EIOPA, bringing the total number of staff to 110 by the end of the year. This includes temporary agents, contract agents and seconded national experts. EIOPA's diverse staff population includes 23 EU nationalities, 54% of which are female and 46% male.

Throughout the year, recruitment has been one of the main areas of work, with 41 recruitment campaigns having been launched due to unsuccessful campaigns, resignations and different types of replacements.

In cooperation with 21 EU Agencies, EIOPA actively participated in a project that led to the benchmarking among EU Agencies in terms of staff engagement. EIOPA launched its first Staff Engagement Survey with positive results and a clear feedback from staff on the areas where further work needs to be done. Throughout the coming year work will be done together with staff on those areas to find and implement solutions.

After having analysed the training needs of EIOPA's staff, 11 in-house training courses were provided throughout the year. In view of the high demand and high acceptance, resources will continue to be allocated to this area. In-house executive coaching, as a development and performance management tool, is also offered and has been further developed.

In 2013, the number of coordinators leading a team has doubled. Thus, the HR business partner service provided to all managers and coordinators on a regular basis has significantly increased. This service proactively contributes to the efficient management of EIOPA's human resources and enhances the people management style of the Authority's managers.

EIOPA continued with the mentoring programme, whereby an EIOPA 'cultural mentor' is assigned to every new colleague as part of the induction programme. Furthermore, EIOPA organises monthly 'HR Breakfasts' to facilitate internal communication and to actively contribute to a culture of sharing and integration.

Significant energy and efforts have also been dedicated, in close cooperation with EBA and ESMA, to the continuous development and implementation of Allegro, the integrated e-HR solution, enhancing efficiency, transparency and good governance. This work was extended to all those EU Agencies using this system.

Figure 3.1 Nationalities represented at EIOPA<sup>4</sup>

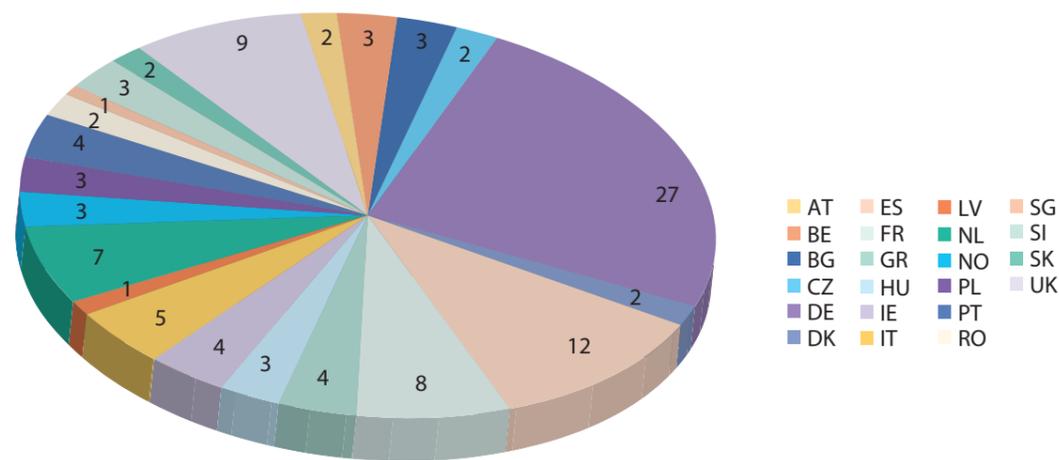
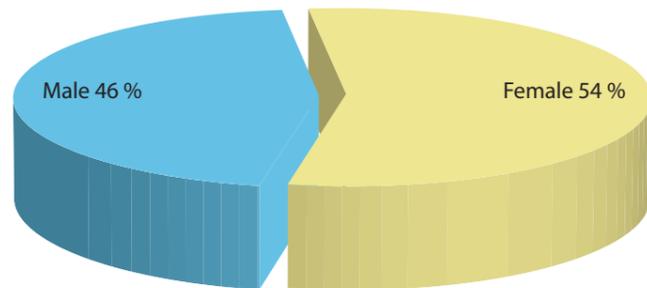


Figure 3.2 Gender at EIOPA



<sup>4</sup> EIOPA is located in Frankfurt, Germany which impacts on the German representation amongst the Authority's staff.

### 3.2 ICT and Information

The year 2013 represented a watershed year for IT in EIOPA in its mandate to provide quality services to its business partners.

The implementation of the infrastructure project was successfully completed, constituting a major achievement in building a secure and reliable environment for EIOPA and its stakeholders.

Further steps towards standardisation were taken with the external publication of updated versions of the Data Point Model and the XBRL taxonomy for Solvency II. Options for developing an XBRL tool for undertakings were investigated. EIOPA's involvement in the Legal Entity Identifier Initiative was formalised to enhance the agency's role in this global standard-setting exercise.

In the area of data collection and management, EIOPA completed an analysis project and launched the implementation project for the first release of its Central Repository Project, which includes the publication of a register of insurance undertakings and institutions for occupational retirement provision. In addition, projects were initiated in the fields of reporting and market data, as well as business intelligence.

EIOPA strengthened its online information and collaboration capability by planning and launching an implementation project to build a unified information system based on industry standards.

All these developments profited from the setting up of a new Governance and Organisation team, which ensures the alignment of IT initiatives with EIOPA's strategic objectives and monitors compliance and efficiency.

### 3.3 Corporate Services

In light of EIOPA's growing staff numbers, the corporate services team focused on streamlining support processes while at the same time maintaining the usual high degree of service orientation. In addition, the team ensured continued service provision by successfully concluding key procurement procedures, e.g. in the field of catering and travel services. It is worth noting that the travel agency was selected through a joint tender procedure with ESMA to exploit synergies. As EIOPA will use one more floor at its existing premises in 2014, a planning project was launched.



### 3.4 Public and Media Relations

In the course of 2013, EIOPA focused its public and media relations on the importance of developing and implementing the new regulation on insurance, achievements in the areas of pensions (occupational and personal), consumer protection, crisis management and resolution, financial stability and external relations.

Being a public institution, EIOPA considers it to be one of its key objectives to safeguard public interest in two ways: contributing to the short, medium and long-term stability of the financial system and enhancing the protection of policy holders, pension scheme members and other consumers of financial services.

EIOPA's commitment to transparency is illustrated by its active communication with several target audiences: national and international regulatory authorities, industry representatives, financial experts, analysts, media, academics and general public.

In 2013, EIOPA's Chairman participated in **2** public hearings organised by the Committee on Economic and Monetary Affairs of the European Parliament. Both EIOPA's Chairman and Executive Director had **59** bilateral meetings with industry representatives and international regulatory authorities. They attended **40** conferences, round tables and other public events and delivered **26** speeches and presentations. Furthermore, **74** public speaking engagements were undertaken by other senior managers and EIOPA experts. EIOPA's staff delivered presentations and speeches in **24** different countries, among which **17** are EU Member States.

In 2013, EIOPA's Chairman and Executive Director endeavoured to accommodate the increasing interest of media by granting **52** interviews and comments to a number of European and international media, while **341** media queries were handled by EIOPA's Press Office. Within its media relations, EIOPA organised and provided support for **7** press events and issued **142** press and web releases.

EIOPA's hotline for public enquiries aims to enhance public understanding of the mission and activities of the Authority. In 2013, the hotline processed **1445** enquiries. Also **9** visitors' groups were welcomed at EIOPA's premises and were given a presentation on the history and tasks of the Authority.

In the course of 2013, EIOPA published around **20** reports, surveys, letters to the Commission and other submissions.

In accordance with the Regulation establishing EIOPA, one of the Authority's tasks is to ensure that relevant information is easily accessible by the public via its website. Throughout 2013, EIOPA regularly updated its website, which had **188 317** unique visitors, **7 374 758** pages were viewed and 48 web-alerts were sent out to registered users.

The Authority also reinforced its internal communication with staff by introducing information and knowledge-sharing tools such as an internal newsletter, weekly updates and cross-departmental knowledge sharing meetings.

### 3.5 Budget, finance, accounting and procurement

During 2013, the Authority continued to improve its processes and their effective application in the field of finance. This led to visible results, both in terms of compliance as well as efficiency. Examples include reduced payment times, high budget execution rates and the successful management of more than 200 tender procedures. To be well equipped for the future challenges, EIOPA launched projects for introducing e-financing in the organisation and automating and supporting corporate budget planning, monitoring and reporting.

An important task accomplished by the end of 2013 was the drafting of the new Financial Regulation. Its foreseen adaption at the end of the year will become effective as of 1 January 2014.

Also, for the first time in 2013, the Authority launched and executed the internal ex post verification of financial transactions with a view to detect deficiencies in financial processes and to make improvements where necessary.

In 2013, the Authority executed 2 239 payments with an average payment time of 21 days against the 30-day time limit under the Financial Regulation. As for the budget, the execution rate for commitments reached 96.74 % and 266 commitments were processed.

In the field of procurement EIOPA achieved, an advanced level of maturity in 2013 by introducing additional staff and strengthening the internal working arrangements. Several framework contracts (e.g. IT services, cleaning services, delivery of furniture, catering services) were put in place and in total more than 200 tender procedures were successfully finalised in 2013.

### 3.6 Internal Control

Good progress was again achieved in relation to the implementation of the Internal Control Standards (ICS). At the beginning of the year, the Internal Audit Service (IAS) of the Commission performed a limited review of the implementation of the ICS at EIOPA. The objective of this review was to provide the Executive Director and the Management Board with an independent assessment of the adequacy of the design and effectiveness of the implementation of the Authority's ICS. Based on the results of the limited review, and given the recent setup of the Authority and the current status of operations and administration, the IAS identified 20 recommendations in its final report, of which none was rated 'Critical'. With regard to the strengths, the IAS report identified the following examples of good practices that contribute to the effectiveness of operations: core business process mapping and human resource management. As regards the recommendations, EIOPA developed a dedicated action plan in cooperation with the IAS, which was approved by the Management Board. By the end of 2013 most of the actions were already successfully completed.

