
62ND BOARD OF SUPERVISORS MEETING VIA TELECONFERENCE

DATE: 29 JUNE 2020 10:00-13:15 CET

30 JUNE 2020 09:00-12:30 CET

LOCATION: N/A

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WELCOME AND INTRODUCTORY REMARKS BY THE EIOPA CHAIRMAN

1. The Chairman welcomed the attendees to the sixty second meeting of EIOPA's Board of Supervisors (BoS).

AGENDA ITEM 1: ADOPTION OF THE AGENDA

DECISION

2. BoS adopted the agenda by consensus.

CONCLUSIONS AND ACTION POINTS

3. The Chairman concluded that there is no BoS Member that has interest that could be considered prejudicial to their independence with regard to the any item of the adopted agenda following declaration by all BoS Members of absence of any such interests.

AGENDA ITEM 2: UPDATES BY CHAIRMAN, EXECUTIVE DIRECTOR AND COM

UPDATES BY CHAIRMAN

BREXIT

4. The Chairman debriefed the BoS Members regarding his discussion with the Head of Task Force for Relations with the United Kingdom which took place on 19 June. The Chairman pointed out

the need to be prepared for a no-deal scenario, and to ensure that all the work done in terms of preparation will start delivering as of 1 January 2021.

ROUNDTABLE DISCUSSION ON COVID-19

5. The Chairman informed the BoS Members regarding his participation to the Roundtable Discussion that took place on 28 May. The meeting was organised by the European Commission (COM) and with the participation from industry, businesses and consumers. The meeting focused on the relief measures that the industries have been putting towards businesses and consumers, on the banking and on the insurance side.
6. A follow-up meeting took place in the afternoon of 29 June, where COM will present concrete best practices.

INCAMERA MEETING WITH THE ECON COMMITTEE

7. On June 4 the Chairman attended the *InCamera* meeting with the European Parliament (EP) ECON coordinators from all the political parties. The discussion was centered on the impact of the crisis on the insurance and pension sectors.
8. In his intervention the Chairman underlined EIOPA's work and the measures taken to ensure business continuity, stability of markets both in terms of solvency, liquidity and capital preservation, as well as mitigation of impact on consumers.
9. The discussion was followed by a series of Q&As that focused on dividend distributions and the different implementation approach by the national supervisors, the rational of the insurance business model and how the crisis uncertainty can affect the insurers, the coverage of business interruption, the risks coming from the GDP contraction and the impact on the Solvency II review.

EUROPEAN SYSTEMIC RISK BOARD

10. The Chairman reported on the outcome of the two General Board meetings of the European Systemic Risk Board (ESRB) that took place since the last BoS meeting.
11. The Chairman informed the BoS Members on his support to the Recommendation on dividends and on the letter towards EIOPA on the improvement of the liquidity monitoring in the insurance sector.
12. The Chairman made reference to the important work done on the impact of different market scenarios downgrading BBB Bonds to high yield, and the testing of a number of reactions of different market players in the financial sector.
13. Another topic for discussion was the stress test for 2021, both for the insurance and banking side, with an overall agreement on the use of one macroeconomic scenario and that the definition of the stress scenarios should be put on-hold until later 2020. The Chairman stated that the use of one macroeconomic scenario should not invalidate the use of different types of shocks for banking and insurance, due to the different nature of the stress tests objectives and methodologies.

INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS (IAIS)

14. The Chairman summarized the developments in relations to the Chairmanship of the IAIS Committees, informing the BoS members on the successful candidature submitted by Dieter Hendrickx from the NBB who was elected unanimously as successor to Alberto Corinti at the helm of the Macroprudential Committee (MPC).
15. Also, the Chairman informed the BoS Members on the Insurance Capital Standard (ICS) monitoring, and that not all European internationally active insurance groups (IAIGs) have participated and that a discussion on a collective effort is needed to ensure full participation from EU side in 2021.

JOINT COMMITTEE MEETING

16. The Chairman informed the BoS Members on the new leaderships with regard to the consumer protection and the risk and vulnerabilities sub-committee whereby Ms. Gráinne McEvoy – Director of Consumer Protection at the Central Bank of Ireland, replaced Mr Wijnand van de Beek (AFM), and Mr Maarten Geldermann (EBA BoS Member from DNB) replaced Mr Olaf Sleijpen (DNB).

