



# ANNUAL REPORT 2023

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# **ANNUAL REPORT 2023**

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# ANALYSIS AND ASSESSMENT OF THE CONSOLIDATED ANNUAL ACTIVITY REPORT 2023 BY THE BOARD OF SUPERVISORS

EIOPA's Board of Supervisors (BoS) takes note of the Consolidated Annual Activity Report (CAAR) 2023, submitted by the Authorising Officer in accordance with Article 48(i) of the Financial Regulation (FR) applicable to EIOPA.

Analysing and assessing the CAAR 2023, the BoS has made the following observations:

- › The report contains a comprehensive account of the activities carried out by EIOPA in the implementation of its mandate during 2023. EIOPA has met its obligations under Article 48(i), providing a detailed account of the results achieved in relation to the objectives set in the Annual Work Programme 2023, financial and management information, as well as the risks related to the organisational activities and measures taken to address them.
- › The BoS acknowledges the continued challenges EIOPA faces in terms of constrained resources to manage a demanding workload towards ensuring strong and consistent protection of consumer interests across the EU and strengthening the resilience and sustainability of the financial sector, thereby safeguarding its effectiveness, level playing field and financial inclusion. The BoS welcomes EIOPA's efforts to prioritise and make processes more efficient in order to deal with a demanding workload and a challenging macro-economic environment.
- › The BoS wishes to emphasise the strong collaboration of EIOPA with the National Competent Authorities (NCAs), recognising its critical importance in achieving the objectives outlined in the Authority's Annual Work Programme.
- › **Sustainable finance:**
  - The BoS welcomes EIOPA's achievements in the area of sustainable finance aiming to ensure that (re)insurers and Institutions for Occupational Retirement Provision reflect climate and other ESG risks and, at the same time, contribute to a more sustainable and resilient society through their investments, products and services. The BoS acknowledges with appreciation the efforts that have advanced EIOPA's ambitious agenda, including the publication of the updated EEA-wide dashboard on the insurance protection gap for natural catastrophes, the pilot exercise on impact underwriting practices, and the staff paper on reducing the climate insurance protection gap.
- › **Digital transformation:**
  - The BoS also welcomes EIOPA's work in the area of digitalisation, keeping abreast with the most recent market trends, thereby identifying how to best protect consumers without hindering innovation, as well as supporting national supervisors.

This includes the launching of the Digitalisation Market Monitoring Survey, the publication of discussion papers on Methodological Principles on Insurance Stress Testing – Cyber Component and open insurance, the completion of Suptech projects as well as the ongoing work together with the Commission and other ESAs on EU Supervisory Digital Finance Academy (EU SDFA).

- The BoS particularly welcomes the development of the various policy mandates prescribed by DORA and the publication of EIOPA's digital strategy that provides and integrates EIOPA's view and mission on how to support the digitalisation of the insurance and pensions sectors, NCAs and of EIOPA itself.

#### › **Supervision and Supervisory Convergence:**

- The BoS welcomes the continued contributions EIOPA has made in the field of consumer protection and its work to address conduct risks for consumers through the support provided by EIOPA cross-border cooperation platforms and active engagement with NCAs. The BoS shares the concern of EIOPA that in some cases the detriment done to consumers cannot be prevented or stopped due to gaps in powers granted to supervisors. The BoS welcomes EIOPA's increased emphasis on ensuring products offer value for money to consumers. It also welcomes the continued focus on consumers' overall financial health, with a particular attention to vulnerable consumers, including traditionally discriminated groups and minorities. The BoS also supports EIOPA's work on addressing new and emerging risks – e.g. the Supervisory Statement on Differential Pricing Practices – and in exploring the usage of new tools – e.g. the launch of a coordinated mystery shopping exercise.
- The BoS embraces EIOPA's continued contribution to building an effective and consistent level of supervision across the EU. The BoS supports EIOPA's supervisory convergence plan and acknowledges the comprehensive set of objectives and activities established in this plan to achieve supervisory convergence. In particular, the BoS welcomes EIOPA's supervisory statements, opinions, peer reviews and other tools supporting NCAs' daily supervision.
- The BoS welcomes EIOPA's support to NCAs through the regular delivery of analytical reports on cross-border activities, peer groups reports, colleges of supervisors' reports, comparative studies, internal models work, and the completeness and data quality reports.
- The BoS commends the flawless and timely publication of the RFR information and quarterly publication of a Risk Dashboard based on Solvency II data. The BoS also appreciates the publication of reports on cross border IORPs 2023, the use of limitations and exemptions from reporting (2022 and Q1 2023) and European Insurance Overview report 2023.

#### › **Policy:**

- The BoS welcomes EIOPA's work to provide technical input and advice to the EU Institutions, with the aim to further support an evidence-based decision-making process within the broader context of the Solvency II review negotiations.
- Furthermore, the BoS supports EIOPA's contributions to the discussions on recovery and resolution for the insurance sector, and welcomes the agreement reached with regard to the Insurance Recovery and Resolution Directive (IRR-D). The Directive grants the Authority with important new roles and responsibilities, including the development of technical standards and guidelines



and other more permanent tasks, such as setting up a resolution committee or participating in resolution colleges.

- The BoS also appreciates the monitoring of the legislative process of the Retail Investment Strategy and the technical advice submitted to the Commission.
- The BoS welcomes EIOPA's technical advice on the review of the IORP II Directive, covering the topics of prudential and governance standards, cross-border activities and transfers, information to members and beneficiaries, shift from defined benefit to defined contribution schemes, sustainability and diversity and inclusion.
- The BoS supports EIOPA's continued engagement with the EU Institutions and open dialogue with a broad range of stakeholders. EIOPA submits information to IAIS on behalf of its members and contributes in that forum to the development of a global standard, the Insurance Capital Standard (ICS), the holistic framework on systemic risks, and the development of further guidance on conduct supervision. In addition, the BoS welcomes the continuing dialogues with third country jurisdictions including the US, Japan and others.

› **Risks and Financial Stability:**

- The BoS welcomes EIOPA's continued monitoring and analysis of vulnerabilities in the market and financial stability risks. In particular, the BoS acknowledges the EIOPA publication of its quarterly risk dashboard and half-yearly financial stability report and the focus on current risks. The BoS also welcomes the focus placed on the impact of inflation on markets and consumers, the possible consequences posed by nature-related risks and on the potential risks derived by the increasing of digitalisation, particularly in the form of cyberattacks.

