

## IRSG meeting

**DATE:** 23 May 2024

**TIME:** 10:00-15:20 CET

**LOCATION:** FRANKFURT, EIOPA PREMISES

## IRSG meeting

# MEETING CONCLUSIONS

### AGENDA ITEM 1: APPROVAL OF THE AGENDA

1. The IRSG Chairperson welcomed the attendees to the in-person meeting.
2. The IRSG Chairperson went through the meeting agenda and presented the topics designated for discussion during the meeting.

### CONCLUSIONS AND ACTION POINTS

3. The draft meeting agenda (EIOPA-IRSG-24-13) was adopted.

### AGENDA ITEM 2: UPDATE BY IRSG CHAIRPERSON

4. The IRSG Chairperson and topic owners informed the group about upcoming deadlines and deliverables.
5. The IRSG Chairperson briefly outlined ongoing work by the group, which is based on the established Work Plan, including the response to the consultation on the NatCat risk in the standard formula, the survey on the Consumer Trends Report and the IRSG activity report.
6. The IRSG Chairperson and the Vice-Chair extended their gratitude to the whole group for their dedication and contributions.

### CONCLUSIONS AND ACTION POINTS

7. Following the update, IRSG members agreed to finalise work on pending items by the end of the IRSG mandate.

### AGENDA ITEM 3: UPDATE BY EIOPA

8. The EIOPA Chairperson and Executive Director expressed their gratitude to the group for their dedicated efforts throughout their mandate.
9. They also thanked Hugh Francis, who has retired, for his active and valuable contributions to the IRSG and EIOPA's work.

10. EIOPA'S Executive Director updated IRSG members on the following topics:
  - Solvency II (level II work);
  - Prudential treatment of sustainability risks;
  - Opinion on sustainability claims and work on non-life insurance products with sustainability features;
  - Sustainable Finance Disclosure Regulation (SFDR);
  - Value for money benchmarks (VfM);
  - Digital Operational Resilience Act (DORA);
  - Advisory Committee on Proportionality (ACP).
11. Upon request of the IRSG, EIOPA'S Executive Director briefly outlined EIOPA'S recent organisational changes, as reflected in the organization chart, which had been implemented to better align EIOPA'S structure with strategic priorities and also considering the horizontal nature of digitalization and sustainability as well as to improve synergies and facilitate cooperation across departments.

## CONCLUSIONS AND ACTION POINTS

12. IRSG members welcomed the information provided by EIOPA'S Chair and Executive Director and proceeded with a discussion, which touched upon the SFDR, including the issue of transition in the revision of the level 1 text and possible level 3 work. They also pointed out the importance of monitoring market developments to ensure VfM, irrespective of benchmarks, and expressed some worries over the trajectory of Retail Investment Strategy (RIS) negotiations. They debated issues related the appropriate supervision of distributors under the Insurance Distribution Directive (IDD) and liquidity risks under Solvency II. They considered the advantages and disadvantages of a possible degree of centralization of insurance supervision in the EU. Finally, members praised EIOPA for the internal reorganization, notably the emphasis on the cross-cutting nature of sustainability and digitalization.

## AGENDA ITEM 4: THE CMU AND THE ROLE OF INSURANCE

13. IRSG member Liane Hirner gave a presentation on the Capital Markets Union focusing on economic, climate and demographic resilience. Under economic resilience, she referenced to the recommendation included in the report prepared by Enrico Letta, advocating for EU insurance groups to tailor capital requirements to the specific risk profiles of entities across all Member States, thereby unlocking additional capital. Referring to Ursula von der Leyen's commitment to reduce reporting burden by 25%, she recalled the importance to minimise regulatory burden to streamline processes and enhance efficiency. On climate resilience, she stressed the need to support the transition of the different business sectors and to align product categories and customer preferences. As for demographic resilience, she argued that freedom of product design enables competition and innovation and access to personal data is needed to ensure risk-based underwriting.

14. IRSG member Pauline Azzopardi presented her views on a CMU that supports people's savings and business investment and also referred to the report prepared by Enrico Letta. She focused on the objective to increase retail participation, emphasizing the need for enhanced reporting and disclosure. She highlighted the importance of the EIOPA's report on the cost and past performance of retail investment products as well as financial education to gain citizens' trust. Finally, she argued for a revitalization of the PEPP to promote pensions savings.

#### CONCLUSIONS AND ACTION POINTS

15. The two presentations were followed by a discussion in which IRSG members provided their views in view of the next EU institutional cycle. IRSG members discussed issues related to adjustments to capital requirements, use of historical data and considerations on the average cost of unit-linked products. It was highlighted the inadequacies of markets operating without intervention, with reference to evidence suggesting that those markets did not serve consumer interests well.