PACKAGED RETAIL INVESTMENT AND INSURANCE-BASED PRODUCTS (PRIIPS)

17. The Chairman debriefed the BoS Members on the recent developments in relation to the Final Report on amending RTS for the PRIIPs KID, thanking the BoS Members for their comments expressed via the Written Procedure (BoS-2020-53) concluded on June 15. The Chairman recognized the fine-tuning comments of BoS Members regarding some aspects of the proposal and clarified that following discussions with COM and EP, the approach to make Level 2 changes, as opposed to waiting for Level 1 changes to be implemented first, would be the most feasible and appropriate at this stage. The revised proposal was to be submitted for adoption by the 3 ESAs on June 30th.
18. Moreover, the Chairman underlined that though there are many opinions towards a Level 1 adjustment of the PRIIPs Regulation, it is a long-term process of up to 3 to 4 years.
19. The Chairman continued by making reference to the study commissioned by COM and conducted by an external consultant on all the distribution issues including disclosures. The study will be ready only end of 2021 and the COM informed of their intention to undergo the adjustments to MIFID, IDD and PRIIPS only after that date.
20. The adjustments proposed by EIOPA are addressing the most critical aspects raised by consumer associations as well as industry stakeholders. They should also allow the exemption for UCITS to expire providing a more level playing field and bringing significant benefits for consumers through a single summary disclosure document for the retail investment market, as well as more coherent disclosures for multi-option unit-linked insurance products.

CMU HIGH-LEVEL FORUM

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21. The Chairman reported on his participation as an observer in COM's High-Level Forum on the Capital Markets Union (CMU), informing the BoS Members that the report was published on 10 June at 10:00 am, and gives a comprehensive set of recommendations to COM on how to move Europe closer to one single market for savings, investments and capital. A key objective is to increase participation of retail investors in capital markets and contribute to the recovery after COVID-19.
22. The Chairman underlined that an important merit of the report is putting the focus on the demand side of the CMU, looking at the CMU as a savings and investment union in addition to making sure that markets are effective, a key aspect for pensions and insurance where most of the retail customers' involvement are coming through.
23. The Chairman also highlighted the 3 main recommendations for the pension side: i) the development of the pension dashboard, measuring the pension adequacy and sustainability in each country, ii) the pension tracking systems allowing individuals to understand their position on pension side and iii) strong support and recommendation to the COM to come with some proposal on the enrolment across Members States.

PROTECTION GAP AND COVERAGE OF NON-DAMAGE BUSINESS INTERRUPTION

24. The Chairman briefed the BoS Members on the progress on the work on the shared resilience solutions for the coverage of non-damage business interruption, particularly on the questionnaire put forward by EIOPA in connection with the 4 main areas: risk assessment, definition of risk, level of coverage and risk transfer. The contributions received from the exploratory group have been discussed internally on Friday 26 June and a note is currently being produced for circulation to the BoS towards the end of July.

REPORTING OF SANCTIONS IMPOSED UNDER IDD

25. The Chairman reported that on IDD, EIOPA is preparing a first annual report on administrative sanctions and other measures imposed under the IDD since its implementation in 2018. This will be discussed during upcoming CCPFI meetings and put to the BoS later this year.
26. Moreover, the Chairman asked the support of the BoS Members to inform EIOPA of sanctions put forward by their national authorities.

UPDATES BY EXECUTIVE DIRECTOR

COVID-19 - IMPACT ON THE ORGANISATION

27. The Executive Director (ED) reported on the impact of the COVID19-panedemic on EIOPA's operations and the preparatory work to return to the office, providing details on the 3 phases of EIOPA's strategy (Phase 1 -beginning of July, Phase 2 – October, Phase 3- early 2021).

IMPLEMENTATION OF BUDGET 2020

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28. The ED reported on the impact of the COVID-19 pandemic on the 2020 budget, pointing out that potential budget savings due to mission and physical events reduction can be expected to the amount to around EUR 1 million. This will be reflected into the third budget installment which will be launched in October 2020.

DISCHARGE PROCEDURE FOR THE IMPLEMENTATION OF EIOPA'S BUDGET

29. With regard to the Discharge Procedure, the ED mentioned the change in EIOPA's founding regulation, which requires the BoS, instead of the ED, to provide a reasoned opinion on the EP's position regarding the budget discharge.
30. The BoS Members were informed that procedure will be sent for approval via a written procedure in July 2020. The approach was discussed and agreed with the other two ESAs.

PENSION REGISTER COMPLETENESS

31. In 2019, EIOPA implemented changes of the three pension Registers by incorporating additional fields to support supervisory reporting and to streamline the registers. This was done through three BoS Decisions approved in March 2019.
32. Due to the low number of contributions received, to ensure that EIOPA offers as complete information as possible, EIOPA has been maintaining the new and the old Register.
33. The ED concluded by underlining the importance for a prompt and completeness input from the BoS Member' side..

SOLVENCY II RULEBOOK

34. Solvency II Rulebook on EIOPA website is expected to go live in July as a pilot phase. The BoS Members are invited to send their comments and contributions.
35. Following the release and outcome of the pilot phase of the Solvency II Rulebook, additional rulebooks are expected to be released in the near future, such as the IDD Rulebook starting from 2021.