› **Governance:**

- The BoS acknowledges with appreciation the results of successful management of the Authority's tasks and resources, indicated by the high rate of delivery of products and services as planned or with a minor delay, as well as the targets met in terms of EIOPA's key performance indicators on management of its financial resources. Furthermore, the BoS also welcomes EIOPA's continued efforts to gain efficiencies in the area of governance.
- The BoS notes EIOPA's diligent response to findings from the European Court of Auditors, the Internal Audit Service and the Authority's Quality Control Committee and supports EIOPA's efforts in its transparent implementation of the respective recommendations.
- The BoS considers that EIOPA is running effectively and efficiently and is delivering the expected products and services to high standards of quality.

Petra Hielkema

Chairperson of the Board of Supervisors

[signed]



PETRA HIELKEMA



## FOREWORD BY THE CHAIRPERSON

As Chairperson, it gives me great pleasure to reflect on the achievements and challenges of the past year and present this record of EIOPA's activities in 2023.

In the past year, inflation has impacted insurers' capital levels, profitability, and liquidity, consequently affecting consumers and the overall cost of living. EIOPA examined the consequences of high inflation and interest rates on the insurance sector, while also assessing future risks and vulnerabilities. Despite these challenges, both the insurance and pensions sectors have demonstrated resilience, continuing to play a vital role in Europe's economy.

While inflation has been an additional consideration in EIOPA's work, the focus has remained on the priorities set out in our strategy.

One of our focal points has been to measure and close protection gaps within the insurance sector. We have made progress in this regard, developing tools such as the natural catastrophe dashboard and promoting climate-related adaptation measures in non-life underwriting practices.

Moreover, EIOPA continued to promote sustainable finance initiatives, working towards the integration of sustainability risks into the risk management practices of (re)insurers and Institutions for Occupational Retirement Provision. We developed supervisory tools for actively identifying, monitoring, and addressing instances of greenwashing. In collaboration with the European Central Bank (ECB), we have explored solutions to tackle the climate insurance protection gap, underscoring the importance of a robust regulatory framework to ensure sector stability. In addition, in cooperation with the other European Supervisory Authorities (ESAs) we continued our work on the SFDR.

The digitalisation of the insurance industry has also been a central theme of our work. EIOPA has closely monitored the adoption of digital technologies, including artificial intelligence and open insurance. In 2023, EIOPA together with the ESAs worked on the various policy mandates within the Digital Operational Resilience Act (DORA) aimed at strengthening the IT security of financial entities. Furthermore, EIOPA worked on a new digital strategy setting out how it will support consumers, markets and the supervisory community through digital transformation.

In the area of supervision and oversight, EIOPA continued to foster a common supervisory culture and consistent practices across Europe. We have identified key supervisory priorities, including the mitigation of risks to the internal market and the supervision of emerging risks, to safeguard financial stability. Where needed, EIOPA also stepped up its efforts in order to limit or prevent detriment to policy holders.

Occupational pensions have also been a focus area last year. Our advice on the IORPII Directive aims to embrace the future, while protecting the legacy. It takes account of the continuing shift from defined benefit to defined contribution schemes, as well as the challenges of climate change and the importance that we need to place on diversity and inclusion. At the same time, our advice aims to protect the legacy, by addressing topics such as risk assessment and liquidity risks.

As in previous years, EIOPA benefited from the expertise and input from the Board of Supervisors and the Management Board. It was also a pleasure to be able to connect with so many of our stakeholders, including those at the European Parliament and European Commission. I thank all for our dialogue and consultation as they are such an important element of our work.

The need for good dialogue and cooperation also holds for EIOPA's international activities, be it in bilateral supervisory dialogues, or regarding our work in the International Association of Insurance Supervisors. In this respect, I am proud to highlight our role as chair of the IAIS FinTech Forum, vice-chair of the Protection Gap Task Force, as well as our contribution to the development of a global standard, the Insurance Capital Standard (ICS), and the holistic framework on systemic risks. EIOPA also continued to enhance its cooperation with Eastern and Western Balkan countries. Within this context EIOPA hosted its 'Eastern Cooperation Conference', where we underlined our support for jurisdictions in the process of adapting or implementing EU insurance legislation.

I would also like to give my sincere thanks to all the staff for their hard work during the year. To deliver on its ambitious mandate, EIOPA requires a skilled and agile staff, and I am glad that we continued our efforts to foster a rewarding and inclusive working organisation that enables all staff members to deliver to their full potential.

Looking ahead, the European elections signal the start of a new political cycle. EIOPA looks forward to working with the incoming European Parliament and new Commission on our key priorities, which include addressing protection gaps, enhancing EU insurance supervision and data quality, and further promoting consumer protection.

In closing, I reaffirm EIOPA's dedication to delivering effective supervision, and ensuring that the insurance and pensions sectors continue to serve the interests of policyholders, beneficiaries, businesses, and the broader economy.

FAUSTO PARENTE



## FOREWORD BY THE EXECUTIVE DIRECTOR

I am pleased to introduce EIOPA's 2023 annual report which looks back at past year's achievements.

The year 2023 was marked again by uncertainty, high interest rates, inflation, and market volatility. Despite these challenges, EIOPA remained committed to protecting the public interest by contributing to the stability, effectiveness, and sustainability of the European financial system.

EIOPA successfully delivered on its work programme for 2023, exceeding the target for the majority of key performance indicators. This was in part due to the careful and responsible resource allocation we made that enabled us to tackle new priorities, such as the impact of inflation on the sector and consumers, as well as efficiently incorporating new areas of work, such as our mandate to deliver on the Digital Operational Resilience Act (DORA).

EIOPA's operating budget for 2023 was EUR 36.7 million. Our staff continued to work predominantly in the area of prudential and conduct of business supervision and supervisory convergence. Recognizing the importance of digital transformation, this year we substantially increased the allocation of staff to this area compared to the previous year.

In the context of demanding workload and challenging macro-economic conditions, EIOPA implemented strategies to prioritize and streamline processes to gain efficiency. Initiatives such as cost sharing, improving processes, and investing in technology, allowed us to increase both the quality and quantity of our work, outpacing our growth

in resources. To foster a leaner and more agile way of working and to better align our internal organisational structure with our strategy, we have identified structural changes that we aim to implement in 2024. Moreover, we continued to take steps to improve our environmental performance and lower the impact on the environment. We are proud that our efforts have been acknowledged by the Hessen authorities, which granted EIOPA the formal EMAS accreditation in February 2023.

Moreover, EIOPA reviewed its digital strategy, which not only supports the digitalization of the insurance and pensions sectors but also empowers National Competent Authorities (NCAs) and EIOPA itself. This comprehensive strategy reflects EIOPA's vision and mission to harness the power of technology for the benefit of all stakeholders, promoting efficiency, transparency, and resilience across the insurance and occupational pensions sectors.

EIOPA enjoys close collaboration with NCAs and fosters good relations with members of our Management Board and Board of Supervisors. Throughout the year, we continued to seek input from a wide selection of stakeholders to inform our work, such as through our stakeholder groups, consultations, surveys, including an EU-wide Eurobarometer survey, visits, and events.