Examples of concrete progress made in 2013 in the area of internal control include the creation of a Governance and Organisation team at EIOPA, the establishment of regular Operational Management Meetings, the introduction of risks and KPIs in the corporate planning and evaluation processes, the development of a EIOPA Business Continuity Framework, the formalisation of an ex-post verification policy, the validation of the EIOPA accounting system, the thorough revision of the financial processes, the introduction of integrated budget and finance reports, and policies on reporting exceptions and on sensitive functions.

Lastly, new rules on the management of conflicts of interest regarding the members of the Board of Supervisors and of the Management Board were adopted by the Management Board on 19 November 2013. Similar rules regarding staff members and contractual parties were adopted by the Executive Director. Both sets of rules contain clear declaration requirements, the definition of conflicts and breaches, management processes and sanctions.

### 3.7 Contingency planning

EIOPA continued to develop and implement the policies and procedures necessary to maintain continuity of service of EIOPA's most critical areas of work during a potential major disruption to its business activities. A project following international standards on Business Continuity Management provided an assessment of key risks, followed by the identification of the most critical processes, and established targets for their reinstatement. Based on this work, a set of Business Continuity Management strategies, policies and specific procedures was prepared, which will be deployed in the event of a disruption to business as usual, to reduce the impact.

### 3.8 Corporate and Social Responsibility

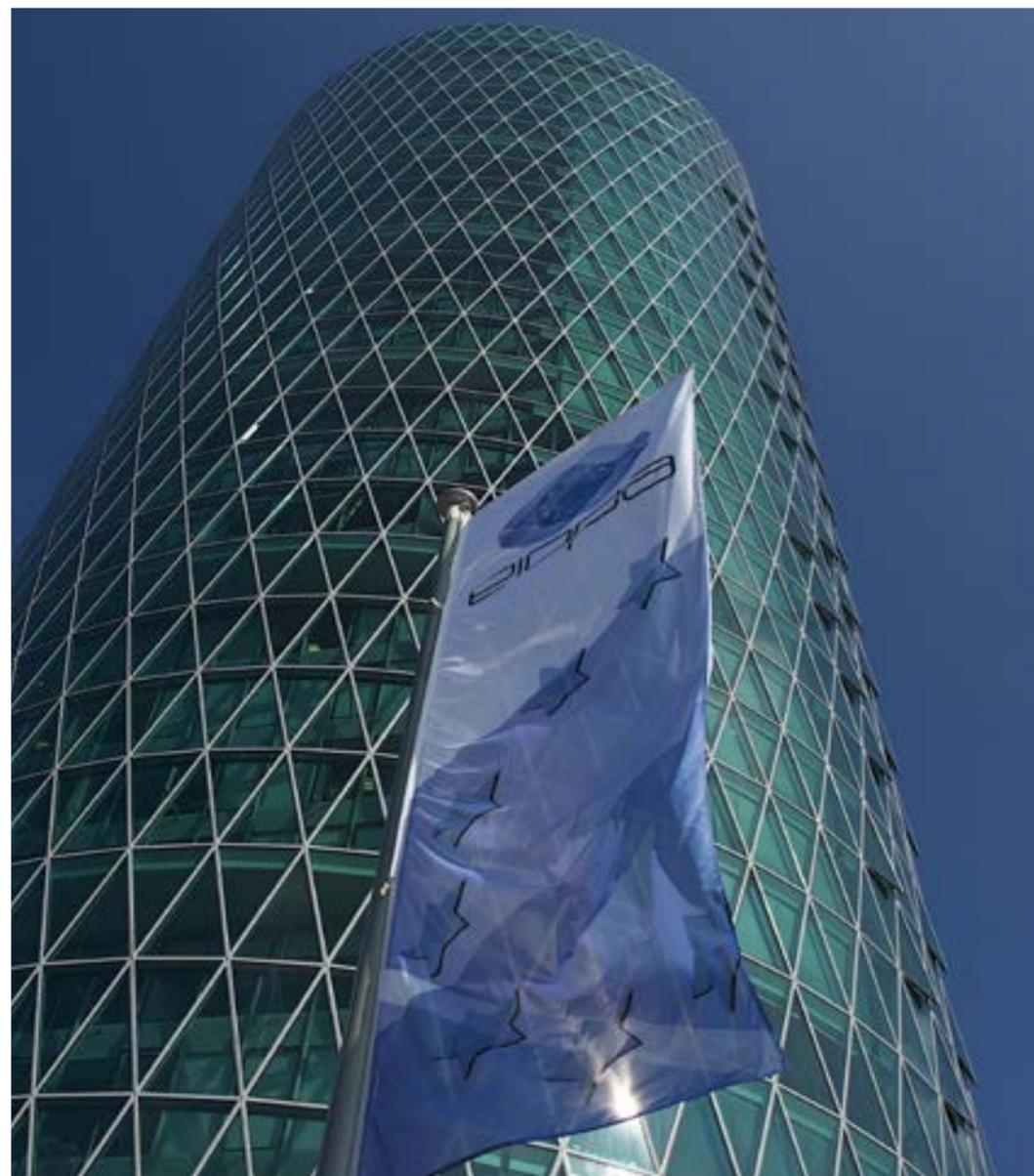
With regard to corporate and social responsibility, EIOPA continued to take responsibility for the organisation's actions and reached positive impacts through its activities in relation to the environment, consumers, employees, communities, partners and stakeholders.

In 2013, EIOPA further addressed waste separation and reduction, water saving measures, efficient use of energy, restrictive parking rules for cars, encouraging staff to use public transport or travel by foot or bicycle to reduce the carbon footprint. The Authority manages procurement procedures in line with the EU Green Public Procurement Policy and has successfully implemented measures to reduce the amount of paper used in the office.

EIOPA is also an active member of the Frankfurt community and fosters cordial relations with the Mayor of Frankfurt, the Frankfurt Chamber of Commerce, the State of Hessen's Commissioner for the Insurance Business and the Frankfurt Economic Development GmbH. EIOPA became a sponsor to the Institute for Law and Finance in Frankfurt, as part of its commitment towards its host city.

## Annex I EIOPA Financial Statement

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



### EIOPA - Balance Sheet- Assets

|  | Annex n° | 31.12.2013          | 31.12.2013          |
|--|----------|---------------------|---------------------|
| <b>ASSETS</b>                                    |          |                     |                     |
| <b>A. NON CURRENT ASSETS</b>                     |          |                     |                     |
| <b>Intangible assets</b>                         | A1       | <b>268.002,21</b>   | <b>212.161,00</b>   |
| <b>Property, plant and equipment</b>             | A2       | <b>577.831,37</b>   | <b>581.165,28</b>   |
| Land and buildings                               |          | 0,00                | 0,00                |
| Plant and equipment                              |          | 0,00                | 0,00                |
| Computer hardware                                |          | 189.227,00          | 214.086,00          |
| Furniture and vehicles                           |          | 168.499,34          | 155.501,00          |
| Other fixtures and fittings                      |          | 217.460,23          | 211.578,28          |
| Property, plant and equipment under construction |          | 2.644,80            | 0,00                |
| <b>Long-term receivables</b>                     |          | <b>0,00</b>         | <b>147.109,55</b>   |
| Long-term receivables                            |          |                     | 147.109,55          |
| <b>TOTAL NON CURRENT ASSETS</b>                  |          | <b>845.833,58</b>   | <b>940.435,83</b>   |
| <b>B. CURRENT ASSETS</b>                         |          |                     |                     |
| <b>Short-term pre-financing</b>                  | A7       | <b>0,00</b>         | <b>43.742,89</b>    |
| Short-term pre-financing                         |          | 0,00                | 43.742,89           |
| <b>Short-term receivables</b>                    |          | <b>914.214,04</b>   | <b>616.599,29</b>   |
| Current receivables                              | A8, A9   | 820.057,00          | 579.953,26          |
| Sundry receivables                               | A8       | 74.728,09           | 13.136,36           |
| Other – deferred charges                         |          | 19.428,95           | 23.509,67           |
| <b>Cash and cash equivalents</b>                 | A10      | <b>5.194.875,63</b> | <b>6.394.763,53</b> |
| <b>TOTAL CURRENT ASSETS</b>                      |          | <b>6.109.089,67</b> | <b>7.055.105,71</b> |
| <b>TOTAL</b>                                     |          | <b>6.954.923,25</b> | <b>7.995.541,54</b> |

# Annex I EIOPA Financial Statement

## EIOPA - Balance Sheet- Liabilities

|   | Annex n°  | 31.12.2013          | 31.12.2012          |
|---|-----------|---------------------|---------------------|
| <b>LIABILITIES</b>                                      |           |                     |                     |
| <b>A. Capital</b>                                       | <b>4</b>  | <b>4.520.598,99</b> | <b>3.662.676,57</b> |
| Accumulated surplus/deficit                             |           | 3.662.676,57        | 689.153,45          |
| Economic outturn for the year - profit+ /loss-          |           | 3.662.676,57        | 689.153,45          |
| <b>B. Minority interest</b>                             |           | 0,00                | 0,00                |
| <b>C. NON CURRENT LIABILITIES</b>                       |           | 0,00                | 0,00                |
| <b>TOTAL A+B+C</b>                                      |           | <b>4.520.598,99</b> | <b>3.662.676,57</b> |
| <b>D. CURRENT LIABILITIES</b>                           |           | <b>2.434.324,26</b> | <b>4.332.864,97</b> |
| Provisions for risks and charges                        | <b>L4</b> | <b>356.183,29</b>   | <b>304.898,93</b>   |
| Accounts payable  |           | <b>2.078.140,97</b> | <b>4.027.966,04</b> |
| Current and sundry payables                             | <b>L5</b> | 267.364,57          | 217.340,39          |
| Other   |           |                     |                     |
| Accrued charges   | <b>L7</b> | 1.562.074,57        | 663.024,02          |
| Accrued charges with consolidated EU entities           | <b>N1</b> | 0,00                | 0,00                |
| Accounts payable with consolidated EU entities          | <b>R</b>  | 248.701,83          | 3.147.601,63        |
| Pre-financing received from consolidated EU entities    |           | 227.055,45          | 276.930,93          |
| Other accounts payable against consolidated EU entities |           | 21.646,38           | 2.870.670,70        |
| <b>TOTAL D. CURRENT LIABILITIES</b>                     |           | <b>2.434.324,26</b> | <b>4.332.864,97</b> |
| <b>TOTAL</b>  |           | <b>6.954.923,25</b> | <b>7.995.541,54</b> |