APPOINTMENT OF THE ADVISORY COMMITTEE ON PROPORTIONALITY

36. On 23 June 2020, the BoS elected the composition of the Advisory Committee on Proportionality (ACP). Frank Grund is the newly appointed ACP Chair, with Mary-Cécile Duchon, Daria Katarzyna Ringwelska-Ładak, Francisco Carrasco and Mojca Rome as members from the national authorities.
37. In addition, from EIOPA' side, Ana Teresa Moutinho (Head of EIOPA's Supervisory Processes Department) and Justin Wray (Head of EIOPA's Policy Department) will fill in the last two membership positions with the ACP.
38. The composition of the ACP will be completed with the two Chairs of the IRSG and OPSG, once appointed, who will be acting as ACP observers.

UPDATES BY EUROPEAN COMMISSION

39. The COM representative supplemented some of the updates given already by EIOPA Chairman, in particular on:
- a. overall process for the Solvency II review, informing the BoS members that the COM will publish a consultation document to gather views with an envisaged response period until end October 2020, this being another exercise for the industry to contribute to the debate in this respect.
 - b. Roundtable on the impact of COVID-19 on the policy holders and the COM work to identify possible best practices on relief measures for the benefit of the consumers. A second meeting of this Roundtable took place on 29 June, afternoon to discuss a 1st draft of the proposed best practices. The COM representative informed the BoS Members that there will be also a monitoring process, to ensure that the agreed best practices are followed by concrete actions.
 - c. The work on PRIIPs with particular emphasis on the study on distribution in preparation. The COM representative informed the BoS Members that awarding the study contract is in its final stage and that in terms of timeline it is expected to have the interim report in Q1 2021 and the final report in Q4 2021
40. The COM representative also informed the BoS Members on Level 2 sustainable finance amendments to Solvency II and IDD delegated acts. The draft delegated acts were published on 8 June with a consultation period running until 6 July. The COM intends to publish the 2 documents after the summer break.
41. The COM representative concluded his intervention with a short update on the CMU High-level Forum report and the COM next step in that regards. The COM's intention is to transform the report into a CMU action plan which should be published in the last part of 2020, timeline pending on the consultation period.

DECISION

42. Not applicable

CONCLUSIONS AND ACTION POINTS

43. Not applicable

AGENDA ITEM 3: UPDATE ON COVID-19 CRISIS SITUATION DECISION

44. The Chair of Risk and Financial Stability Committee updated on the latest market situation and work of RFSC in relation to Covid-19. The latest IMF World Economic Outlook expecting 4.9% contraction for the global economy and 10.2% shrink of economic output for the Eurozone was mentioned. Furthermore, the asset valuation seems to be decoupled from growth forecasts and earning prospects with potential implication for market corrections. In addition, the EIOPA Chairman highlighted the risk of slower economic recovery than expected and subsequent increase of nonperforming loans with negative implications for insurers due to high interconnectedness with banks.

DECISION

45. Not applicable

CONCLUSIONS AND ACTION POINTS

46. The BoS Members took note of the update

AGENDA ITEM 4: EIOPA'S CHAIRPERSON 2021-2026 - SELECTION OF THE MEMBERS TO THE PRE-SELECTION COMMITTEE

47. EIOPA Vice-Chairperson introduced the item describing briefly the procedure of the call for expression of interest for members and chair of the Pre-Selection Committee (the "BoS' quota"). He informed the BoS that the EU Commission nominated Mr John Berrigan, Director General of DG-FISMA, as its representative in the Pre-Selection Committee.
48. EIOPA Vice-Chairperson introduced the three eligible candidates for the BoS' quota: Ms Else Bos (NL-DNB, applying for membership), Mr Alberto Corinti (IT-IVASS, applying for membership) and Mr Thomas Schmitz-Lippert (DE-BaFin, applying for membership and chairmanship). With the three candidates the BoS strikes a geographical and gender balance, to the extent possible of the candidacies received.
49. The BoS was requested to vote on the following proposal: to appoint Mr Thomas Schmitz-Lippert as Chair and member and Ms Else Bos and Mr Alberto Corinti as members of the Pre-Selection Committee-BoS quota.

DECISION

50. The BoS elected by simple majority the BoS representatives in the Pre-Selection Committee: Mr Thomas Schmitz-Lippert as Chair, and Ms Else Bos and Mr Alberto Corinti both as members.

CONCLUSIONS AND ACTION POINTS

51. The Pre-Selection Committee responsible for pre-shortlisting of candidates that will be interviewed by the BoS is formally established as follows: Chair Mr Thomas Schmitz-Lippert, members Ms Else Bos, Mr Alberto Corinti and Mr John Berrigan designated by COM.

