
INSURANCE AND REINSURANCE STAKEHOLDER GROUP MEETING

DATE: 22 JANUARY 2020 10:00 – 16:00 CET

LOCATION: EIOPA

MEETING CONCLUSIONS

AGENDA ITEM 01: Approval of the draft agenda

CONCLUSIONS AND ACTION POINTS

1. The draft agenda (EIOPA-IRSG-19-42) was adopted.

AGENDA ITEM 02: Update by the IRSG Chairperson

2. The IRSG Chairperson updated Members about current and upcoming deliverables in the IRSG Work Plan.

CONCLUSIONS AND ACTION POINTS

3. Not applicable

AGENDA ITEM 03: Update by EIOPA

EIOPA's Consumer Trends Reports

4. The 2019 Consumer Trends Report was published on 12 December alongside a key facts sheet summarising the findings. To further investigate areas where concern have been identified, EIOPA will launch a comprehensive thematic review on mortgage life and other credit protection insurance sold through banks in order to gather evidence on areas of potential consumer detriment.

Financial Stability Report

5. EIOPA published its latest [Financial Stability Report](#) December 2019 on 18 December 2019. Among the key findings, EIOPA observes an intensified risk due to a prolonged low yield environment, putting pressure on both solvency positions and long-term profitability on European insurers and pension funds. Furthermore, a combination of weakening economic outlook, concerns over debt sustainability and stretched valuations across financial markets could also give rise to a sudden reassessment of risk premia. The European Systemic Risk Board (ESRB) is to publish shortly further analysis on interest rate risk including policy implications.

Phase-out of the interbank lending rate (IBOR) and transition to IBOR benchmarks:

6. The transition to the new rates is a big challenge for both regulators and industry. The transition is expected to change the structure of numerous financial products that will refer to the new rates. Recalibration of existing products and revaluations are to be expected. EIOPA is actively discussing both policy and operational implications and has prepared a discussion paper, which will be discussed by EIOPA's Board of Supervisors at the end of January.

SupTech Strategy

7. Supervisory technology (SupTech) is the use of technology, such as for example blockchain, by supervisors to deliver innovative and efficient supervisory solutions that will support a more effective, flexible and responsive supervisory system. EIOPA and its Members are currently developing a common strategy i.e. defining the objective and areas of common interest where joint development would be more adequate.

Strategy on cyber underwriting

8. EIOPA's strategic priorities regarding the European cyber insurance market is part of EIOPA's broader mission to promote sound technological progress for the benefit of the European Union economy and its citizens, while safeguarding financial stability, market integrity and investors' protection. EIOPA and its Members are developing a common cyber underwriting strategy outlining the proposed way forward. Both the cyber underwriting and the SupTech strategy will be published in February 2020.

New EIOPA website

9. EIOPA launches a new [website](#) on 3 February. The aim is to improve the user experience, notably through better functionality, including a powerful search, and better navigation.
10. Members further exchanged with EIOPA on topics such as EIOPA's product intervention powers. With reference to a current case, EIOPA explained it's targeted, case-by-case

MEETING CONCLUSIONS

approach addressed in dedicated cross-border platforms of collaboration between supervisors.

CONCLUSIONS AND ACTION POINTS

11. Members to advise on Consumer Trends by June 2020 by responding to a questionnaire.
12. EIOPA to present its new website at the IRSG meeting on 25 March 2020.

AGENDA ITEM 04: Update by the European Commission (COM)

Sustainable Finance: EU taxonomy

13. European Commission representative informed about the imminent launch of a Better Regulation consultation in Q1 2020 on legislative acts (5 Delegated Acts (DA) including Solvency II and IDD) reflecting the joint EIOPA/ESMA advice on the fiduciary duty as of April 2019.

SII 2020 Review

14. European Commission representative highlighted a conference on 29 January 2020 organised by the Directorate General for financial stability, financial services and capital markets union to discuss the challenges and opportunities of the review of the Solvency II directive.

Review of the ESA Regulations

15. Regulations revising the ESAs Regulation and Solvency II were published in the Official Journal of 27 December 2019 (see [Omnibus](#) regulation, [ESRB](#) regulation, [Omnibus](#) directive).

Packaged retail investment and insurance-based products (PRIIPs)

16. Members asked several questions relating to decisions not yet taken. Therefore, COM referred to a separate meeting on PRIIPs implementation aspects, organised by EIOPA with NCAs and all three ESAs, which should give more clarity on the way forward. Regarding the PRIIPs survey, the Member States involved are FR, DE, PO, IT, SE. The testing should be finalised in February 2020. There will also be a broader retail investment study, which will look at the investor journey from a holistic perspective (covering disclosures, investment advice, and suitability assessment). The call for tender should be launched in February. Once a contractor is secured, the study would be carried out for a period of 12-15 months.