## EIOPA - Economic Outturn Account

|   | Annex n°      | 2013                  | 2012                  |
|---|---------------|-----------------------|-----------------------|
| Other operating revenue                                 |               | 17.993.309,16         | 14.175.634,70         |
| <b>TOTAL OPERATING REVENUE</b>                          | <b>E1</b>     | <b>17.993.309,16</b>  | <b>14.175.634,70</b>  |
| Administrative expenses                                 | <b>E2, E3</b> | <b>-13.242.174,69</b> | -10.449.888,64        |
| All Staff expenses                                      |               | <b>-7.813.432,13</b>  | -6.494.280,81         |
| Fixed asset related expenses                            |               | <b>-285.507,19</b>    | -255.578,85           |
| Other administrative expenses                           |               | <b>-5.143.235,37</b>  | -3.700.028,98         |
| Operational expenses                                    | <b>E2</b>     | <b>-3.889.170,03</b>  | -747.037,20           |
| Other operational expenses                              |               | <b>-3.889.170,03</b>  | -747.037,20           |
| <b>TOTAL OPERATING EXPENSES</b>                         |               | <b>-17.131.344,72</b> | <b>-11.196.925,84</b> |
| <b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>      |               | <b>861.964,44</b>     | <b>2.978.708,86</b>   |
| Financial revenues                                      | <b>E4</b>     | <b>0,00</b>           | 0,00                  |
| Financial expenses                                      | <b>E5</b>     | <b>-4.042,02</b>      | -5.185,74             |
| <b>SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES</b> |               | <b>-4.042,02</b>      | <b>-5.185,74</b>      |
| <b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>       |               | <b>857.922,42</b>     | <b>2.973.523,12</b>   |
| <b>ECONOMIC OUTTURN FOR THE YEAR</b>                    |               | <b>857.922,42</b>     | <b>2.973.523,12</b>   |

### EIOPA - Cash flow Table (Indirect Method)

|  | 2013              | 2012                |
|--|-------------------|---------------------|
| <b>Cash Flows from ordinary activities</b>                                     |                   |                     |
| <b>Surplus/(deficit) from ordinary activities</b>                              | <b>857.922,42</b> | <b>2.973.523,12</b> |
| <b>Operating activities</b>  |                   |                     |
| <u>Adjustments</u>   |                   |                     |
| Amortization (intangible fixed assets) +                                       | 117.655,98        | 103.747,71          |
| Depreciation (tangible fixed assets) +   | 167.851,21        | 151.831,14          |
| <b>Increase/(decrease) in Provisions for risks and liabilities*</b>            | 51.284,36         | 210.570,29          |
| Increase/(decrease) in Value reduction for doubtful debts                      | 0,00              | 0,00                |
| (Increase)/decrease in Stock   | 0,00              | 0,00                |
| (Increase)/decrease in Long term Pre-financing                                 | 0,00              | 0,00                |
| (Increase)/decrease in Short term Pre-financing                                | 43.742,89         | -43.742,89          |
| (Increase)/decrease in Long term Receivables                                   | 147.109,55        | -487,58             |
| <b>(Increase)/decrease in Short term Receivables*</b>                          | -297.614,75       | -357.235,07         |
| (Increase)/decrease in Receivables related to consolidated EU entities         | 0,00              | 0,00                |
| Increase/(decrease) in Other Long term liabilities                             | 0,00              | 0,00                |
| <b>Increase/(decrease) in Accounts payable*</b>                                | 949.074,73        | -2.481.669,03       |
| <b>Increase/(decrease) in Liabilities related to consolidated EU entities*</b> | -2.898.899,80     | 297.565,15          |
| Other non-cash movements   | 0,00              | -0,03               |

|   |                      |                     |
|---|----------------------|---------------------|
| <b>Net cash Flow from operating activities</b>                  | <b>-861.873,41</b>   | <b>854.102,81</b>   |
| <b>Cash Flows from investing activities</b>                     |                      |                     |
| Increase of tangible and intangible fixed assets (-)            | -338.014,49          | -286.609,83         |
| Proceeds from tangible and intangible fixed assets (+)          |                      |                     |
| <b>Net cash flow from investing activities</b>                  | <b>-338.014,49</b>   | <b>-286.609,83</b>  |
| <b>Increase/(decrease) in Employee benefits</b>                 | <b>0,00</b>          | <b>0,00</b>         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>     | <b>-1.199.887,90</b> | <b>567.492,98</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>6.394.763,53</b>  | <b>5.827.270,55</b> |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>5.194.875,63</b>  | <b>6.394.763,53</b> |

## EIOPA – Statement of Changes in Capital

| Net assets   | Reserves           |                | Accumulated Surplus / Deficit | Economic result of the year | Net assets (total)  |
|--|--------------------|----------------|-------------------------------|-----------------------------|---------------------|
|  | Fair value reserve | Other reserves |                               |                             |                     |
| <b>Balance as of 31 December 2012</b>              | <b>0,00</b>        | <b>0,00</b>    | <b>689.153,45</b>             | <b>2.973.523,12</b>         | <b>3.662.676,57</b> |
| Other  |                    |                | -0,03                         | 0,00                        | -0,03               |
| Fair value movements                               |                    |                |                               |                             |                     |
| Movement in Guarantee Fund reserve                 |                    |                | 0,00                          | 0,00                        | 0,00                |
| Allocation of the Economic Result of Previous Year |                    |                | 2.973.523,12                  | -2.973.523,12               | 0,00                |
| Amounts credited to Member States                  |                    |                |                               |                             |                     |
| Economic result of the year                        |                    |                |                               | 857.922,42                  | 857.922,42          |
| <b>Balance as of 31 December 2013</b>              | <b>0,00</b>        | <b>0,00</b>    | <b>3.662.676,57</b>           | <b>857.922,42</b>           | <b>4.520.598,99</b> |

| 2) Please, specify 'Other' | Fair value reserve | Other reserves | Acc. Surplus / Deficit | Eco. result of the year | Net assets (total) |
|----------------------------|--------------------|----------------|------------------------|-------------------------|--------------------|
| Adjustment                 |                    |                |                        |                         |                    |
| <b>Total Other</b>         | <b>0,00</b>        | <b>0,00</b>    |                        | <b>0,00</b>             |                    |

## Annex II Summary of EIOPA's Work Programme 2014

EIOPA continues to improve on and develop the process for creating the Annual Work Programme. The 2014 Work Programme was reviewed at the end of 2014 with the effect of:

- enhancing the link between the work carried out by the Authority and its longer-term strategic objectives;
- providing a more robust, evidential assessment of resource requirements for individual tasks; and
- reprioritising and reorganising the Authority's work in light of changing external and internal circumstances.



### Regulatory tasks

Relevant projects such as Solvency II benefited from political decision-making, which allowed EIOPA to focus its attention on delivering concrete advice, standards and guidelines. This also helps EIOPA in directing its efforts towards the implementation of the necessary processes to achieve the convergent application of the Solvency II measure from day one. In the course of 2014-2015, EIOPA will submit more than 20 implementing technical standards and finalise its guidelines. The standards and guidelines will cover the solvency capital requirements, own funds, internal models, group supervision, supervisory transparency and accountability, reporting and disclosure, valuation, the valuation of assets and liabilities other than technical provisions, and governance.

In other areas of work, in particular in the field of pensions, the Commission proposal for the IORP II Directive will lead EIOPA to develop advice on further implementing measures and technical standards where required. Further work on solvency measures for IORPs and the appropriate measures for DC schemes will be an important area for own-initiative work by EIOPA. Building on the work undertaken in 2013, the key Personal Pensions deliverable to COM will be the submission of the EIOPA Preliminary Report to COM 'Towards an EU single market for personal pensions' (due mid-February 2014).

### Supervisory tasks

To ensure that the quality and convergence of supervision will remain a priority for EIOPA in 2014, the Authority will build on and further develop the positive work already undertaken in a number of areas. For colleges, the main task will be to reach a common view on a final assessment of risk exposure of groups and their solo entities. The work undertaken in 2012 and 2013, setting up information exchange, under EIOPA's Action Plan for Colleges and the development of an analytical approach will contribute to this aim. EIOPA will continue to participate in the majority of colleges and provide support and feedback to group supervisors and colleges on their functioning and the implementation of the preparatory guidelines, as well as on reviewing the consistency and effectiveness emergency plans. Workshops will also be organised for Group Supervisors with a focus on large groups to further facilitate the exchange of experiences among peers and enhanced solutions for the functioning of colleges. 2014 is the last full year of pre-application before internal model applications can be submitted. In order to expand the Centre's capacity to provide technical support and tools that foster convergence, additional resources will be added.



### **Financial stability**

EIOPA will continue to undertake its role in identifying, assessing, mitigating and managing risks and threats to the financial stability of the insurance and occupational pensions sectors. In 2014, the Authority will also conduct targeted research into specific areas of risk. It will continue to review and improve the tools, procedures and products it develops in order to capture, analyse and report on risks and vulnerabilities. EIOPA will maintain positive links with partners such as the ESRB and work to inform the decision-makers on risk responses at all levels.

### **Crisis prevention, management and resolution**

In 2014 EIOPA will continue to monitor emerging risks that would benefit from a coordinated response, along with providing an assessment of the emergence of adverse conditions or emergency situations. EIOPA will also conduct reviews and testing of its comprehensive crisis prevention and management framework.

### **Consumer protection and financial innovation**

In 2014, EIOPA's Board of Supervisors, the CCPFI and its Consumer Protection and Financial Innovation team will together proactively continue the work on consumer protection topics in the insurance area, such as the annual report on consumer trends, the sectoral implementation of the Joint Committee High Level Principles on product oversight and governance, and the establishment of a Key Information Document on standardised insurance products (e.g. motor insurance).