AGENDA ITEM 5: APPOINTMENT OF EIOPA'S STAKEHOLDER GROUPS (IRSG AND OPSG)

52. The Executive Director informed that due to the revision of the EIOPA Regulation as of 1 January 2020, the members of the Insurance and Reinsurance Stakeholder Group (IRSG) and Occupational Pensions Stakeholder Group (OPSG) have to be renewed. In particular the amended Regulation requires to have 13 industry representatives (instead of previously 10) and 4 academics (instead of previously 5). The term of the stakeholder group member's mandate has been extended to 4 years (instead of previously 2.5 years). In order to comply with these new requirements, the new members for both groups need to be selected. Following a call for candidates, EIOPA received 158 applications, 92 for the IRSG and 66 applications for OPSG.

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53. The ED emphasized the overall aim to come up with a proposal aiming at a strong composition of the Stakeholder Groups allowing them to provide valuable input to EIOPA's work going forward. He outlined the particular attention given to ensure gender and geographical balance of stakeholder representatives in both groups to the best possible extent.

DECISION

54. The BoS adopted, by simple majority voting, the proposals for the composition of the new EIOPA Stakeholder Groups as set out in "Renewal 2020 of the EIOPA Insurance and Reinsurance Stakeholder Group (IRSG) and Occupational Pensions Stakeholder Group (OPSG)", (EIOPA-BoS-20-415, 11 June 2020).

CONCLUSIONS AND ACTION POINTS

55. EIOPA to proceed with the setup of the new IRSG and OPSG and to contact the selected candidates to get their confirmation.

AGENDA ITEM 6: SOLVENCY II 2020 REVIEW

56. The Chairman introduced the four topics for discussion.

Preliminary results from the information request for the holistic impact assessment (EIOPA-BoS-20/468)

57. EIOPA staff guided the BoS through the preliminary results of the Holistic Impact Assessment (HIA) included in the presentation.
58. During the discussion it was requested that: more granular analysis is performed in the future, namely separating the results between Standard Formula (SF) and Internal Model (IM) users; and that conclusions are not yet drawn on the balanced package, supporting the request for more granular analysis to be completed. It was viewed that the package was not balanced in all cases due to the impact of Interest Rate Risk (IRR) and requested that the alternative approaches continue to be explored.

Highlighted issues for topics included in wave 1 of the Advice (EIOPA-BoS-20/418)

59. EIOPA staff introduced the two highlighted issues. The Chairman highlighted the steer from the Management Board (MB), which requested that the conditions for the single Regular Supervisory Reporting (RSR) be further explored.
60. Most BoS members expressed concerns with regard to the proposal on the single RSR, mainly due to the possibility that less information would be available to national supervisors or the process to access it becomes more cumbersome. COM and some Members expressed support for the proposal on the basis of proportionality and simplification of the framework and acknowledged the merits expressing openness to continue the discussion.

Revision of specific pieces of advice in light of Covid-19 (EIOPA-BoS-20/421 and EIOPA-BoS-20/338)

61. EIOPA staff introduced the two separate documents covering the macroprudential tools and the remaining topics.
62. The need for phasing-in of changes to IRR and the fact that changes to the symmetric adjustment to the equity capital charge are not necessary at the moment were mentioned. Some Members expressed concern with the deviation from a risk-based approach potentially introduced by the proposal on the symmetric adjustment to the equity capital charge. COM suggested to consider that the proposal on the symmetric adjustment to the equity capital charge is extended to qualifying infrastructure equity. No objections were raised on the other revision items.

Technical specification of the complementary information request on the 2020 review of Solvency II (EIOPA-BoS-20/422)

63. EIOPA staff introduced the topic and clarified the intention not to include the topics of Mortality and Business Interruption insurance in the information request. The two topics should instead be covered by dedicated information requests after the summer break.
64. The exclusion of health/pandemic from the information request, due to the early stage of the processing and reporting of claims information was discussed. There are also difficulties related to the identification of COVID-19 related claims due to the General Data Protection Regulation (GDPR), which should be addressed in advance. The importance of collecting data also for the end-March 2020 reference date was stressed, given the specific economic circumstances observed at that point, which would be relevant for the assessment of the proposals included in the Review. It was proposed to include the Dynamic Volatility Adjustment for the SF in the information request; and to increase the granularity of the data request on Lapse rates and to include the alternative methods for IRR calculation in the exercise.
65. The Chairman stressed that despite the concerns with the data collection on health/pandemic risk, this is considered a very relevant point which should be kept in the request. Flexibility with regard to the response by participants could be considered (best effort basis).

DECISION

66. Not applicable

CONCLUSIONS AND ACTION POINTS

Preliminary results from the information request for the holistic impact assessment (EIOPA-BoS-20/468)

67. The BoS took note of the preliminary results of the Holistic Impact Assessment.

68. EIOPA to further extend the granularity and detail of the analysis, for presentation at the September BoS.

Highlighted issues for topics included in wave 1 of the Advice (EIOPA-BoS-20/418)

69. The BoS supported the proposal regarding the Transitional on Government Bonds.
70. The BoS raised concerns regarding the proposal on the single Regular Supervisory Reporting (RSR), which should be considered and a revised proposal is to be presented to the BoS.
71. EIOPA to revise the drafting of the proposal for the single RSR with the aim to accommodate the concerns while adding value from a proportionality perspective.