CONCLUSIONS AND ACTION POINTS

17. Members to take note of COM [consultation paper on the digital operational resilience in the area of financial services](#) running until 19 March 2020.

AGENDA ITEM 05: Update on the Review of the ESAs

18. EIOPA staff presented an update on the upcoming call for candidates to join the IRSG/OPSG. Among other provisions, the articles on the Stakeholder Groups were amended in the ESA Regulation. EIOPA, in close coordination with the EBA and ESMA, agreed to launch a new call for candidates to comply with the new requirements. The call is intended to be launched by EIOPA in the last week of February. For the 2020 selection procedure, the current as well as all previous mandates in a Stakeholder Group will be disregarded and will not have any impact on the eligibility of candidates. Also, third-country nationals i.e. applicants will be eligible under certain conditions: depending e.g. whether their organisation is operating in the Union or not. EIOPA expects the selection of candidates to be finalised by the end of June 2020. Until then, the members of the current OPSG and IRSG remain active and their work does continue to work as scheduled. The first meetings, in the new composition, will be for the new OPSG members on 16 July and for the new IRSG members on 23 September.

CONCLUSIONS AND ACTION POINTS

19. EIOPA took note of a [Joint paper of the ESAs Stakeholder Groups](#), on which it will give further written feedback.
20. EIOPA to give a heads-up to members shortly before the Call of Candidates is published.

AGENDA ITEM 06: 2020 review Solvency II

21. IRSG topic owner Tony O'Riordan summarised the [advice](#) delivered and highlighted the need for focused changes to be made. EIOPA staff presented ([EIOPA-IRSG-20-05](#)) the overall results of the public consultation; One of the main objectives of the review being to recalibrate the interest rate risk in the standard formula to reflect economic reality.

CONCLUSIONS AND ACTION POINTS

22. EIOPA to give written feedback on how the Authority took the group's advice into consideration.
23. EIOPA welcomed the suggestion from the IRSG to give input on models for proportional supervision and/or framework for assessing interest rate risk.

AGENDA ITEM 07: PEPP

24. IRSG topic owner Paul Fox summarised the [joint advice](#) delivered by the group followed by a presentation by EIOPA ([EIOPA-IRSG-20-02](#)) of an upcoming consultation on PEPP supervisory reporting and cooperation between National Competent Authorities and EIOPA.

MEETING CONCLUSIONS

CONCLUSIONS AND ACTION POINTS

25. EIOPA to share with the IRSG after consumer testing mock-up versions of a Key Information Document for the PEPP.
26. IRSG to deliver, by 2 March, its second joint response with the OPSG on PEPP: concerning [technical advice and regulatory technical standards](#)
27. IRSG to deliver, by Q2 2020, third advice on PEPP concerning supervisory reporting and cooperation between National Competent Authorities and EIOPA.

AGENDA ITEM 08: Discussion on sustainability issues

28. EIOPA staff presented an update ([EIOPA-IRSG-20-01](#)) on the Authority's deliverables in 2020 in the area of sustainability: (a) Joint ESAs work on Sustainable Finance Disclosures and (2) a sensitivity analysis of climate-related transition risks in the insurance sector. Members were concerned about the risks of green washing and the inconsistency in the existing ESG indexes or ratings.
29. In the conclusions of the 2019 Pensions Stress Test, sustainable finance and the consideration of ESG risks are identified as core to making pension provision future-proof in Europe. The majority of companies in the sample have taken steps to integrate those considerations in their risk-management and investment allocations, yet further work will be needed to implement the ambitious objectives of the various legislative initiatives.

CONCLUSIONS AND ACTION POINTS

30. Members to take note of EIOPA's Workshop on Climate-change related sensitivity analysis on 27 February 2020.
31. IRSG to deliver, by June 2020, advice on sustainability-related disclosures.

AGENDA ITEM 09: EIOPA's Supervisory Convergence Plan

32. EIOPA staff presented ([EIOPA-IRSG-20-06](#)) its second updated Supervisory Convergence Plan for 2020, with unchanged priorities – 1. Practical implementation of the key characteristics of the common supervisory culture and further development of supervisory tools; 2. Risks to the internal market and to the level playing field which may lead to supervisory arbitrage; 3. Supervision of emerging risks – and unchanged criteria to define priorities. However, EIOPA highlighted that three new projects have been identified: SupTech, (occupational) pensions, cyber underwriting.
33. Members received the plan positively.