Moreover, the lead in EIOPA's consumer protection work in relation to pensions will, on a going-forward basis, be taken over by the CCPFI in close cooperation with EIOPA's Occupational Pensions Committee (OPC), where relevant. In 2014 the main activity in this area will be the portability (transfer-in and transfer-out) of acquired rights within occupational pension schemes.

### **External relations**

External relations, within Europe and regarding third countries or international organisations, will play an increasingly important role in strengthening the European voice at global level. The EU position will be strongly expressed in international negotiations (e.g. global framework for insurances supervision and global capital standard) or by cooperating with third-country institutions. The contributions of two highly competent stakeholder groups will be considered and taken on board to the extent possible. To the end of a successful external performance, a close cooperation with the main EU institutions, the Commission, the Council and Parliament is a precondition.

### **Joint Committee**

In 2014, the ESAs will continue to ensure, through the Joint Committee, that consumer protection and cross-sectoral risk analysis and assessment will still be the two main areas of focus. In 2014, the Joint Committee will publish two reports on risks and vulnerabilities, and will present them at the Financial Stability Table of the Council's Economic and Financial Committee. Among other things, it will finalise the guidelines on complaint-handling to provide EU consumers with a single set of complaints-handling arrangements, and will organise a second joint Consumer Protection Day in London.

## Annex III

# List of the Members and Observers of the EIOPA Board of Supervisors

### AUSTRIA

FINANZMARKTAUFSICHTSBEHÖRDE (FMA)  
Mr Peter Braumüller  
Mr Gerald Resch  
[www.fma.gv.at](http://www.fma.gv.at)

### BELGIUM

NATIONAL BANK OF BELGIUM (NBB)  
Mr Mathias Dewatripont  
[www.nbb.be](http://www.nbb.be)

FINANCIAL SERVICES AND MARKETS AUTHORITY  
Mr Wim Coumans  
Ms Greet T'Jonck  
[www.fsma.be](http://www.fsma.be)

### BULGARIA

FINANCIAL SUPERVISION COMMISSION  
Mr Stoyan Mavrodiev  
Mr Angel Djalazov  
[www.fsc.bg](http://www.fsc.bg)

### CROATIA

FINANCIAL SERVICES SUPERVISORY AGENCY  
Mr Petar-Pierre Matek  
Ms Gordana Letica  
[www.hanfa.hr](http://www.hanfa.hr)

### CYPRUS

INSURANCE COMPANIES CONTROL SERVICE  
Ms Victoria Natar  
Mr Nicos Koullapis  
[www.mof.gov.cy](http://www.mof.gov.cy)

SOCIAL INSURANCE SERVICES  
Mr Theofanis Tryfonos  
Mr George Rokopou  
[www.mlsi.gov.cy/sid](http://www.mlsi.gov.cy/sid)

### CZECH REPUBLIC

CZECH NATIONAL BANK  
Mr David Rozumek  
Ms Zuzana Silberová  
[www.cnb.cz](http://www.cnb.cz)

### DENMARK

FINANSTILSYNET  
Mr Jan Parner  
Mr Per Plougmand Bærtelsen  
[www.finanstilsynet.dk](http://www.finanstilsynet.dk)

### ESTONIA

FINANCIAL SUPERVISION AUTHORITY  
Mr Kilvar Kessler  
Mr Andres Kurgpõld  
[www.fi.ee](http://www.fi.ee)

### FINLAND

FIN-FSA  
Ms Anneli Tuominen  
Ms Hely Salomaa  
[www.fin-fsa.fi](http://www.fin-fsa.fi)

### FRANCE

AUTORITÉ DE CONTRÔLE PRUDENTIEL (ACP)  
Ms Sandrine Lemery  
Mr Fabrice Pesin  
[www.acp.banque-france.fr](http://www.acp.banque-france.fr)

### GERMANY

BUNDESANSTALT FÜR  
FINANZDIENSTLEISTUNGSAUFSICHT  
Mr Felix Hufeld  
Mr Thomas Schmitz-Lippert  
[www.bafin.de](http://www.bafin.de)

### GREECE

DEPARTMENT OF PRIVATE INSURANCE SUPERVISION  
(Bank of Greece)  
Mr Spyridon Zarkos  
Mr Ioannis Chatzivasiloglou  
[www.bankofgreece.gr](http://www.bankofgreece.gr)

HELLENIC MINISTRY OF EMPLOYMENT AND SOCIAL  
PROTECTION  
Ms Artemis Anagnostou-Dedouli  
Ms Diamanta Voggiaki  
[www.ggka.gr](http://www.ggka.gr)

### HUNGARY

HUNGARIAN FINANCIAL SUPERVISORY AUTHORITY  
PÉNZÜGYI SZERVEZETEK ÁLLAMI FELÜGYELETE  
Mr Kornél Kisgergely  
Mr Koppány Nagy  
[www.pszaf.hu](http://www.pszaf.hu)

### ICELAND

FINANCIAL SUPERVISORY AUTHORITY  
(Fjármálaeftirlitið)  
Ms Unnur Gunnarsdóttir  
Ms Halldóra E. Ólafsdóttir  
[www.fme.is](http://www.fme.is)

### IRELAND

CENTRAL BANK OF IRELAND  
Mr Mark Burke  
<http://www.centralbank.ie>

The PENSIONS BOARD  
Mr Brendan Kennedy  
Mr Pat O'Sullivan  
[www.pensionsboard.ie](http://www.pensionsboard.ie)

### ITALY

ISTITUTO di VIGILANZA SULLE ASSICURAZIONI (IVASS)  
Mr Fausto Parente  
Mr Alberto Corinti  
[www.ivass.it](http://www.ivass.it)

COMMISSIONE DI VIGILANZA SUI FONDI PENSIONE  
(COVIP)  
Mr Raffaele Capuano  
Mr Ambrogio Rinaldi  
[www.covip.it](http://www.covip.it)

### LATVIA

FINANCIAL AND CAPITAL MARKET COMMISSION  
Mr Kristaps Zakulis  
Ms Dina Mikelsone  
[www.fktk.lv](http://www.fktk.lv)

### LIECHTENSTEIN

FINANCIAL MARKET AUTHORITY (FMA)  
Mr Alexander Imhof  
Ms Martina Tschanz  
<http://www.fma-li.li>

### LITHUANIA

BANK OF LITHUANIA  
Mr Vytautas Valvionis  
Mr Mindaugas Salcius  
[www.lb.lt](http://www.lb.lt)

### LUXEMBOURG

COMMISSARIAT AUX ASSURANCES  
Mr Victor Rod  
Mr Claude Wirion  
[www.commassu.lu](http://www.commassu.lu)

COMMISSION DE SURVEILLANCE DU SECTEUR  
FINANCIER  
Ms Christiane Campill  
[www.cssf.lu](http://www.cssf.lu)

### MALTA

MALTA FINANCIAL SERVICES AUTHORITY  
Mr André Camilleri  
Ms Marisa Attard  
[www.mfsa.com.mt](http://www.mfsa.com.mt)

### NETHERLANDS

DE NEDERLANDSCHE BANK  
Ms Joanne Kellermann  
Ms Petra E. Hielkema  
[www.dnb.nl](http://www.dnb.nl)

### NORWAY

FINANSTILSYNET  
Mr Morten Baltzersen  
Mr Emil Steffensen  
[www.finanstilsynet.no](http://www.finanstilsynet.no)

**POLAND** 

POLISH FINANCIAL SUPERVISION AUTHORITY  
(KOMISJA NADZORU FINANSOWEGO)  
Mr Damian Jaworski  
Mr Mariusz Smętek  
[www.knf.gov.pl](http://www.knf.gov.pl)

**PORTUGAL** 

INSTITUTO DE SEGUROS DE PORTUGAL  
Mr José Almaça  
Mr Mário Rui Ribeiro  
[www.isp.pt](http://www.isp.pt)

**ROMANIA** 

INSURANCE SUPERVISORY COMMISSION  
Mr Ion Giurescu  
Mr Corneliu Moldoveanu  
[www.csa-isc.ro](http://www.csa-isc.ro)

ROMANIAN PRIVATE PENSION SYSTEM SUPERVISION  
COMMISSION (CSSPP)  
Mr Ion Giurescu  
Ms Adina Maria Dragomir  
[www.csspp.ro](http://www.csspp.ro)

**SLOVAKIA** 

NATIONAL BANK OF SLOVAKIA  
Ms Júlia Cillíková  
Ms Lucia Štefunková  
<http://www.nbs.sk>

**SLOVENIA** 

INSURANCE SUPERVISION AGENCY  
Mr Sergej Simoniti  
Ms Maja Krumberger  
[www.a-zn.si](http://www.a-zn.si)

**SPAIN** 

DIRECCIÓN GENERAL DE SEGUROS Y FONDOS DE PENSIONE  
MINISTERIO DE ECONOMÍA Y COMPETITIVIDAD  
Ms María Flavia Rodríguez-Ponga Salamanca  
Mr Pablo Muelas García  
[www.dgsfp.meh.es](http://www.dgsfp.meh.es)

**SWEDEN** 

FINANCIAL SUPERVISORY AUTHORITY  
FINANSINSPEKTIONEN  
Mr Martin Noréus  
Ms Asa Larson  
[www.fi.se](http://www.fi.se)

**UNITED-KINGDOM** 

PRUDENTIAL REGULATORY AUTHORITY (PRA)  
Mr Julian Adams  
Mr Paul Sharma  
[www.fsa.gov.uk](http://www.fsa.gov.uk)

THE PENSIONS REGULATOR  
Mr Stephen Soper  
Mr Nigel Peaple  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

**EUROPEAN COMMISSION** 

Mr Jonathan Faull  
Mr Klaus Wiedner

**EBA**

Mr Adam Farkas  
[www.eba.europa.eu](http://www.eba.europa.eu)