Revision of specific pieces of advice in light of Covid-19 (EIOPA-BoS-20/421 and EIOPA-BoS-20/338)

72. The BoS broadly supported the proposals on macroprudential tools and the remaining topics. On the symmetric adjustment, its impact and application in relation to infrastructure to be further considered.

Technical specification of the complementary information request on the 2020 review of Solvency II (EIOPA-BoS-20/422)

73. BoS Members to propose specific data elements that cannot be obtained from other sources, which could also be added to the information request for the reference date of end-March 2020, by close of business 30 June 2020. Data that can be approximated through desk analysis using alternative data sources, such as the standard formula dynamic volatility adjustment impact, should not be included.
74. EIOPA to consider how the data requests on Lapse rates and Health/Pandemic risk can be refined in light of the comments received.
75. EIOPA to clarify in the documentation of the exercise that additions or exclusions of specific elements from the information request do not mean that any decisions have been made in relation to them.

AGENDA ITEM 7: POLICY PROPOSALS FOR THE IMPLEMENTATION OF THE PEPP REGULATION: DRAFT REGULATORY TECHNICAL STANDARDS AND ADVICE ON DELEGATED ACTS

76. EIOPA staff presented the draft policy proposals for the PEPP Regulatory Technical Standards and the draft Technical Advice on supervisory reporting and cooperation between competent authorities and EIOPA. Hereby, the proposals to amortise the costs of initial advice within the 1% cost cap for the Basic PEPP were highlighted.
77. Some BoS Members indicated that the Basic PEPP's costs of the capital guarantee requires supervisory attention and should be supported by a benchmark for estimating appropriate cost levels.
78. A few BoS Members asked for consideration of the reporting of investments for the PEPP where the provider holds investments in a general account for all its liabilities, to exclude the costs of

commissions, advice and independent advice from the Basic PEPP's cost cap and to change the way costs are calculated. Others believed that further work is needed to reduce the efforts of providing advice on the Basic PEPP. Further, regarding the advice on EIOPA's product intervention powers, the monitoring role of EIOPA shall be clarified.

DECISION

79. Not applicable.

CONCLUSIONS AND ACTION POINTS

80. The BoS welcomed the suggested approaches and the further development of the policies to implement the PEPP Regulation. Most BoS Members supported the alignment, where relevant, to the latest developments on the PRIIPs KID and therewith the reference to past performance on the provider's website.
81. The BoS was informed of the tentative approach to enable the PEPP providers to amortise, within the capped annual costs, the costs of the initial advice over the first five years of the initial contract – in a transparent manner – to alleviate the effects of a potential unlevel playing field amongst providers with different distribution and business models.
82. EIOPA to clarify the use of the stochastic model so as to provide relevant input for the details of the further regulation to understand the appropriate level of the ambition and to provide inputs to the design of the summary risk indicator, which shall reflect on the risk of inflation and the different holding periods.
83. EIOPA will discuss the BoS steering received in the relevant Project Group, implement the necessary changes and bring the amendments to the BoS meeting on 22 July 2020 for discussion.

AGENDA ITEM 8: CLOSED SESSION

84. Confidential exchange of information.

AGENDA ITEM 9: COVID-19 CRISIS-RELATED TOOLS

9.1: CONFINEMENT MEASURES – IMPACT ON RISK PROFILES AND FAIR TREATMENT OF CONSUMERS-REVISED STATEMENT

85. The Team Leader of the Conduct of Business Oversight Team introduced the topic, clarifying that this item is a follow-up to draft statement originally discussed in the May BoS meeting. The Team Leader highlighted that the statement has been significantly revised to shorten it and to make it more high-level and balanced to also reflect different national specificities. The Team Leader continued by highlighting that changes mainly relate to: (i) EIOPA's position towards actions already taken by insurance manufacturers to reflect that all actions should follow a thorough product review, (ii) balancing between remedial measures to address unfair treatment