Continuing its commitment to diversity and inclusion, EIOPA continued to implement its Diversity and Inclusion Strategy throughout 2023. Aligned with the EU Agencies Network Charter on Diversity, the strategy is aimed at fostering an inclusive work culture that values and celebrates differences, driving innovation and excellence within the organization. Coupled with our flexible approach to hybrid working, this makes EIOPA a modern and attractive employer.

I am also proud to highlight EIOPA's role as chair of the EU Agencies Network from March 2023 until February 2024. Throughout the year, we carried out initiatives to facilitate cooperation among EU agencies and joint undertakings and steered collective efforts towards common goals. Together, the EU agencies worked towards building a greener, more digital, and resilient Europe, while addressing institutional changes.

I take this opportunity to thank the Management Board and Board of Supervisors, and my counterparts in the other European Supervisory Authorities and EU agencies for their commitment and dedication throughout the year. I look forward to our close and fruitful cooperation as we continue our work to build a stronger insurance and pensions sector in Europe. Finally, I am expressing my sincere thank you to all members of the EIOPA staff, who have demonstrated exceptional dedication and effort in delivering on our work and addressing the additional challenges we faced.

# ABBREVIATIONS

<b>BoS</b>	Board of Supervisors	<b>IORP</b>	Institution for Occupational Retirement Provision
<b>CAAR</b>	Consolidated Annual Activity Report	<b>IRRD</b>	Insurance Recovery and Resolution Directive
<b>CCPFI</b>	Committee on Consumer Protection and Financial Innovation	<b>ITDC</b>	Information Technology and Data Committee
<b>COM</b>	European Commission	<b>IRSG</b>	Insurance and Reinsurance Sta
<b>CTPPs</b>	Critical ICT Third-Party service Providers	<b>ITF</b>	Insurance Technology Task Force
<b>D&amp;I</b>	Diversity and Inclusion	<b>ITS</b>	Implementing Technical Standards
<b>DORA</b>	Digital operational resilience act	<b>InsurTech</b>	Insurance Technology
<b>DPM</b>	Data Point Modelling	<b>JC</b>	Joint Committee
<b>EBA</b>	European Banking Authority	<b>JU</b>	Joint Undertaking
<b>EEA</b>	European Economic Area	<b>MS</b>	Member States
<b>EFIF</b>	European Forum of Innovation Facilitators	<b>N/A</b>	not applicable
<b>EFTA</b>	European Free Trade Association	<b>NCA</b>	National Competent Authority
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority	<b>OPSG</b>	Occupational Pensions Stakeholder Group
<b>EMAS</b>	Eco-Management and Audit Scheme	<b>ORSA</b>	Own Risk and Solvency Assessment
<b>ESAs</b>	European Supervisory Authorities	<b>PAI</b>	Principal Adverse Impact
<b>ESG</b>	Environmental, Social and Governance	<b>PPPs</b>	Public-Private Partnerships
<b>ESMA</b>	European Securities and Markets Authority	<b>PRIIPs</b>	Packaged Retail and Insurance-Based Investment Products
<b>ESRB</b>	European Systemic Risk Board	<b>PSC</b>	Policy Steering Committee
<b>EUAN</b>	EU Agencies Network	<b>RegTech</b>	Regulatory Technology
<b>EU SDFA</b>	EU Supervisory Digital Finance Academy	<b>RFR</b>	Risk-Free Rate
<b>FFR</b>	Framework Financial Regulation	<b>RFSC</b>	Risks and Financial Stability Steering Committee
<b>FR</b>	Financial Regulation	<b>RTS</b>	Regulatory Technical Standards
<b>FTEs</b>	Full-time Equivalents	<b>SupTech</b>	Supervisory Technology
<b>IM</b>	Internal Models	<b>SRP</b>	Supervisory Review Process
<b>IMOGAPI</b>	Internal Model On-Going Appropriateness Indicators	<b>SSC</b>	Supervisory Steering Committee
<b>HR</b>	Human Resources	<b>QCC</b>	Quality Control Committee
<b>IAIS</b>	International Association of Insurance Supervisors	<b>QRT</b>	Quantitative Reporting Templates
<b>ICS</b>	Insurance Capital Standard	<b>Q&amp;As</b>	Questions and answers
<b>ICT</b>	Information and Communication Technology	<b>TSI</b>	Technical Support Instrument
<b>IDD</b>	Insurance Distribution Directive	<b>XBRL</b>	eXtensible Business Reporting Language

## INTRODUCTION



The European Insurance and Occupational Pensions Authority (EIOPA) is a decentralised agency of the European Union (EU), based in Frankfurt am Main, Germany. Its overarching mission is to contribute to the short, medium and long-term stability and effectiveness of the financial system for the benefit of Europe's economy, businesses and citizens. EIOPA's main tasks are to enhance supervi-

sory convergence, strengthen consumer protection and preserve financial stability. Achieving these goals depends on close cooperation with NCAs, as well as regular consultation with stakeholders, notably consumer organisations and industry representatives. This ensures that the Authority's work meets the need of the people that it serves.

## IN FOCUS



Under the general goal of building a safe and sustainable EU for its citizens in times of transformation, EIOPA's strategic objectives for 2023 were to:

- Ensure strong and consistent protection of consumer interests across the EU
- Strengthening the resilience and sustainability of the financial sector, thereby safeguarding its effectiveness, level playing field and financial inclusion

The Authority's strategic priorities for 2023 were to:



- Contribute to building up sustainable insurance and pensions, including by addressing protection gaps, for the benefit of EU citizens and businesses



- Support the supervisory community and industry to mitigate the risks and seize the opportunities

of the digital transformation, including by further promoting data-driven culture



- Promote sound, efficient and consistent prudential and conduct supervision throughout Europe, particularly in view of increased cross-border businesses



- Deliver high-quality advice and other policy work taking into account changing and growing needs of society as well as the effects of new financial regulation



- Further enhance financial stability, with particular focus on the analysis of financial sector risks and vulnerabilities, and emerging threats

EIOPA's areas of action and annual priorities are established through a rigorous planning process. In 2023, EIOPA maintained a flexible and responsive approach to its annual and multi-annual planning, in order to continue ensuring financial stability and consumer protection. Furthermore, EIOPA has been working on managing its resources in an agile manner to allow reprioritisation and accelerated decision-making. At the end of 2023, the Authority employed 193 people (full-time equivalents). Its operating budget for 2023 was EUR 36,714,492.



## EXECUTIVE SUMMARY

Insurance and pensions are fundamental for the wellbeing of individuals, providing protection against foreseen and unforeseen events and security in older age. Throughout the course of 2023, EIOPA continued to play an essential role in the supervision of insurance and pensions in Europe, working closely with NCAs, European institutions, and other stakeholders to fulfil its strategic objectives set out in its annual work programme.