**ESMA**

Ms Verena Ross  
[www.esma.europa.eu](http://www.esma.europa.eu)

**ESRB**

Mr Francesco Mazzaferro  
[www.esrb.europa.eu](http://www.esrb.europa.eu)



# Overview of EIOPA Stakeholder Groups membership

IV

| Overview of the membership of EIOPA's Insurance and Reinsurance Stakeholder Group between March 2011 and August 2013 |   |                                    |           |                     |                     |           |            |                      |                 |  |
|--|---|------------------------------------|-----------|---------------------|---------------------|-----------|------------|----------------------|-----------------|--|
| IRSG   |   |                                    | Subgroups |                     |                     |           |            |                      |                 |  |
| No   | Category                                    | Name                               | Country   | Consumer Protection | Anti-Discrimination | Reporting | Governance | Long Term Guarantees | Internal Models |  |
| 1.   | Industry (insurance undertakings)           | Mr Oliver Bäte                     | DE        | ✓                   |                     |           |            | ✓                    |                 |  |
| 2.   |   | Mr Yanick Bonnet                   | FR        |                     |                     |           | ✓          | ✓                    |                 |  |
| 3.   |   | Mr Paul Carty                      | IE        | ✓                   |                     |           |            |                      |                 |  |
| 4.   |   | Mr Hugh Francis                    | UK        |                     |                     | ✓         |            | Lead                 | ✓               |  |
| 5.   |   | Ms Pilar Gonzalez de Frutos        | ES        |                     |                     |           |            |                      |                 |  |
| 6.   |   | Mr Asmo Olavi Kalpala              | FI        |                     | ✓                   |           |            |                      |                 |  |
| 7.   |   | Ms Michaela Koller, Chairperson    | DE        | ✓                   |                     |           |            |                      |                 |  |
| 8.   |   | Mr Jean Christophe Menieux         | FR        |                     | ✓                   |           |            | ✓                    | ✓               |  |
| 9.   |   | Mr Gerard van Olphen               | NL        |                     |                     |           | ✓          |                      |                 |  |
| 10.  |   | Mr Joachim Wenning                 | DE        |                     |                     |           |            |                      |                 |  |
| 11.  | Consumers                                   | Ms Ann Kay Blair, Vice-Chairperson | UK        | ✓                   |                     |           | ✓          |                      |                 |  |
| 12.  |   | Mr Mads Mølgaard Bräuner           | DK        | ✓                   |                     |           |            |                      |                 |  |
| 13.  |   | Mr Lars Gatschke                   | DE        | Lead                |                     |           |            | ✓                    |                 |  |
| 14.  |   | Mr Marcin Kawiński                 | PL        | ✓                   | Lead                |           | ✓          | ✓                    |                 |  |
| 15.  | Ms Baiba Miltovica                          | LV                                 | ✓         |                     |                     |           |            |                      |                 |  |
| 16.  | Users of insurance and reinsurance services | Mr Thomas Behar                    | FR        | ✓                   |                     | Lead      | ✓          | ✓                    | ✓               |  |
| 17.  |   | Mr Seamus Creedon                  | IE        |                     | ✓                   |           | Lead       | ✓                    | ✓               |  |
| 18.  |   | Mr Guenter Droese                  | DE        | ✓                   |                     | ✓         | ✓          |                      | ✓               |  |
| 19.  |   | Mr Francis Frizon                  | FR        | ✓                   |                     |           |            |                      |                 |  |
| 20.  |   | Mr Robert Crawford Jones           | UK        |                     |                     | ✓         | ✓          |                      | ✓               |  |
| 21.  |   | Mr Jérôme Lecoq                    | BE        |                     |                     |           |            |                      |                 |  |
| 22.  |   | Ms Christianne Verhaegen           | BE        |                     |                     |           | ✓          | ✓                    |                 |  |
| 23.  | Ms Daniela Weber-Rey                        | DE                                 |           |                     |                     | ✓         |            |                      |                 |  |
| 24.  | Trade                                       | Ms Raffaella Infelisi              | IT        |                     |                     |           |            |                      |                 |  |
| 25.  | Unions                                      | Mr Damien Lagaude                  | FR        | ✓                   |                     |           | ✓          |                      |                 |  |
| 26.  | Academics                                   | Ms Rym Ayadi                       | Tunisia   | ✓                   |                     | ✓         | ✓          | ✓                    | ✓               |  |
| 27.  |   | Mr Helmut Johannes Gründl          | DE        |                     |                     |           | ✓          | ✓                    |                 |  |
| 28.  |   | Ms Maria Heep-Altiner              | DE        |                     |                     | ✓         | ✓          |                      | ✓               |  |
| 29.  |   | Mr Alexander N. Sadovski           | BG        | ✓                   | ✓                   |           | ✓          |                      |                 |  |
| 30.  |   | Mr Pierpaolo Marano                | IT        | ✓                   | ✓                   |           | ✓          |                      |                 |  |

| Overview of the membership of EIOPA's Insurance and Reinsurance Stakeholder Group as of October 2013 |                                 |                               |         |                        |                             |                |                      |                 |                 |  |
|--|---------------------------------|-------------------------------|---------|------------------------|-----------------------------|----------------|----------------------|-----------------|-----------------|--|
| IRSG Subgroups; L=Lead; TO=Topic Owner   |                                 |                               | Country | On draft regulation:   |                             |                | Own initiative work: |                 |                 |  |
| No   | Category                        | Name                          |         | Solvency II – Pillar 1 | Solvency II – Pillars 2 & 3 | Market Conduct | Regulatory Issues    | Strategic Areas |                 |  |
| 1.   | Industry                        | Mr Avesani, Renzo             | IT      |                        | ✓                           |                |                      | ✓               |                 |  |
| 2.   |                                 | Mr Bonnet, Yannick            | FR      | ✓                      | ✓                           |                |                      | ✓               |                 |  |
| 3.   |                                 | Mr Carty, Paul                | IE      |                        |                             | ✓              |                      | ✓               |                 |  |
| 4.   |                                 | Ms Del valle, Maria Aranzazu  | ES      | ✓                      |                             | ✓              |                      |                 |                 |  |
| 5.   |                                 | Mr Eklund, Jari               | FI      | ✓                      | ✓                           |                |                      | ✓               |                 |  |
| 6.   |                                 | Mr Jones, Olav, Vice-Chairman | UK      |                        |                             |                |                      |                 |                 |  |
| 7.   |                                 | Mr Koning, Edgar              | NL      | ✓                      |                             |                |                      | ✓               |                 |  |
| 8.   |                                 | Mr Simhandl, Martin           | AT      | ✓                      | ✓                           |                |                      |                 |                 |  |
| 9.   |                                 | Mr Thimrén, Claes             | SE      | ✓                      | ✓                           |                |                      |                 |                 |  |
| 10.  |                                 | Mr Wemmer, Dieter             | DE      | ✓                      |                             | ✓              |                      |                 |                 |  |
| 11.  | Professional Associations       | Mr Creedon, Seamus            | IE      | Lead                   |                             |                |                      | ✓               |                 |  |
| 12.  |                                 | Ms Dequae, Marie              | BE      |                        | ✓                           | ✓              |                      |                 | TO (CatR)       |  |
| 13.  |                                 | Mr Ellenbürger, Frank         | DE      |                        | ✓                           |                | ✓                    |                 |                 |  |
| 14.  |                                 | Ms Olesen, Annette            | DK      |                        | ✓                           |                | Lead                 |                 |                 |  |
| 15.  | SME                             | Mr Watson, Rick               | UK      | ✓                      |                             |                | ✓                    | TO (LTI)        |                 |  |
| 16.  | User                            | Mr Thomas Keller              | DE      | ✓                      | ✓                           |                |                      | TO (LTI)        |                 |  |
| 17.  | Consumer                        | Mr Frizon, Francis            | FR      |                        |                             | ✓              |                      | ✓               |                 |  |
| 18.  | Consumers                       | Mr Berthon, Jean              | FR      |                        |                             | ✓              |                      | ✓               |                 |  |
| 19.  |                                 | Ms Blair, Kay, Chairperson    | UK      |                        |                             |                |                      |                 |                 |  |
| 20.  |                                 | Mr Ciuncan, Alexandru         | RO      |                        |                             | Lead           | ✓                    | ✓               |                 |  |
| 21.  |                                 | Ms Baiba Miltovica            | LV      |                        | ✓                           | ✓              |                      |                 |                 |  |
| 22.  | Ms Strucl, Mojca                | SI                            |         |                        | ✓                           |                |                      | ✓               |                 |  |
| 23.  | Ms Więcko-Tułowicka, Małgorzata | PL                            |         |                        | ✓                           | ✓              | ✓                    | ✓               |                 |  |
| 24.  | Employees                       | Ms Cosma, Andreea             | RO      |                        |                             | ✓              | ✓                    | ✓               |                 |  |
| 25.  |                                 | Mr Lagaude, Damien            | FR      |                        | ✓                           | ✓              |                      |                 | ✓               |  |
| 26.  |                                 | Ms Maria Heep-Altiner         | DE      | ✓                      | ✓                           |                |                      |                 |                 |  |
| 27.  | Academics                       | Mr Marcin Kawiński            | PL      | ✓                      | ✓                           | ✓              |                      |                 | TO (GSP)        |  |
| 28.  |                                 | Mr Papanikolaou, Ioannis      | GR      |                        | ✓                           |                |                      |                 | Lead; TO (CatR) |  |
| 29.  |                                 | Mr Savelli, Nino              | IT      | ✓                      |                             |                | ✓                    |                 |                 |  |
| 30.  |                                 | Mr Van Hulle, Karel           | BE      | ✓                      | Lead                        |                |                      |                 |                 |  |