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- and solvency considerations, (iii) the further enhancement the need to take a long-term perspective, and (iv) clarifications that actions should not be aimed at single consumers.
86. Prior to opening the floor, the Chairman also highlighted that the revised text is clearer and more balanced.
87. Some BoS Members, expressed their support towards the publishing of the statement, also highlighting that not to intervene in this direction might raise questions on the overall commitment towards ensuring fair treatment. In fact, in their views the statement represents a balanced approach towards fair treatment of consumers and prudential considerations.
88. Several BoS Members, recognized the important changes made and broadly supported the statement whilst highlighting the need to clarify some issues in relation to references to the ‘the end of the year’ and in relation to premium repayments, with one suggestion to replace the word ‘repayments’ with ‘adjustments’.
89. The Chairman clarified this may not address detriment already materialized.
90. A few BoS Members, while recognizing the efforts made to accommodate different comments received, highlighted their concerns in particular with regard to possible risks of mis-interpretation and mis-use of this guidance to pressure undertakings to re-pay premiums.
91. The Chairman clarified that further drafting suggestions are welcomed, highlighting, however, that long term aspects are now fully embedded in the statement and that references to unfair treatment/detriment clearly refers that this is to be assessed by insurance manufacturers.
92. Several BoS Members voiced concerns on the last paragraph, highlighting that it might be too strong as well as that monitoring work may be difficult given data challenges on products.
93. The COM thanked EIOPA for the efforts and whilst highlighting that the statement is aligned with their ongoing work, stated that, even though BoS Members concerns are valid, the current drafting is balanced enough.

DECISION

94. BoS agreed that Members would send additional concrete drafting suggestions in relation to the points raised in the discussion. Following this, the draft statement would be submitted via Written Procedure to the BoS for approval.

CONCLUSIONS AND ACTION POINTS

95. The BoS appreciated the efforts made to take into account comments received following the May BoS discussion.
96. Based on concrete drafting suggestions, EIOPA to update the statement to be approved by the BoS via Written Procedure.

9.2: SOLVENCY II ARTICLE 138(4)

97. The Head of Risks and Financial Stability Department introduced the revised note on the practical issues of Article 138(4) of Solvency II, concerning the declaration of the exceptional

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adverse situation. He clarified that the aim was approving the way forward, and not the specific changes proposed in the Handbook.

98. The Chairman clarified that the aim of the note was to stay within the boundaries of the current legal framework. He also clarified that the decision to request an exceptional adverse situation was still within the remits of the NSAs, in line with the legal provision.
99. COM suggested to also consider if any change of this Article was needed in the context of the Solvency II review. The Chairman informed that any potential changes of this Article could be considered separately, in the second half of the year as part of the 2020 Review of Solvency II.

DECISION

100. The BoS adopted, by simple majority voting, the note 'Practical issues of implementing Article 138(4) of the Solvency II Directive' (EIOPA-BoS-20/295-rev2, 28 May 2020).

CONCLUSIONS AND ACTION POINTS

101. The BoS agreed with the way forward for the implementation of Article 138(4) of the Solvency II Directive.
102. EIOPA to update its Crisis Prevention and Management Handbook accordingly and bring the revised version for approval at one of the upcoming BoS meetings.

9.3: POTENTIAL REGULATORY MEASURES IN RESPONSE TO COVID-19

103. HoD Policy introduced the topic and a proposal for indicators on triggering regulatory measures in response to Covid-19.
104. Some BoS Members supported the proposed approach. Other Members suggested to implement the regulatory measures in the legal framework now, including triggers, so that they are in place when the situation deteriorates.
105. Several BoS members raised concerns about an extension of the MCR recovery period with regard to the protection of policyholders and the level playing field for cross-border insurance. Some of those Members suggested that the extension of the recovery period should be analysed for the specific case where the MCR of an undertaking exceeds its SCR.

DECISION

106. Not applicable.

CONCLUSIONS AND ACTION POINTS

107. The BoS supported the proposed approach to the triggering of the regulatory measures in response to Covid-19.
108. While the BoS members did not favor an extension of the MCR recovery period as an approach, EIOPA to further analyse the specific situation of the MCR exceeding the SCR.

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109. BoS Members to inform EIOPA in case a significant number of undertakings with long-term liabilities from their national market is at risk of breaching the MCR.

110. EIOPA to inform the BoS ahead or at its meetings about significant changes to the indicators for triggering the regulatory measures.

9.4: CREDIT INSURANCE

111. The Head of the Supervisory Processes Department presented the Supervisory Statement highlighting that it does not intend to interpret Solvency II provisions but to recommend supervisors to apply some flexibility under this extraordinary circumstances.

112. COM supported the content of the Supervisory Statement, although raised some concerns on the lack of legal references in the Delegated Regulation to support this approach and on the publication of an interpretation of the Solvency II framework that could have unintended consequences in the future.

113. No other concerns were raised and BoS agreed that transparency with the market is key, so Members were invited to send written suggestions to improve drafting and clarify the aim of the Supervisory Statement.

DECISION

114. Not applicable.

CONCLUSIONS AND ACTION POINTS

115. The BoS did not raise strong concerns on the content of the Statement. BoS Members to submit drafting suggestions by close of business 3 July 2020.

116. EIOPA to revise the wording to further clarify that the Supervisory Statement provides for supervisory convergence regarding the application of supervisory judgement when assessing state support schemes, not an interpretation of the Solvency II Directive nor its Delegated Regulation.