In a context of economic and geopolitical uncertainty resulting in market volatility, high inflation and uncertain economic growth, EIOPA focused on closely monitoring the capital and liquidity position of EU insurers and IORPs, using all available instruments, to ensure the resilience of insurance and pension sectors and protect consumers.

### CONTRIBUTE TO BUILDING UP SUSTAINABLE INSURANCE AND PENSIONS, INCLUDING BY ADDRESSING PROTECTION GAPS, FOR THE BENEFIT OF EU CITIZENS AND BUSINESSES



Key publications:

- *Progress Report on Greenwashing – Advice to European Commission*<sup>1</sup>
- *Dashboard on insurance protection gap for natural catastrophes*<sup>2</sup>
- *Impact underwriting: Report on the Implementation of Climate-Related Adaptation Measures in Non-Life Underwriting Practices*<sup>3</sup>
- *Staff Paper on Policy options to reduce the climate insurance protection gap*<sup>4</sup>

<sup>1</sup> [EIOPA's Progress Report on Greenwashing - Advice to the European Commission \(europa.eu\)](https://eiuropa.eu/europa/progress-report-on-greenwashing-advice-to-the-european-commission)

<sup>2</sup> [Dashboard on insurance protection gap for natural catastrophes \(europa.eu\)](https://eiuropa.eu/europa/dashboard-on-insurance-protection-gap-for-natural-catastrophes)

<sup>3</sup> [Impact underwriting: Report on the Implementation of Climate-Related Adaptation Measures in Non-Life Underwriting Practices \(europa.eu\)](https://eiuropa.eu/europa/impact-underwriting-report-on-the-implementation-of-climate-related-adaptation-measures-in-non-life-underwriting-practices)

<sup>4</sup> [Staff Paper on Policy options to reduce the climate insurance protection gap \(europa.eu\)](https://eiuropa.eu/europa/staff-paper-on-policy-options-to-reduce-the-climate-insurance-protection-gap)

- *Consultation on Staff paper on measures to address demand-side aspects of the NatCat protection gap*<sup>5</sup>
- *Final Report on draft Regulatory Technical Standards on the review of principal adverse impacts (PAI) and financial product disclosures in the SFDR Delegated Regulation*<sup>6</sup>

EIOPA continued its work to promote the integration of sustainability risks into the risk management practices of (re)insurers and Institutions for Occupational Retirement Provision .

In 2023, EIOPA focused on developing supervisory tools for actively identifying, monitoring, and addressing instances of greenwashing and worked with the ECB on possible solutions to tackle the climate insurance protection gap.

EIOPA continued to promote the interface it developed to facilitate the use of the open-source catastrophe model Climada app and continued its work with the other ESAs relating to the Sustainable Finance Disclosure Regulation (SFDR), which requires financial market participants to disclose their environmental, social, and governance (ESG) impacts and claims.

### SUPPORT THE SUPERVISORY COMMUNITY AND INDUSTRY TO MITIGATE THE RISKS AND SEIZE THE OPPORTUNITIES OF THE DIGITAL TRANSFORMATION, INCLUDING BY FURTHER PROMOTING DATA-DRIVEN CULTURE



Key publications:

- *Joint ESAs response to the Call for advice specifying further criteria for critical ICT third-party service providers and determining oversight fees*<sup>7</sup>

<sup>5</sup> [Consultation on Staff paper on measures to address demand-side aspects of the NatCat protection gap \(europa.eu\)](https://eiuropa.eu/europa/consultation-on-staff-paper-on-measures-to-address-demand-side-aspects-of-the-natcat-protection-gap)

<sup>6</sup> [Final Report on draft Regulatory Technical Standards on the review of PAI and financial product disclosures in the SFDR Delegated Regulation](https://eiuropa.eu/europa/final-report-on-draft-regulatory-technical-standards-on-the-review-of-pai-and-financial-product-disclosures-in-the-sfdr-delegated-regulation)

<sup>7</sup> [2023 Joint ESAs report on the extent of voluntary disclosure of principal adverse impacts under SFDR](https://eiuropa.eu/europa/2023-joint-esas-report-on-the-extent-of-voluntary-disclosure-of-principal-adverse-impacts-under-sfdr)

- *Supervisory statement on differential pricing practices in non-life insurance lines of business*<sup>8</sup>
- *EIOPA's Digital Strategy*<sup>9</sup>
- *EIOPA Open Insurance use case - Insurance Dashboard*<sup>10</sup>
- *Methodological principles of insurance stress testing - cyber component*<sup>11</sup>
- *Joint ESAs Report: Update on the functioning of innovation facilitators – innovation hubs and regulatory sandboxes” under EFIF*<sup>12</sup>

EIOPA remained vigilant in monitoring the increasing adoption of digital technology, such as artificial intelligence and open insurance, to stay up-to-date with the latest market developments. This involved discerning the optimal approach to safeguarding consumers while fostering innovation and supporting national supervisors.

In 2023, EIOPA together with the other ESAs worked jointly on the development of the various policy mandates prescribed by DORA. Furthermore, EIOPA worked on a new holistic digital strategy aiming at clarifying how it will support consumers, markets and the supervisory community through digital transformation.

EIOPA launched a Digitalisation Market Monitoring Survey, a tool for keeping up-to-date with innovations and digitalisation trends in insurance, launched a survey on access to cyber insurance by Small and Medium Enterprises (SMEs), implemented Suptech projects and incorporated Methodological Principles on Insurance Stress Testing, specifically targeting cyber risk.

In collaboration with the European Commission's DG REFORM and the other ESAs, EIOPA continued its work on the “EU Supervisory Digital Finance Academy (EU SDFA) and supported the work of the European Forum for Innovation Facilitators (EFIF).