### Overview of the membership of EIOPA's Occupational Pensions Stakeholder Group between March 2011 and August 2013

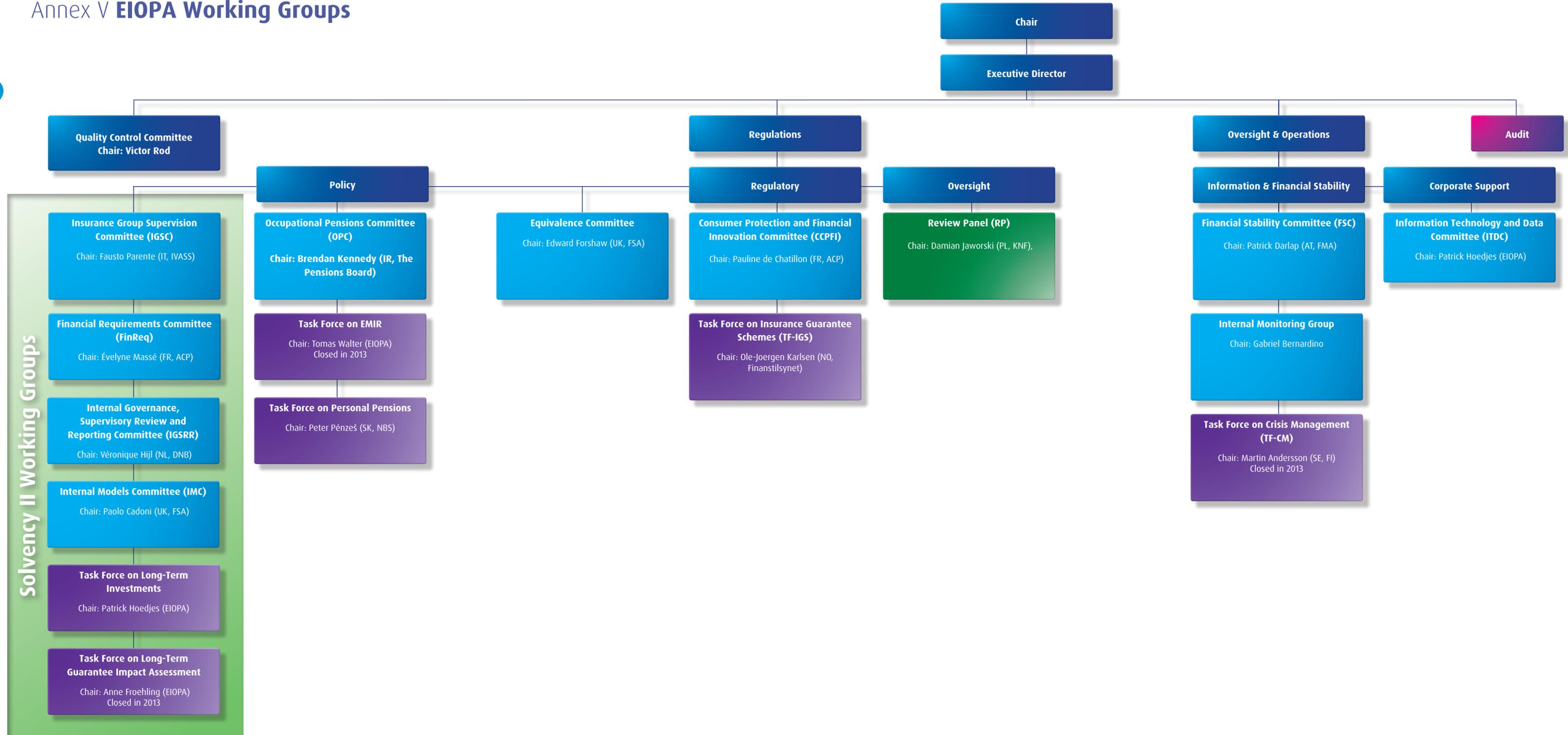
| No  | Category                                | Name                                   | Country | Subgroups                 |             |                        |                         |
|-----|---|--|---------|---------------------------|-------------|------------------------|-------------------------|
|     |   |  |         | Quantitative Impact Study | White Paper | Information to Members | Pension Fund Governance |
| 1.  | Industry (IORPs)                        | Mr. Gabor Borza                        | HU      | ✓                         |             |                        |                         |
| 2.  |   | Mr. Fritz Janda                        | AT      |                           | ✓           |                        |                         |
| 3.  |   | Mr. Niels Kortleve                     | NL      | ✓                         |             |                        | ✓                       |
| 4.  |   | Ms. Patricia Plas                      | BE      | ✓                         |             |                        |                         |
| 5.  |   | Mr. Joachim Schwind                    | DE      | ✓                         |             | ✓                      | ✓                       |
| 6.  |   | Ms. Maria Isabel Semião                | PT      |                           |             |                        | ✓                       |
| 7.  |   | Ms. Martine Van Peer                   | BE      | ✓                         | ✓           |                        | ✓                       |
| 8.  |   | Mr. Benne van Popta, Vice-Chairperson  | NL      | Lead                      | ✓           |                        | ✓                       |
| 9.  |   | Ms. Christianne Verhaegen, Chairperson | BE      |                           | ✓           |                        | ✓                       |
| 10. |   | Mr. Allan Whalley                      | UK      | ✓                         |             |                        | ✓                       |
| 11. | Consumers/Beneficiaries                 | Mr. Marcin Kawiński                    | PL      |                           |             | Co-lead                |                         |
| 12. |   | Ms. Baiba Miltovica                    | LV      |                           | ✓           | ✓                      |                         |
| 13. |   | Mr. Klaus Struwe                       | DK      |                           | Lead        | Co-lead                |                         |
| 14. | Users of occupational pensions services | Ms. Ruth Goldman                       | UK      |                           |             |                        | ✓                       |
| 15. |   | Mr. Régis de Laroulliere               | FR      |                           | ✓           |                        | ✓                       |
| 16. |   | Mr. Philip Shier                       | IE      | ✓                         |             |                        |                         |
| 17. |   | Mr. Charles Cronin                     | UK      | ✓                         |             |                        | ✓                       |
| 18. | Employee/Employer representatives       | Mr. Frank Ellenbürger                  | DE      |                           |             |                        |                         |
| 19. |   | Mr. Henri Lourdelle                    | FR      |                           |             |                        |                         |
| 20. |   | Mr. Otto Farny                         | AT      |                           |             |                        |                         |
| 21. |   | Ms. Naomi Cooke                        | UK      |                           |             | ✓                      |                         |
| 22. |   | Mr. Douglas Taylor                     | UK      |                           |             | ✓                      |                         |
| 23. |   | Mr. Bruno Gabellieri                   | FR      |                           | ✓           |                        |                         |
| 24. |   | Mr. Giuseppe Rocco                     | IT      |                           |             | ✓                      | ✓                       |
| 25. | Mr. Bernhard Wiesner                    | DE                                     |         | ✓                         | ✓           |                        |                         |
| 26. | Academics                               | Mr. Gunnar Andersson                   | SE      | ✓                         |             |                        | ✓                       |
| 27. |   | Mr. Manuel Peraita                     | ES      | ✓                         |             |                        |                         |
| 28. |   | Ms. Frederica Seganti                  | IT      |                           |             |                        |                         |
| 29. |   | Mr. Dariusz Stańko                     | PL      | ✓                         |             | ✓                      | ✓                       |
| 30. |   | Mr. Yves Stevens                       | BE      |                           | ✓           | ✓                      | ✓                       |

### Overview of the membership of EIOPA's Occupational Pensions Stakeholder Group as of October 2013

| No  | Category                  | Name                             | Country | Subgroups               |                 |                            |
|-----|---------------------------|----------------------------------|---------|-------------------------|-----------------|----------------------------|
|     |                           |                                  |         | Solvency issues IORP II | Occupational DC | Consumer Protection issues |
| 1.  | IORPs                     | Mr Budzynski, Lukasz             | PL      |                         |                 |                            |
| 2.  |                           | Mr Janda, Fritz                  | AT      |                         | ✓               |                            |
| 3.  |                           | Ms Koller, Michaela              | DE      | ✓                       |                 | ✓                          |
| 4.  |                           | Mr Kortleve, Niels               | NL      | ✓                       |                 |                            |
| 5.  |                           | Mr Leppälä, Matti, Vice Chairman | FI      |                         | Lead            |                            |
| 6.  |                           | Mr Schwind, Joachim              | DE      | ✓                       |                 |                            |
| 7.  |                           | Ms Van Peer, Martine             | BE      | ✓                       |                 |                            |
| 8.  |                           | Mr Van Popta, Benne, Chairman    | NL      |                         |                 |                            |
| 9.  |                           | Mr Vlaić, Petar                  | HR      |                         | 1.              |                            |
| 11. |                           | Mr Whalley, Allan                | UK      | ✓                       |                 |                            |
| 12. | Professional Associations | Ms Carlberg, Charlotta           | SE      |                         | ✓               | ✓                          |
| 13. |                           | Ms Delahousse, Laure             | FR      |                         | ✓               | ✓                          |
| 14. |                           | Ms Goldman, Ruth                 | UK      | ✓                       |                 | Co-lead                    |
| 15. | SME                       | Mr Shier, Philip                 | IE      | Lead                    | ✓               |                            |
| 16. |                           | Mr Keller, Thomas                | DE      | ✓                       |                 |                            |
| 17. | Employees                 | Mr Bruno Gabellieri              | FR      |                         | ✓               | ✓                          |
| 18. |                           | Ms Mitreva, Hristina             | BU      |                         |                 |                            |
| 19. |                           | Mr Taylor, Doug                  | UK      |                         | ✓               | Co-lead                    |
| 20. |                           | Ms Verhaegen, Chris              | BE      |                         |                 |                            |
| 21. | Mr Walsh, Neil            | IE                               | 22.     |                         |                 |                            |
| 23. | Beneficiaries             | Ms Moscoso-Osterkorn, Marianne   | AT      |                         | ✓               | ✓                          |
| 24. |                           | Ms Nygren, Ellen                 | SE      |                         | ✓               |                            |
| 25. |                           | Mr Prache, Guillaume             | FR      |                         |                 | ✓                          |
| 26. |                           | Mr Serban, Marius                | RO      |                         | ✓               | ✓                          |
| 27. |                           | Mr Struwe, Klaus                 | DK      |                         | ✓               | ✓                          |
| 28. | Academics                 | Mr Floreani, Alberto             | IT      | 29.                     |                 |                            |
| 30. |                           | Mr Peraita, Manuel               | ES      |                         | ✓               | ✓                          |
| 31. |                           | Mr Marano, Pierpaolo             | IT      |                         | ✓               | ✓                          |
| 32. |                           | Mr Šebo, Ján                     | SK      |                         | ✓               | ✓                          |
| 33. |                           | Ms Seganti, Federica             | IT      |                         |                 |                            |