CONCLUSIONS AND ACTION POINTS

34. EIOPA to publish Supervisory Convergence Plan after the January Board of Supervisors' meeting, once approved.

AGENDA ITEM 10: Consultation on the proposal for Guidelines on information and communication technology (ICT) security and governance

35. EIOPA staff outlined ([EIOPA-IRSG-20-03](#)) the scope of the consultation paper, highlighting the need to tailor provisions to the insurance market and to apply proportionality as set out in the Solvency II framework.
36. Members mentioned the need to clarify the practical consequences of setting up a new security function, which is different from key functions or other (e.g. fit & proper) requirements. Furthermore, they raised concerns about proportionality, stressing that the new framework might be seen a challenge for SMEs.
37. EIOPA's Chairperson highlighted that the links with the banking sector have been taken into account while developing the work. EIOPA is also working closely with COM (see 17.), and the ESRB regarding systemic risk considerations on outsourcing to service providers in third-countries.

CONCLUSIONS AND ACTION POINTS

38. Members to volunteer, by 13 February 2020, to draft and lead the drafting the group's advice on information and communication technology (ICT) security and governance.
39. Members to take note of [EIOPA's public consultation](#) running until 13 March 2020.

AGENDA ITEM 11: Update on the public consultation on the Opinion on supervision of remuneration principles in the insurance and reinsurance sector

40. EIOPA staff presented an update ([EIOPA-IRSG-20-04](#)) on the results of the public consultation on EIOPA's draft opinion and feedback was given to the on an informal IRSG consultation on the subject.

CONCLUSIONS AND ACTION POINTS

41. EIOPA to share the Opinion on the supervision of remuneration principles in the insurance and reinsurance sector with the IRSG once published.

AGENDA ITEM 12: Update on the ESAs public consultation on PRIIPs

42. EIOPA staff provided an oral update following the recent end of a public consultation (over 100 responses) by the European Supervisory Authorities (ESAs) on changes to the Level 2 Delegated Regulation for the Key Information Document (KID) for packaged retail and insurance-based investment products (PRIIPs), including to cover that:
43. The findings of the consumer testing are still preliminary and cannot be shared at this stage; however, the study should provide relevant insights, for example in relation to the potential inclusion of information on past performance.
44. The ESAs continue to aim to finalise their proposals early in Q2 2020.

MEETING CONCLUSIONS

45. Members summarised their main comments on the review. They highlighted the need for a more fundamental level 1 review of the framework, which would in any case happen once the EC broader retail investment study would be finalised. They further argued that a ‘one-size fits all’ approach was not workable given the range of products within the scope of the PRIIPs Regulation. It was also noted that digital solutions were needed for the KID to be an effective tool for consumers. However, several members welcomed other aspects of the ESAs proposals, in particular the proposal to consider illustrative performance scenarios.
46. EIOPA’s Chairperson responded that the ESAs are working within the mandate requested and consider that some improvements can be made at Level 2. However, he acknowledged the technical challenges presented by the wide scope of the Regulation, and recalled the ESAs’ previous statements that, as part of this review, the ESAs would be transparent if they consider changes to the Level 1 Regulation to be critical at this stage.

CONCLUSIONS AND ACTION POINTS

47. Not applicable

AGENDA ITEM 13: Update on Brexit

48. EIOPA staff presented an update ([EIOPA-IRSG-20-07](#)) on the preparations of the exit of the UK from the EU.

CONCLUSIONS AND ACTION POINTS

49. Not applicable

AGENDA ITEM 14: Any other Business

CONCLUSIONS AND ACTION POINTS

50. Members were invited to the next IRSG meeting on 25 March 2020.

Participants

Chairperson: Greg van Elsen

Member representing	Name	Country
Industry	Baumgärtel, Martina	Germany
Professional associations	Beaupérin, Typhaine	Belgium/France
SMEs	Caget, Alexandre	France
Consumers	Calu, Monica	Romania
Consumers	Danov, Desislav	Bulgaria
Consumers	Fox, Paul	Belgium
Industry	Francis, Hugh	United Kingdom
Academics	Grabowski, Krzysztof	Poland
Consumers	Gülich, Christian	Germany
Employees	Halme, Liisa	Finland
Industry	Hendriks - Muijs, Miranda	Netherlands
Industry	Hirner, Liane	Austria
Industry	Hugonin, Benoît	France
Users	Iacob, Alin	Romania
Academics	Kawiński, Marcin	Poland
Industry	Koller, Michaela	Belgium
Consumers	Kybartas, Tomas	Lithuania
Industry	Larnaudie-Eiffel, Xavier	France
Academics	Marano, Pierpaolo	Italy
Consumers	Morton, Stephanie	Netherlands/United Kingdom
Professional associations	O'Riordan, Tony	Ireland
Industry	Pla, Juan-Ramon	Spain
Users	Prache, Guillaume	France
Professional associations	Reinhammar, Torun	Sweden
Consumers	Rodrigues, Tito	Portugal
Industry	Saraste, Lauri	Finland
Industry	Scaroni, Bruno	Italy
Consumers	Van Elsen, Greg	Belgium

Other participants:

Ryan, Steve (via telco): European Commission, EIOPA Senior Management and EIOPA staff
Stakeholder.Groups@eiopa.europa.eu