<sup>8</sup> [Supervisory statement on differential pricing practices in non-life insurance lines of business](#)

<sup>9</sup> [EIOPA's Digital Strategy](#)

<sup>10</sup> [EIOPA Open Insurance use case - Insurance Dashboard.pdf \(europa.eu\)](#)

<sup>11</sup> [Methodological principles of insurance stress testing - cyber component](#)

<sup>12</sup> [Joint ESAs Report on Innovation Facilitators: innovation hubs and regulatory sandboxes](#)

## PROMOTE SOUND, EFFICIENT AND CONSISTENT PRUDENTIAL AND CONDUCT SUPERVISION THROUGHOUT EUROPE, PARTICULARLY IN VIEW OF INCREASED CROSS-BORDER BUSINESSES



Key publications to continuously promote quality and effectiveness of supervision:

- *Report on the use of limitations and exemptions from Solvency II reporting during 2022 and Q1 2023*<sup>13</sup>
- *Report on Cross-border IORPs*<sup>14</sup>
- *European Insurance Overview report 2023*<sup>15</sup>
- *Risk-free interest rate term structures*<sup>16</sup>
- *Symmetric adjustment of the equity capital charge*<sup>17</sup>
- *Risk dashboard - European Union*<sup>18</sup>
- *EBA and EIOPA publish Data Point Modelling Standard 2.0 to foster collaboration and harmonisation in the field of supervisory reporting*<sup>19</sup>
- *Report on EIOPA Supervisory Activities in 2022*<sup>20</sup>
- *Peer Review on Product Oversight and Governance (POG)*<sup>21</sup>
- *Follow-up Report on Peer Review on supervisory practices with respect to the application of the PPR for IORPs*<sup>22</sup>
- *Consumer Trends Report 2022*<sup>23</sup>
- *Costs and past performance report 2023*<sup>24</sup>

<sup>13</sup> [Report on the use of limitations and exemptions from Solvency II reporting during 2022 and Q1 2023 \(europa.eu\)](#)

<sup>14</sup> [Report on Cross-border IORPs 2023](#)

<sup>15</sup> [European Insurance Overview report 2023](#)

<sup>16</sup> [Risk-free interest rate term structures](#)

<sup>17</sup> [Symmetric adjustment of the equity capital charge](#)

<sup>18</sup> [Risk dashboard](#)

<sup>19</sup> [EBA and EIOPA publish Data Point Modelling Standard 2.0 to foster collaboration and harmonisation in the field of supervisory reporting](#)

<sup>20</sup> [Report on EIOPA Supervisory Activities in 2022](#)

<sup>21</sup> [Peer Review on Product Oversight and Governance \(POG\)](#)

<sup>22</sup> [Follow-up Report on Peer Review on supervisory practices with respect to the application of the PPR for IORPs](#)

<sup>23</sup> [Consumer Trends Report 2022 \(europa.eu\)](#)

<sup>24</sup> [Costs and past performance report 2023](#) [coverage period goes from 2017 to year end 2021 for past performance and 2021 for costs]

- › *Consultation on the Methodology on Value for Money Benchmarks*<sup>25</sup>

Publications regarding the monitoring of supervisory convergence:

- › *Report on EIOPA Supervisory Activities in 2022*<sup>26</sup>
- › *Supervisory Convergence Plan for 2023*<sup>27</sup>
- › *Supervisory Statement on the use of governance arrangements in third countries*<sup>28</sup>
- › *Joint ESAs-ECB Statement on disclosure on climate change for structured finance products*<sup>29</sup>
- › *YE2021 Comparative Study on Market and Credit Risk Modelling*<sup>30</sup>
- › *EIOPA analyses internal models for non-life underwriting risk*<sup>31</sup>
- › *Consultation on Supervisory Statement on supervision of reinsurance concluded with third country insurance and reinsurance undertakings*<sup>32</sup>
- › *Consultation on the supervision of captive (re)insurance undertakings*<sup>33</sup>
- › *Plan for reporting taxonomy releases*<sup>34</sup>

EIOPA continued to promote a common supervisory culture and consistent supervisory practices across Europe, setting as supervisory priorities (i) the practical implementation of the key characteristics of the common supervisory culture and further development of supervisory tools; (ii) the risks to the internal market and to the level playing field which may lead to supervisory arbitrage, and (iii) the supervision of emerging risks.

EIOPA continued to participate actively in cross-border cooperation platforms and colleges, and conducted coun-

<sup>25</sup> [Consultation on the Methodology on Value for Money Benchmarks](#)

<sup>26</sup> [Report on EIOPA Supervisory Activities in 2022](#)

<sup>27</sup> [Supervisory Convergence Plan for 2023](#)

<sup>28</sup> [Supervisory Statement on the use of governance arrangements in third countries](#)

<sup>29</sup> [Joint ESAs-ECB Statement on disclosure on climate change for structured finance products](#)

<sup>30</sup> [YE2021 Comparative Study on Market and Credit Risk Modelling](#)

<sup>31</sup> [EIOPA analyses internal models for non-life underwriting risk](#)

<sup>32</sup> [Consultation on Supervisory Statement on supervision of reinsurance concluded with third country insurance and reinsurance undertakings](#)

<sup>33</sup> [Consultation on the supervision of captive \(re\)insurance undertakings](#)

<sup>34</sup> [Plan for reporting taxonomy releases \(europa.eu\)](#)

try visits and published 7 reports on supervision, a peer review, and comparative studies.

In 2023, EIOPA used a number of powers and tools at its disposal that included supervisory statements, opinions as well as an Art. 17 recommendation. Also, an Art.22 inquiry was conducted into group supervision in a specific Member State focused on group structures with parent holding companies owning insurance undertakings. Additionally, EIOPA supported NCAs with 3 technical assistance projects regarding internal model application processes and an NCA with a project dedicated to conduct supervision.

Throughout 2023, EIOPA continued to calculate and publish key information fundamental to the effective application of Solvency II and IORP II and continued with the BI 2.0 programme, that leads EIOPA's transformation into a digital, user-focused and data driven organisation.

On the conduct of business side, EIOPA continued to implement its comprehensive risk-based and preventive framework for conduct of business supervision putting particular emphasis on ensuring products are designed in a customer centric manner and contributing to consumers' overall financial health, with a particular attention to vulnerable consumers.

Lastly, EIOPA also provided additional and targeted support to NCAs via the DG REFORM Technical Support Instrument (TSI).

## DELIVER HIGH-QUALITY ADVICE AND OTHER POLICY WORK TAKING INTO ACCOUNT CHANGING AND GROWING NEEDS OF SOCIETY AS WELL AS THE EFFECTS OF NEW FINANCIAL REGULATION



Key publications on IORP II:

- › *Consultation on the technical advice for the review of the IORP II Directive*<sup>35</sup>

Key publications on IDD:

- › *Draft Regulatory Technical Standards (RTS)*<sup>36</sup>

<sup>35</sup> [Consultation on the technical advice for the review of the IORP II Directive](#)

<sup>36</sup> [https://www.eiopa.europa.eu/eiopa-publishes-changes-minimum-amount-professional-indemnity-insurance-cover-and-financial-capacity-2023-07-03\\_en](https://www.eiopa.europa.eu/eiopa-publishes-changes-minimum-amount-professional-indemnity-insurance-cover-and-financial-capacity-2023-07-03_en)

- *Second report on the application of the IDD*<sup>37</sup>
- *Fourth annual sanctions report*<sup>38</sup>

In 2023, EIOPA submitted to the European Commission technical advice on the review of the IORP II Directive, covering prudential and governance adequacy, cross-border activity, Pension Benefit Statement functionality, adapting to the shift from defined benefit to defined contribution schemes, sustainability aspects, and prudential requirements related to diversity and inclusion.