#### AGENDA ITEM 5: FRAMEWORK FOR FINANCIAL DATA ACCESS (FIDA)

16. IRSG member Bruno Scaroni delivered an oral presentation outlining his views on issues related to the Framework for Financial Data Access (FIDA). He highlighted the sensitivity of certain types of data, e.g. health and some business data. Mr Scaroni reminded members of the technological complexity in life business, with some products running on different platforms. Finally, he also touched upon the importance of ensuring a level-playing field and proportionality.
17. IRSG member Martin Schmalzried took in his presentation a civil society perspective, highlighting the need for open data to be subject to stringent rules governing data usage, including the exclusion of sensitive data and adherence to the Right to Be Forgotten. He raised concerns about the market implications of high transparency in data, which, when combined with AI, could facilitate rapid consumer switching, potentially leading to market concentration.

#### CONCLUSIONS AND ACTION POINTS

18. IRSG members proceeded with a discussion after the two presentations. They expressed concerns about public trust in data security, especially following recent cyber attacks, emphasizing the need for clear data governance rules. They highlighted the challenges in formulating universally applicable rules across different insurance lines of business, advocating for tailored AI solutions that primarily utilize non-sensitive data. Concerns were also raised about possible demutualization as a consequence of the transfer of very sensitive information, leading to the offer of very cheap products for high risks. Finally, members underscored the critical importance of consumer consent, which, however, consumers might be compelled to give if in dire need for a certain service, e.g. credit.

#### AGENDA ITEM 6: REASSESSMENT OF NATCAT MODULES IN THE STANDARD FORMULA

19. EIOPA presented the topic of reassessment of Natural Catastrophe module in the standard formula on which a public consultation is ongoing. The EIOPA presenter outlined the main changes proposed in relation to flood, hail, windstorm, earthquake and subsidence and explained how the Authority was considering possible inclusion of "new" perils in the formula (wildfires, coastal floods and drought).

20. IRSG members raised concerns about the anticipated increase in flood risks, expected to rise significantly in certain countries shortly.
21. EIOPA staff invited IRSG members to comment on the approach to new perils as well as to other factors that should be considered in the future to better reflect the impact of climate change within the standard formula.

#### CONCLUSIONS AND ACTION POINTS

22. IRSG members were encouraged to provide feedback via the ongoing public consultation until 20 June.

#### AGENDA ITEM 7: IRSG ACTIVITY REPORT

23. EIOPA presented the results and key findings from the survey that has been distributed in May to the stakeholder groups.
24. IRSG members who had not participated in the survey had the opportunity to present their views and contributed with additional insights during the meeting.
25. The IRSG Chair informed members briefly about the content of the draft group's Activity Report, which the group was expected to finalise by the end of its mandate.

#### CONCLUSIONS AND ACTION POINTS

26. EIOPA will consider carefully the feedback and views expressed by the IRSG members during the meeting and in the survey, also in view of the renewed membership of the stakeholder groups.
27. The IRSG will finalise the Activity Report by the end of the group's mandate on 30 June.

#### AGENDA ITEM 8: AOB

28. No additional topics were discussed under Any Other Business.

#### CONCLUSIONS AND ACTION POINTS

29. There were no further actions as no additional topics were discussed under this item.

## IRSG Participants

Chairperson: Paul Fox

Vice-Chairperson: Michaela Koller

First name	Last name	Country	IRSG category	Attendance
Paul	Fox	UK	Consumers & Users	Present
Michaela	Koller	Germany	Industry	Present
Mireille	Aubrey	France	Industry	Present
Pauline	Azzopardi	Malta	Consumers & Users	Present
Typhaine	Beauperin	Belgium/France	Professional Associations	Present
Monica	Calu	Romania	Consumers & Users	Present
Desislav	Danov	Bulgaria	Consumers & Users	Present
Niko	Daskalakis	Greece	SMEs	Present
Claudia	Donzelmann	Germany	Industry	Present
Liisa	Halme	Finland	Employees	Present
Liane	Hirner	Austria	Industry	Present
Benoit	Hugonin	France	Industry	Present
Marcin	Kawinski	Poland	Academic	Present
Xavier	Larnaudie-Eiffel	France	Industry	Present
Pierpaolo	Marano	Italy	Academics	Present
Stefan	Materne	Germany	Academics	Present
Anthony	O'Riordan	Ireland	Professional Associations	Present
Tomas	Paulauskas	Lithuania	Consumers & Users	Present
Juan-Ramon	Pla	Spain	Industry	Present
Patricia	Plas	Belgium	Industry	Present
Guillaume	Prache	France	Consumers & Users	Present
Tito	Rodrigues	Portugal	Consumers & Users	Present
Lauri	Saraste	Finland	Industry	Present
Bruno	Scaroni	Italy	Industry	Present
Martin	Schmalzried	Czech Republic	Consumers & Users	Present
Antti	Talonen	Finland	Academics	Present
Greg	Van Elsen	Belgium	Consumers & Users	Absent
Gisella	Van Vollenhoven	Netherlands	Industry	Present

### Other participants:

EIOPA's Senior Management and staff members.