# Annex V EIOPA Working Groups

V



Solvency II Working Groups

## Annex VI List of abbreviations

VI

|                  |   |
|------------------|---|
| <b>3AMLD</b>     | Third Anti-Money Laundering Directive   |
| <b>AMICE</b>     | Association of Mutual Insurers and Insurance Cooperatives in Europe             |
| <b>AMLTF</b>     | Anti-Money Laundering Task Force  |
| <b>ASC</b>       | Advisory Scientific Committee   |
| <b>ASSAL</b>     | Latin American Association of Insurance Supervisors                             |
| <b>ATC</b>       | Advisory Technical Committee  |
| <b>CCPFI</b>     | Committee on Consumer Protection and Financial Innovation                       |
| <b>CEBS</b>      | Committee of European Banking Supervisors                                       |
| <b>CEIOPS</b>    | Committee of European Insurance and Occupational Pensions Supervisors           |
| <b>CESR</b>      | Committee of European Securities Regulators                                     |
| <b>CFO Forum</b> | Chief Financial Officers Forum  |
| <b>CFSSA</b>     | Croatian Financial Services Agency  |
| <b>CIRC</b>      | China Insurance Regulatory Commission   |
| <b>CLD</b>       | Consolidated Life Insurance Directive   |
| <b>CNSF</b>      | Comision Nacional de Seguros y Fianzas, Mexico                                  |
| <b>ComFrame</b>  | Common Framework for the Supervision of Internationally Active Insurance Groups |
| <b>CP</b>        | Consultation paper  |
| <b>CRD</b>       | Capital Requirements Directive  |
| <b>CRO Forum</b> | Chief Risk Officers Forum   |
| <b>CTF</b>       | Counter terrorist financing   |
| <b>EBA</b>       | European Banking Authority  |
| <b>ECOFIN</b>    | Economic and Finance ministers of the Member States                             |
| <b>EEA</b>       | European Economic Area  |
| <b>EFC</b>       | Economic and Financial Committee  |
| <b>EFCC</b>      | The European Financial Conglomerates Committee                                  |
| <b>EFC-FST</b>   | Financial Stability Table of the Economic and Financial Committee               |
| <b>EFRAG</b>     | European Financial Reporting Advisory Group                                     |

|                                  |  |
|----------------------------------|--|
| <b>EIOPA</b>                     | European Insurance and Occupational Pensions Authority     |
| <b>EIOPC</b>                     | European Insurance and Occupational Pensions Committee     |
| <b>EPIFP</b>                     | Task Force on expected profits included in future premiums |
| <b>ESA</b>                       | European Supervisory Authority                             |
| <b>ESFS</b>                      | European System of Financial Supervision                   |
| <b>ESMA</b>                      | European Securities and Markets Authority                  |
| <b>ESRB</b>                      | European Systemic Risk Board                               |
| <b>EU</b>                        | European Union   |
| <b>FICOD</b>                     | Financial Conglomerates Directive                          |
| <b>FINMA</b>                     | Swiss Financial Market Supervisory Authority               |
| <b>FinReq</b>                    | Financial Requirements Committee                           |
| <b>FIO</b>                       | US Federal Insurance Office                                |
| <b>FSB</b>                       | South African Financial Services Board                     |
| <b>FSC</b>                       | Financial Services Committee                               |
| <b>FSC</b>                       | Financial Stability Committee                              |
| <b>FST</b>                       | Financial Stability Table                                  |
| <b>g-SIFIs</b>                   | Global systemically important financial institutions       |
| <b>IAIS</b>                      | International Association of Insurance Supervisors         |
| <b>IASB</b>                      | International Accounting Standards Board                   |
| <b>IFRS</b>                      | International Financial Reporting Standards                |
| <b>IGS</b>                       | Insurance Guarantee Schemes                                |
| <b>IGSC</b>                      | Insurance Groups Supervision Committee                     |
| <b>IGSRR</b>                     | "Internal Governance, Supervisory Review                   |
| <b>and Reporting Committee "</b> | "Internal Governance, Supervisory Review                   |
| <b>ILS</b>                       | Insurance Linked Securities                                |
| <b>IMD</b>                       | Insurance Mediation Directive                              |

|                       |  |
|-----------------------|--|
| <b>IntMod</b>         | Internal Models Committee  |
| <b>IOPS</b>           | International Organisation of Pension Supervisors  |
| <b>IORP</b>           | Institution for Occupational Retirement Provision  |
| <b>IORP Directive</b> | Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision  |
| <b>IRSG</b>           | Insurance & Reinsurance Stakeholder Group  |
| <b>ITDC</b>           | Information Technology and Data Committee  |
| <b>IWCFC</b>          | Interim Working Committee on Financial Conglomerates   |
| <b>JCFC</b>           | Joint Committee on Financial Conglomerates   |
| <b>JGSR</b>           | Joint Group on the cooperation between the ESAs and the ESRB on Systemic Risk  |
| <b>LTGA</b>           | Long-Term Guarantee Assessment   |
| <b>MCR</b>            | Minimum Capital Requirement  |
| <b>MiFID</b>          | Markets in Financial Instruments Directive (Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, OJ No. L 145 of 30 April 2004) |
| <b>MoU</b>            | Memorandum of Understanding  |
| <b>NAIC</b>           | US National Association of Insurance Commissioners   |
| <b>NCA</b>            | National Competent Authority   |
| <b>NSA</b>            | National Supervisory Authority   |
| <b>OMDII</b>          | Omnibus II Directive   |
| <b>OPC</b>            | Occupational Pensions Committee  |
| <b>OPSG</b>           | Occupational Pensions Stakeholder Group  |
| <b>ORSA</b>           | Own Risk and Solvency Assessment   |
| <b>PRIP</b>           | Packaged Retail Investment Product   |
| <b>QCC</b>            | Quality Control Committee  |
| <b>QIS</b>            | Quantitative Impact Study  |
| <b>QIS4</b>           | Fourth Quantitative Impact Study   |

|               |  |
|---------------|--|
| <b>QISS</b>   | Fifth Quantitative Impact Study  |
| <b>SCR</b>    | Solvency Capital Requirement   |
| <b>SDD</b>    | Simplified Due Diligence   |
| <b>SIFIs</b>  | Systemically important financial institutions                              |
| <b>SPV</b>    | Special Purpose Vehicle  |
| <b>SRP</b>    | Supervisory Review Process   |
| <b>SSC</b>    | Solvency & Actuarial Issues Committee                                      |
| <b>SUSEP</b>  | Brazilian competent supervisory authority for the private insurance sector |
| <b>TFIG</b>   | Task Force on Internal Governance  |
| <b>TF-IGS</b> | Task Force on Insurance Guarantee Schemes                                  |
| <b>UBO</b>    | Ultimate Beneficial Owner  |
| <b>VaR</b>    | Value at Risk  |

## Management and internal control systems

### Introduction

This annex provides an assessment of the functioning of EIOPA and its internal control system, which the Executive Director, as Authorising Officer, has put in place to ensure the sound management of EIOPA's service with all control aspects, financial and non-financial.

### Management supervision

EIOPA's operational structure reflects the strategic and operational activities of the Authority. EIOPA has two Departments (Regulations and Operations) and five Units (Policy, Consumer Protection and Financial Innovation, Oversight, Financial Stability and Information, Corporate Support).

EIOPA's strategic orientation is established in a Multi-Annual Work Programme and an Annual Work Programme (WP) adopted by the Board of Supervisors following approval by the Management Board. Annual Work Programmes are adopted in order to implement the Multi-Annual Programme objectives. Progress on the implementation of the Multi-Annual and Annual Work Programmes is reported on a regular basis to the Management Board and the Board of Supervisors. The Heads of Unit are responsible for the activities in their unit and report to the Heads of Department and the Executive Director and Chairman on a regular basis.

### Internal Control Standards

In 2013, EIOPA further strengthened its Internal Control Standards (ICS). These standards specify the necessary requirements, actions and expectations in order to build an effective system of internal control that could provide a reasonable assurance for the achievement of the organisation's objectives. The control standards are developed in compliance with the Commission's Internal Control Standards, which are based on the international COSO standards.

Specifically in 2013, review was undertaken of the implementation of the ICS at EIOPA by the Commission's Internal Audit Service of the . The objective of this limited review was to provide an independent assessment of the adequacy of the design and effectiveness of the implementation of the Authority's ICS. Based on the results of this review, and given the recent setup of the Authority and the current status of operations and administration, the IAS identified 20 recommendations in its final report, of which none was rated 'Critical'. With regard to the strengths, the IAS report identified the following examples of good practices that contribute to the effectiveness of operations: core business process mapping and human resource management. As regards the recommendations, EIOPA developed a dedicated action plan in cooperation with the IAS, which was approved by the Management Board. By the end of 2013 most of the actions were already successfully completed.

### Internal procedures, Executive Director's decisions and Implementing Rules

In 2013, EIOPA's Board of Supervisors, Management Board and Executive Director adopted further decisions in their respective area of competencies in order to put in place the necessary procedures and implementing rules for the good functioning of the Authority and the fulfilment of its duties. Examples of such decisions are EIOPA's risk management process, financial circuits, and policies on sensitive functions and on the management of conflicts of interest. Where relevant, rules were drafted in cooperation with the two other ESAs.

### Authorisation and registration of exceptions

In 2013, EIOPA revised and formalised its procedure for the authorisation and registration of exceptions. This policy has a corporate scope and ensures that all instances of control overriding or deviations from established processes and procedures are documented in exception reports, justified, duly approved before action is taken and logged centrally. All exception notes are filed individually and a register of exception notes is updated regularly. For each reported exception appropriate measures are taken to prevent similar cases in the future.