On conduct of business policy, EIOPA continued to work on the Insurance Distribution Directive (IDD) and monitored the legislative process of the Retail Investment Strategy and provided input.

EIOPA continued to play an important role internationally in the context of the International Association of Insurance Supervisors (IAIS), contributing to the development of a global standard, the Insurance Capital Standard (ICS), and the holistic framework on systemic risks as well as forging close relationships with third countries' supervisors.

## FURTHER ENHANCE FINANCIAL STABILITY, WITH PARTICULAR FOCUS ON THE ANALYSIS OF FINANCIAL SECTOR RISKS AND VULNERABILITIES, AND EMERGING THREATS



Key publications:

- *Insurance risk dashboards*<sup>39</sup>
- *Financial Stability Reports*<sup>40</sup>
- *Impact of inflation on the insurance sector*<sup>41</sup>

- *Financial Stability Report December 2023*<sup>42</sup>
- *Factsheet on EEA IORPs' investments*<sup>43</sup>
- *Factsheet on EEA IORPs' investments at the end of O4 2022*<sup>44</sup>
- *Paper on methodological principles of insurance stress testing of cyber risks*<sup>45</sup>

EIOPA continued to monitor and assess risks and vulnerabilities to safeguard the stability of the insurance and occupational pensions sectors. In 2023, it focused on the impact of inflation on markets and consumers, the possible consequences posed by nature-related risks and on the potential risks of the increasing digitalization, particularly in the form of cyberattacks. In line with ongoing developments, EIOPA analysed the vulnerability of insurers portfolios to exchange rate risk and to downgrades in the debt of pandemic and energy-sensitive sectors.

The Authority also continued to publish high-quality statistics on the insurance and IORP markets, opting for factsheets to make the information more accessible.

EIOPA enhanced its bottom-up stress test methodological framework and conducted extensive work on top-down modelling.

EIOPA continued further developing its crisis process and procedures to adapt them to the latest developments and started designing a crisis exercise. In 2023, EIOPA continued the preparation and impact assessment regarding the Insurance Recovery and Resolution Directive (IRR), which grants the Authority with important new roles and responsibilities, including the development of technical standards and guidelines and other more permanent tasks, such as setting up a resolution committee or participating in resolution colleges.

<sup>37</sup> [https://www.eiopa.europa.eu/publications/second-idd-application-report-20222023\\_en](https://www.eiopa.europa.eu/publications/second-idd-application-report-20222023_en)

<sup>38</sup> [EIOPA publishes annual report on sanctions under the Insurance Distribution Directive in 2022](#)

<sup>39</sup> <https://www.eiopa.europa.eu/system/files/2023-11/November%2023%20Risk%20Dashboard%20-%20updated.pdf>

<sup>40</sup> <https://www.eiopa.europa.eu/system/files/2023-06/EIOPA-BOS-23-209-EIOPA%20Financial%20Stability%20Report%20June%202023.pdf>

<sup>41</sup> [Impact of inflation on the insurance sector \(europa.eu\)](#)

<sup>42</sup> [Financial Stability Report December 2023](#)

<sup>43</sup> [Factsheet on EEA IORPs' investments](#)

<sup>44</sup> [Factsheet on EEA IORPs' investments at the end of O4 2022](#)

<sup>45</sup> [EIOPA publishes paper on methodological principles of insurance stress testing of cyber risks](#)

## PART I - ACHIEVEMENTS OF THE YEAR

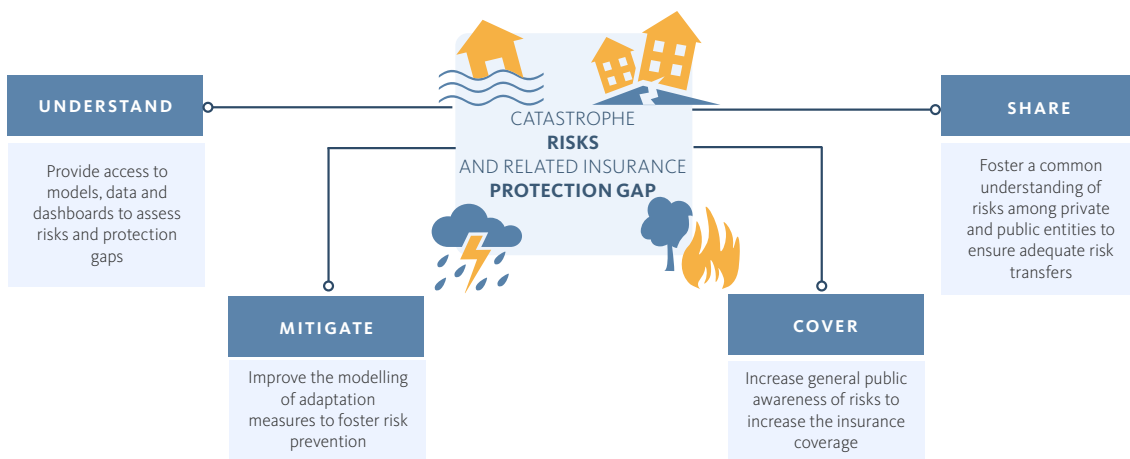
# CONTRIBUTE TO BUILDING UP SUSTAINABLE INSURANCE AND PENSIONS, INCLUDING BY ADDRESSING PROTECTION GAPS, FOR THE BENEFIT OF EU CITIZENS AND BUSINESSES

Through its work on sustainable finance, EIOPA strives among other things to promote the integration of sustainability risks into the risk management practices of (re)insurers and Institutions for Occupational Retirement Provision. This objective aims to safeguard consumers, enhance financial stability, and actively contribute to the transition towards a more sustainable economy. Additionally, EIOPA is committed to incorporating the identification and management of emerging risks into its supervisory activities.

### GREENWASHING

In 2023, at the request of the European Commission, EIOPA released its Progress Report on Greenwashing<sup>46</sup>, sharing insights from the insurance and pension standpoint, addressing its occurrence, impact, supervision challenges, and regulatory implications. EIOPA started working on a Final Report, whose publication is scheduled for 2024. Additionally, EIOPA focused on developing supervisory tools for actively identifying, monitoring, and addressing instances of greenwashing and it issued an Opinion on sustainability claims and greenwashing in the insurance and pensions sectors for public consultation, expected to be published in 2024.