117. After receiving the drafting suggestions an approval via Written Procedure will follow.

AGENDA ITEM 10: Insurance stress test in 2021

118. The Head of Risks and Financial Stability Department presented the proposal of a 2021 stress test exercise. Three potential options were mentioned – (1) no bottom-up exercise conducted in 2021, (2) focused exercise – liquidity stress test, (3) Adverse COVID-19 unwinding covering both capital and liquidity risks deploying a what-if analysis that challenges the economic recovery expected for 2021. The third option was clearly proposed given also the steer from the Risk and Financial Stability Committee.

119. BoS supported the proposed option (full bottom-up exercise) and suggested to interact with the European Banking Authority (EBA) to explore the possibility of common scenarios.

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DECISION

120. Not applicable.

CONCLUSIONS AND ACTION POINTS

121. The BoS supported the proposed full bottom-up exercise based on the adverse Covid-19 unwinding and the way forward.

122. The roadmap for the 2021 should be developed and submit to the September BoS meeting. It also needs to elaborate on the description of objectives of the exercise in more details.

123. EIOPA should initiate the interaction with the ESRB and the EBA to explore a possibility of common scenarios. The discussion on such scenarios should take place in the end of this year and reflect on the macroeconomic situation by this time.

AGENDA ITEM 11: AOB

DECISION

124. Next extraordinary BoS meeting will take place on 22 July 2020 via Video/Teleconference.

CONCLUSIONS AND ACTION POINTS

125. Not applicable

ANNEX: LIST OF DECISIONS ADOPTED BY WRITTEN PROCEDURE FROM 01.03.2020 TO 30.06.2020

BOS-2020-12

126. Decision adopting the Information request on climate change risk scenarios in ORSA.

BOS-2020-14

127. Decision adopting the final minutes of the 54th Board of Supervisors Meeting.

BOS-2020-15

128. Decision adopting the public consultation of the draft Opinion on Remuneration' and the 'Feedback statement'.

BOS-2020-16

129. Decision adopting the UFR for 2021

BOS-2020-18

130. Decision adopting the final minutes of the 55th Board of Supervisors Meeting.

BOS-2020-20

131. Decision adopting the Joint Committee 2019 Annual Report.

BOS-2020-21

132. Decision adopting the Costs and Past Performance 2020 Report.

BOS-2020-22

133. Decision adopting the final minutes of the 56th Board of Supervisors Meeting.

BOS-2020-23

134. Decision adopting the supervisory Handbook – Draft Chapter on Product Oversight and Governance.

BOS-2020-24

135. Decision adopting the Discussion Paper on (re)insurance value chain and new business models arising from digitalization.

BOS-2020-25

136. Decision adopting the Supervision of Machine Learning Algorithms.

FINAL MINUTES

BOS-2020-26

137. Decision adopting the Statement on Consumer Protection and Conduct Risk in relation to COVID 19.

BOS-2020-27

138. Decision adopting the EIOPA statement on dividends distribution and variable remuneration policies in the context of COVID-19.

BOS-2020-28

139. Decision adopting the SupTech Program.

BOS-2020-29

140. Decision adopting the Peer Review on the Regular Supervisory Report.

BOS-2020-30

141. Decision adopting the Vacancy Notice regarding EIOPA's Chairperson 2021-2026

BOS-2020-31

142. Decision adopting EIOPA's update on other measures impacted by COVID-19 covering the delays and cancellations on information requests.

BOS-2020-32

143. Decision adopting the final minutes of the 57th Board of Supervisors Meeting.

BOS-2020-33

144. Decision adopting the Joint ESAs Consultation Paper on ESG disclosures.

BOS-2020-34

145. Decision adopting the Statement on principles to mitigate the impact of COVID-19 on pensions.

BOS-2020-35

146. Decision adopting the Handbook on EIOPA's question & answer process on regulation.

BOS-2020-36

147. Decision adopting the final minutes of the 58th Board of Supervisors Meeting.

BOS-2020-37

148. Decision adopting the final minutes of the 59th Board of Supervisors Meeting.

FINAL MINUTES

[BOS-2020-38](#)

149. Decision adopting the Updated Final Report on draft amending RTS under EMIR.

[BOS-2020-39](#)

150. Decision adopting the Common framework for the assessment of insurers' liquidity position under COVID-19 crisis

[BOS-2020-40](#)

151. Decision adopting the mandates to revise advice for the 2020 Review of Solvency II in light of the Covid-19 pandemic

[BOS-2020-41](#)

152. Decision adopting EIOPA's Consolidated Annual Activity Report 2019.

[BOS-2020-42](#)

153. Decision adopting the second discussion paper on methodological principles of insurance stress testing.

[BOS-2020-43](#)

154. Decision adopting EIOPA's April 2020 Risk Dashboard.

[BOS-2020-44](#)

155. Decision adopting the EIOPA Revised Annual Work Programme 2020.

[BOS-2020-45](#)

156. Decision adopting the final minutes of the 60th Board of Supervisors Meeting.

[BOS-2020-46](#)

157. Decision adopting the BoS Decision (EIOPA-BOS/18-114) on 'EIOPA's regular information requests towards NCAs regarding provision of occupational pensions information'.