### Centralised support and control functions

EIOPA has a number of centralised support and control functions in place, most of which are grouped under the umbrella of the Corporate Support Unit. This unit consists of the following functions: HR, Finance, Budget and Procurement, ICT and Corporate Services. Other centralised functions outside the unit structure include Communications, Legal and a team providing specific support in terms of strengthened governance and planning.

### Internal control coordination

The Head of the Corporate Support Unit is responsible for the implementation of EIOPA's Internal Control Standards and acts as the Internal Control Coordinator. His task is to ensure that the necessary plans are put in place, to coordinate their implementation and report on the progress made.

### Data protection

EIOPA complies with the provisions of Regulation (EC) No 45/2001 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. The Data Protection Officer (DPO) at EIOPA was appointed by Decision of the Executive Director for a term of five years. The DPO operates the register of notifications of the operations that involve personal data processing. Operations of a sensitive nature are notified to the European Data Protection Supervisor. The latter issued its report on the compliance of EU institutions and bodies with Regulation (EC) No 45/2001 for the year 2013. The evaluation of EIOPA was positive.

### Quality Control Committee

The Quality Control Committee (QCC), established by and reporting to EIOPA's Management Board, continued its tasks of overseeing and assessing the appropriate implementation of the internal procedures and decisions. The QCC assessed and provided suggestions for improving the Management Board processes and the functioning of the Working Groups. It also provided advice on drafting EIOPA's Rules on Management of Conflicts of Interest.

### European Court of Auditors and Internal Audit Service: cooperation and follow up of recommendations

EIOPA is audited every year by its external auditor, the European Court of Auditors (ECA). The audit provides a Statement of Assurance as to the reliability of the accounts and the legality and regularity of the transactions underlying them. Each year two audit missions on the preceding financial year take place to prove evidence of that statement. In 2013, the European Court of Auditors did not raise major findings over the financial 2012 accounts. EIOPA is also audited by its Internal Auditor, the Commission's Internal Audit Service (IAS). In 2012 the IAS defined an audit strategy for EIOPA regarding the period 2013-2015, including a short list of prospective future audit topics. As a result of this strategy, the IAS performed in 2013 a limited review of the implementation of the ICS in EIOPA and delivered a report with 20 recommendations. A dedicated action plan was developed by EIOPA and adopted by the Management Board to address the recommendations made by the IAS. By the end of 2013 most of the actions were already successfully implemented.

EIOPA has dedicated processes in place to ensure that all recommendations made by both the ECA and IAS are timely and adequately addressed through dedicated action plans.

In addition to the work of the ECA and IAS, and to continue a good CEIOPS practice, as 60% of EIOPA's funding comes from its Members, a representative of the Board of Supervisors is appointed to perform quality assessments of selected financial processes. Such a quality assessment took place in October 2013 and the positive outcome was reported to EIOPA's Management Board in November.

### Anti-fraud

The awareness and the application of an ethical behaviour at Board and staff level are essential for EIOPA. At the compulsory legal induction session, newcomers are informed about EIOPA's Ethics Framework that is composed of the Ethics Rules, Anti-Fraud Measures, the Code of Good Administrative Behaviour and the Rules on confidentiality and professional secrecy. The policies on managing conflicts of interest were adopted in November 2013 by the Management Board, for members of the Board of Supervisors and Management Board, and by the Executive Director, for staff members and contractual parties. Furthermore, the

Executive Director adopted the rules on the management of sensitive functions. The end of 2013 marked the start of EIOPA's work on establishing an Anti-Fraud Strategy in line with the Commission's Strategy and Common approach on EU decentralised agencies.

### ATD Report 2013

#### 1. Initial requests in 2013

| RECEIVED AND HANDLED – Documents released |                            |                              |
|---|----------------------------|------------------------------|
| Number of requests received               | Replies given <sup>1</sup> | Number of documents released |
| 5   | 6                          | 35                           |

#### Results

|                |   |
|----------------|---|
| Access granted | 5 |
| Partial access | 0 |
| Access refused | 0 |
| Access pending | 1 |
| No document    | 1 |

#### 2. Confirmatory requests in 2013

| RECEIVED AND HANDLED – Documents released |                            |                              |
|---|----------------------------|------------------------------|
| Number of requests received               | Replies given <sup>1</sup> | Number of documents released |
| 0   | 0                          | 0                            |

#### Results

|                  |   |
|------------------|---|
| Confirmation     | 0 |
| Partial revision | 0 |
| Full revision    | 0 |

<sup>1</sup> Please note that a single request can concern several documents and can, therefore, give rise to several different replies.

## Declaration of Assurance by the Authorising Officer

VIII

I, the undersigned, Carlos Montalvo, Executive Director of EIOPA, in my capacity as Authorising Officer,

- declare that the information contained in this Annual Activity Report 2013 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:

- the progress and follow-up of risk management activities;
- the results of ex post evaluations and the monitoring activities of EIOPA's 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.

Carlos Montalvo



Frankfurt, 30 April 2014

## Annex IX

## BoS Assessment of the Annual Report 2013

The Board of Supervisors,

- (i) Having regard to the Regulation No. 1094/2010 of the European Parliament and of the Council of 24 November 2010 (“The Regulation”) establishing the European Supervisory Authority (European Insurance and Occupational Pensions Authority) (Regulation), and in particular Article 43, therein,
- (ii) Having regard to the Rules of Procedures of the Board of Supervisors (EIOPA BoS 11/002 Rev1, dated 14 June 2012), and in particular Article 2(9) therein<sup>1</sup>,
- (iii) Having regard to the Financial Regulation of EIOPA adopted by the Board of Supervisors on 15 March 2012, and in particular Article 40(1) therein<sup>2</sup>,
- (iv) Being informed on the Quality Review Report, which results were presented to the Management Board and the Board of Supervisors by the chair of EIOPA’s Quality Control Committee<sup>3</sup>,

<sup>1</sup> “The Board of Supervisors shall adopt, on the basis of a proposal by the Management Board, the annual report on the activities of the Authority, including on the performance of the Chairperson’s duties, on the basis of the draft report referred to in Article 53(7) of The Regulation. It shall transmit that report to the European Parliament, the Council, the Commission, the Court of Auditors and the European Economic and Social Committee by 15 June every year. The report shall be made public.”

<sup>2</sup> “By no later than 15 June each year, the Board of Supervisors shall send the budgetary authority and the Court of Auditors an analysis and an assessment of the authorising officer’s annual report on the previous financial year. This analysis and assessment shall be included in the annual report of the Authority, in accordance with the provisions of the Basic Regulation.”

<sup>3</sup> EIOPA Quality Control Committee was established by the Management Board and is chaired by EIOPA’s Alternate Chairperson. The alternate chair of EIOPA mandated two agents of the Commissariat aux Assurances (Luxembourg) to conduct a quality review of EIOPA which was performed on 30 September and 1 October 2013 and which results are reflected in the Quality Review Report of October 2013.

Performed the analysis and assessment of the Annual Activity Report of the Authorising Officer of the Authority for the year 2013 signed by the Executive Director, approved by the Management Board on 11 March 2014 and adopted by the Board of Supervisors on 27 March 2014, reaching the following conclusions:

1. Deems the Annual Activity Report to present a full and transparent account of the Authority’s activities and results during 2013;
2. Confirms that the presented report provides sufficient evidence that in 2013 the Authority continued to develop its role and profile within the European System of Financial Supervision as defined in its Regulation and the Annual Work Programme 2013, in particular delivering in its core strategic areas, namely: the enhancement of consumer protection; the development of sound regulation; convergence of supervisory practices; and timely identification and management of risks to financial stability;
3. Confirms that the Authority has undertaken actions to ensure efficiency and effectiveness of its operation, including the controlling functions of the Management Board defined in the Art. 47(1) of Regulation<sup>4</sup>;
4. Confirms that the Authority undertook measures in light of the observations and comments made by the Discharge Authority in respect to the previous years<sup>5</sup>;
5. Welcomes the following in terms of effective governance, application of resources and achievements in 2013:
  - (a) Establishing governance rules strengthening strategic and annual planning, reflected in the good progress in preparation of the 2015 Annual Work Programme and reprioritisation of the 2014 Annual Work Programme’s tasks and products to adjust it to the changed circumstances;
  - (b) Respecting the core accounting and financial management principles as outlined in EIOPA’s Financial Regulation at all stages of the budgeting and accounting process, any exception to the general principles was duly documented, with evidence of the necessary authorisations by senior staff was attached;

<sup>4</sup> “The Management Board shall ensure that the Authority carries out its mission and performs the tasks assigned to it in accordance with this Regulation.”

<sup>5</sup> Report of the Executive Director of the European Insurance and Occupational Pensions Authority (EIOPA) to the Discharge Authority on measures taken in the light of the Discharge Authority’s recommendations of 2011 and questions for the 2012 discharge (Article 110(2) of the Framework Financial Regulation) dated 14 January 2014.

## BoS Assessment of the Annual Report 2013

IX

- (c) Following the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union as laid down by Council Regulation No 259/68 and adopted by the Management Board of EIOPA during the year 2012; and
  - (d) Applying and expanding EIOPA's Ethic Rules, as adopted in October 2012 by EIOPA's Management Board, with specific measures implemented and followed in 2013 including implementation of specific forms on conflict of interest that all staff are required to sign and other formal measures such as requests for clearance to deal in financial instruments, applications for authorisation to accept a gift or favour and applications for authorisation of an outside activity filed by EIOPA staff members.
6. Considers that the information provided in the Annual Activity Report gives the Board of Supervisors reasonable assurance that the resources available to EIOPA in 2013 were used for their intended purpose and in accordance with the principles of sound financial management. Furthermore, the control procedures in place give necessary guarantees concerning the legality and regularity of the underlying transactions.

Victor Rod  
Alternate Chair of the Board of Supervisors



Frankfurt, 30 April 2014