Figure 1: Catastrophe risks and related insurance protection gap



<sup>46</sup> EIOPA's Progress Report on Greenwashing - Advice to the European Commission ([europa.eu](https://europa.eu))

## NATURAL CATASTROPHES AND PROTECTION GAPS

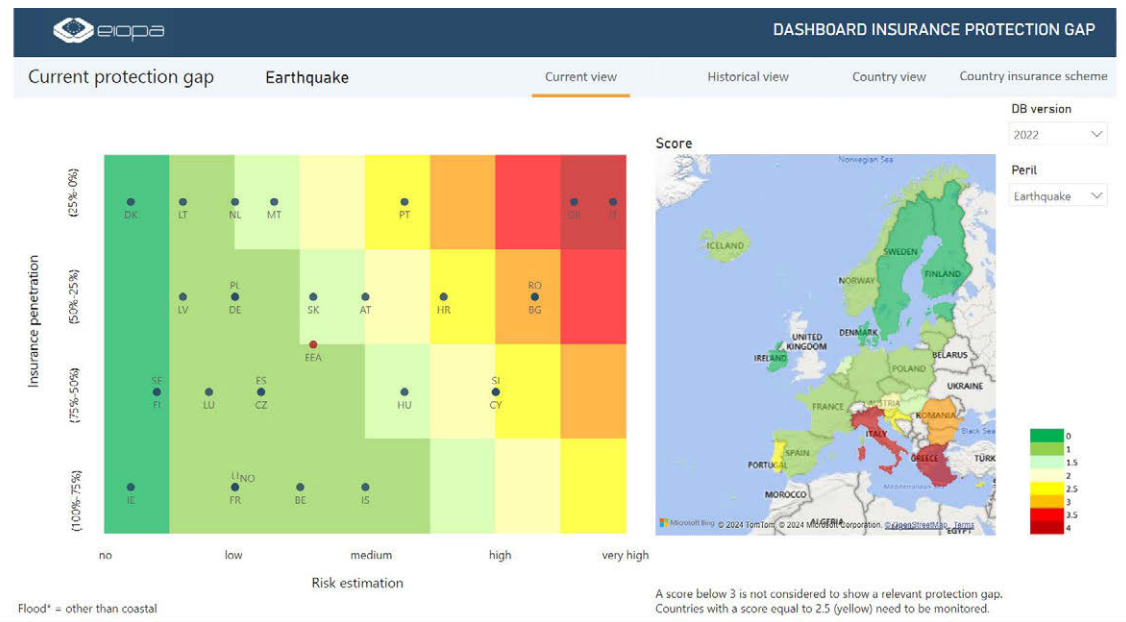
Contributing to addressing the insurance protection gaps, via knowledge sharing, data and modelling expertise.

EIOPA published the EEA-wide dashboard on the insurance protection gap for natural catastrophes<sup>47</sup>, ran a pilot exercise on impact underwriting practices<sup>48</sup>, and produced a staff paper on reducing the climate insurance protection gap<sup>49</sup>.

EIOPA also worked with the ECB on possible solutions to tackle the climate insurance protection gap. This partnership resulted in a joint paper on Policy options to reduce the climate insurance protection<sup>51</sup> gap, making proposals on how society can share natural disaster losses borne by various parties at different loss layers. It discusses the case for some coordination of public sector efforts at the EU level, including through public-private partnerships (PPPs) and ex ante public backstops.

EIOPA continued to promote the interface it developed to facilitate the use of the open-source catastrophe mod-

Figure 2: EIOPA's Dashboard for insurance protection gap



EIOPA also consulted on a Staff Paper exploring the reasons for the limited uptake of natural catastrophe (NatCat) insurance in Europe, where it examined 'demand-side' barriers that may hinder consumers from purchasing NatCat insurance and proposed possible consumer-tested solutions to overcome these barriers<sup>50</sup>. In addition, EIOPA consulted publicly on the prudential treatment of sustainability risks.

el Climada app, in particular by organising an event in May 2023, with the aim to encourage stakeholders to engage in catastrophe modelling and have a better understanding of the risks. The objective is to build a bridge between the latest developments in climate science and the insurance industry and supervisors.

47 [Dashboard on insurance protection gap for natural catastrophes \(europa.eu\)](https://europa.eu)

48 [Impact underwriting: Report on the Implementation of Climate-Related Adaptation Measures in Non-Life Underwriting Practices \(europa.eu\)](https://europa.eu)

49 [Staff Paper on Policy options to reduce the climate insurance protection gap \(europa.eu\)](https://europa.eu)

50 [Consultation on Staff paper on measures to address demand-side aspects of the NatCat protection gap \(europa.eu\)](https://europa.eu)

51 [Policy options to reduce the climate insurance protection gap \(europa.eu\)](https://europa.eu)

## SUSTAINABLE FINANCE DISCLOSURE REGULATION

EIOPA continued its work with the other ESAs relating to the Sustainable Finance Disclosure Regulation (SFDR), which requires financial market participants to disclose their environmental, social, and governance (ESG) impacts and claims, therefore improving transparency in the market for sustainable investment. Together with EBA and ESMA, EIOPA published a report with draft Regulatory Technical Standards (RTS) on the review of PAI and financial product disclosures in the SFDR Delegated Regulation<sup>52</sup>, proposing adjustments to the SFDR Delegated Regulation (including extended social PAI indicators), changes to PAI disclosure, new financial product disclosures, and improvements to templates. Minor technical amendments addressed sustainable investments, product revisions, and harmonized calculations.

Lastly, in September 2023, the ESAs published their second annual report on voluntary disclosures of principal adverse impacts (PAI) under SFDR<sup>53</sup>, which concluded that, while compliance improved, explanations for non-consideration of PAIs need enhancement.

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<sup>52</sup> [Final Report on draft Regulatory Technical Standards on the review of PAI and financial product disclosures in the SFDR Delegated Regulation](#)

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<sup>53</sup> [ESAs analyse the extent of voluntary disclosure of principal adverse impacts under the SFDR](#)



## SUPPORT THE SUPERVISORY COMMUNITY AND INDUSTRY TO MITIGATE THE RISKS AND SEIZE THE OPPORTUNITIES OF THE DIGITAL TRANSFORMATION, INCLUDING BY FURTHER PROMOTING DATA-DRIVEN CULTURE



EIOPA continued to follow closely the growing use of digital technology, including artificial intelligence and open insurance, to keep abreast with the most recent market trends, thereby identifying how to best protect consumers without hindering innovation, as well as supporting national supervisors.

### DORA IMPLEMENTATION

DORA entered into force on 16 January 2023 and it will apply from 17 January 2025. In line with the ESAs' 2023 work programme, the three ESAs work jointly on the development of the various policy mandates prescribed by DORA. This policy work includes the publication of the first batch of policy mandates (on 17 January 2024, after a public consultation during the summer 2023) and the publication of the consultation papers of the second batch (on 8 December 2023). Moreover, the ESAs have published

in September 2023 their technical advice on the criticality criteria for the designation of critical ICT third-party service providers (CTPPs) and on the oversight fees as a response to the European Commission's call for advice. The ESAs also delivered reports in relation to the upcoming implementation of a pan-European systemic cyber incident coordination framework (EU-SCICF).