[BOS-2020-47](#)

158. Decision adopting EIOPA's Report on Supervisory Activities.

[BOS-2020-49](#)

159. Decision adopting the final minutes of the 62nd Board of Supervisors Meeting.

[BOS-2020-50](#)

160. Decision adopting the LTG Review Questionnaire to NSAs 2020.

BOS-2020-51

161. Decision adopting the 'EIOPA's response to the European Commission's public consultation on the review of the Non-Financial Reporting Directive (Directive 2014/95/EU, "NFRD")'.

BOS-2020-52

162. Decision adopting EIOPA's Final Annual Accounts 2019.

BOS-2020-54

163. Decision adopting the Election of Chair and Members of the Advisory Committee on Proportionality (ACP).

BOS-2020-56

164. Decision adopting EIOPA's response to the European Commission's public consultation on the Digital Finance Strategy.

Participants at the Board of Supervisor's Meeting via teleconference (as per registration)**29 -30 June 2020**

Chairperson:	<u>Voting member/ Alternate</u>	<u>Accompanying Experts</u>
Gabriel Bernardino		
<u>Country</u>		
Austria	Peter Braumüller	Gerlinde Taurer
Belgium	Jean Hilgers/ Dieter Hendrickx	Geoffroy Herberigs
Bulgaria	Dimitar Koychev (PoA)/[-]	
Croatia	Ante Žigman/Ilijana Jeleč	
Cyprus	Tonia Tsangaris/Nicos Koullapis	
Czech Republic	Zuzana Silberová / Jiří Kalivoda	
Denmark	Carsten Brogaard/ [-]	
Estonia	Siim Tammer (30 June)/Stina Mander (PoA 29 June)	
Finland	[-]/Teija Korpiaho	
France	Patrick Montagner	Mary-Cécile Duchon/ Nathalie Quintart
Germany	Frank Grund/ Thomas Schmitz-Lippert	Petra Faber-Graw
Greece	Ioanna Seliniotaki/Ioannis Chatzivasiloglou	
Hungary	[-]/Ferenc Szebelédi	
Ireland	Domhnall Cullinan/[-]	
Italy	Alberto Corinti/ Alessia Angelilli	
Latvia	Santa Purgaile/Dina Mikelsone	
Lithuania	[-]/Mindaugas Salcius	
Luxembourg	Claude Wirion/Anick Felten	Yves Baustert
Malta	Ray Schembri /[-]	
Netherlands	Else Bos/Petra Hielkema	Véronique Hijl
Poland	Damian Jaworski/ Mariusz Smętek	
Portugal	Margarida Corrêa de Aguiar/Hugo Borginho	Ana Byrne
Romania	Valentin Ionescu (PoA)/[-]	
Slovakia	Júlia Cillíková/Lucia Štefunková	Zuzana Kardosova
Slovenia	Goraz Čibej/ Mojca Rome	
Spain	Sergio Alvarez /Francisco Carrasco Bahamonde	
Sweden	Åsa Larson/[-]	

FINAL MINUTES

<u>Country</u>	<u>Permanent Representative/ Alternate</u>	<u>Accompanying Experts</u>
Belgium	Henk Becquaert	
Ireland	[-]/Andrew Nugent	
Italy	[-]/Ambrogio Rinaldi	

<u>EEA EFTA Country</u>	<u>Non-Voting Member/ Alternate</u>	<u>Accompanying Experts</u>
Iceland	[-]/Rúnar Guðmundsson	Jónas Þór Brynjarsson
Liechtenstein	Alexander Imhof/[-]	
Norway	Ann Viljugrein/[-]	

<u>Institution</u>	<u>Non-Voting Member/ Alternate</u>	<u>Accompanying Experts</u>
European Commission	Didier Millerot	
ESMA	Tomas Borovsky	
EBA	Tijmen Swank	
ESRB	Olaf Weeken	
EFTA	Jonina Sigrun Larusdottir (29 June)/ Marco Ucelli (30 June)	Marta Margret Runarsdottir

<u>Observers</u>	<u>Representative</u>	<u>Accompanying Experts</u>
N/A	[-]	

EIOPA Staff

Executive Director	Fausto Parente
Head of Policy Department	Justin Wray
Head of Risk and Financial Stability Department	Dimitris Zafeiris
Head of Oversight Department	Patrick Hoedjes
Head of Supervisory Processes Department	Ana Teresa Moutinho