In parallel to the policy development, the ESAs have also started preparing for the upcoming implementation of the Oversight Framework on critical ICT third-party service providers (CTPPs). This includes among others:

- Ongoing and enhanced engagement with relevant stakeholders, such as EU and third-country supervisory and oversight authorities as well as EU financial entities and ICT service providers;
- Performance of a data collection exercise on the landscape of ICT third-party providers in the EU. The

results of the exercise were published by the ESAs on 27 September 2023.

- Establishment of a High-Level Group on DORA Oversight (HLGO) in December 2023 where involved competent authorities are participating and which aims to facilitate the design of the oversight framework, covering governance and other aspects of the upcoming framework;
- Ongoing development of the necessary IT tools which will support the oversight activities as well as the ICT-related incident framework. EIOPA also implemented the internal process to exchange information regarding cybersecurity and cyberattacks with the NCAs based on Article 29 of its regulation;

Contribution to the DORA IT Task Force, the body, established in July 2023, reporting to the EBA IT Sounding Board with the objective to support the smooth, timely and cost effective implementation under DORA and to ensure the technical alignment with all the Competent Authorities of EBA, ESMA and EIOPA. Members of the three board of supervisors have been invited to nominate members to the IT Task Force.

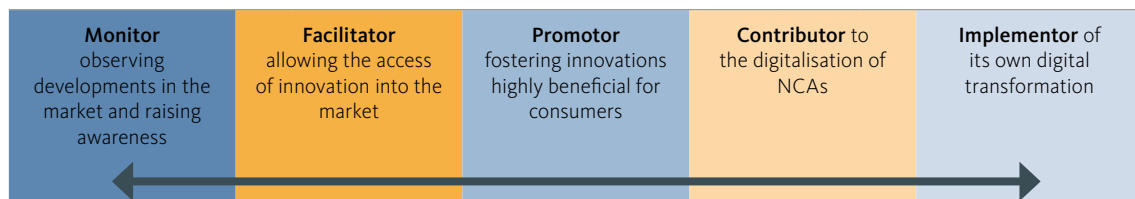
## DIGITAL STRATEGY

EIOPA worked on a new holistic Digital Strategy<sup>54</sup>, aimed at clarifying how it will support consumers, markets, and the supervisory community through digital transformation. This overarching strategy sets out the principles and how these guide EIOPA's priorities:

Technologically neutral and people first:	Flexible yet firmly rooted:
maintaining a neutral stance when it comes to technology, thus avoiding biases between innovative traditional approaches and refraining from favouring any specific technology.	adopting a flexible approach towards innovations while remaining firmly rooted in its mission.



The strategy is also setting out the key actors EIOPA considers and the roles EIOPA can take for the next three years, so as to integrate the Digital Strategy with EIOPA's wider mission and support the digitalisation of the insurance and pensions sectors, of national competent authorities (NCAs) and of EIOPA itself. EIOPA aims to strike a balance between regulators' and supervisors' role on the development of the market and the role of Administrative, Management and Supervisory Boards (AMSB):



## PROJECTS AND PUBLICATIONS

EIOPA launched a Digitalisation Market Monitoring Survey, a tool for keeping up-to-date with innovations and digitalisation trends in insurance, including the penetration of new techniques such as AI, and new distribution models, whilst also collecting information on cyber insurance such as coverage, claims developments, pricing, non-affirmative cyber exposures and exclusions.

EIOPA published a Discussion Paper on “Open Insurance: an exploratory use case in the insurance sector”<sup>55</sup>, as a follow-up to the 2021 public consultation on open insurance, in order to better understand developments and related risks and benefits. The aim was to facilitate the discussions by providing technical input and exploring technical and operational issues and supervisory challenges of a specific use case. The Discussion Paper investigated the operational aspects of a theoretical yet comprehensive use case -- a dashboard -- from a supervisory perspective, including data flows, stakeholder roles and responsibilities, standardisation, and interoperability, as well as data protection and ethical considerations. Furthermore, it outlined applicable legal frameworks, considered implementation challenges regarding data sharing and identified benefits and risks.

54 [EIOPA's Digital Strategy](#)

55 [EIOPA Open Insurance use case - Insurance Dashboard.pdf \(europa.eu\)](#)

Moreover, EIOPA launched a survey on access to cyber insurance by Small and Medium Enterprises (SMEs) to gain deeper insights into the challenges small businesses face in protecting themselves from cyber risks and to evaluate the level of access to cyber insurance, that will run until March 2024.

Utilizing technology for advanced supervision (SupTech), EIOPA has implemented some projects, including the development of a system for the collection, extraction and aggregation of information from standardized disclosures, such as Key Information Documents for insurance-based investment products. Furthermore, the second program of the SupTech strategy was agreed and planned to develop a Natural Language Processing (NLP) tool applied to SFCRs and a data quality project.

Furthermore, EIOPA published a Paper on Methodological Principles on Insurance Stress Testing – Cyber Component<sup>56</sup>. The fourth of a series aiming at enhancing and strengthening by a technical and procedural perspective the EIOPA approach to bottom-up stress testing, the paper contains the set of theoretical and practical rules, guidelines and approaches to support the design phase of potential future insurance stress tests with a focus on cyber risk.

Also in 2023, in collaboration with the European Commission's DG REFORM and the other ESAs, EIOPA contributed to the "EU Supervisory Digital Finance Academy (EU SDFA)" under a Technical Support Instrument. This initiative, undertaken alongside the sister ESAs and the European University Institute, aims to support supervisory capabilities in relation to the use of innovative technologies in the financial sector. The EU-SDFA encompasses comprehensive training cycles and workshops enabling the acquisition of new expertise and skills, knowledge sharing and peer-to-peer exchanges within the financial supervisory community.

Figure 3: EU SDFA in figures

<b>National Competent Authorities</b>	<b>Member states</b>
<b>37</b>	<b>26</b>
<b>Supervisors trained</b>	<b>Training activities</b>
<b>+1000</b>	<b>+35</b>

EIOPA also participated and supported alongside EBA and ESMA in the work of the European Forum for Innovation Facilitators (EFIF), chaired in 2023 by EBA. In this context the ESAs in collaboration with the EFIF, prepared and published a Report "Update on the functioning of innovation facilitators – innovation hubs and regulatory sandboxes"<sup>57</sup>.

EIOPA continued to play an important role in international work on innovation as the chair of the IAIS FinTech Forum, a platform to share practical insights and experiences on FinTech-related developments influencing the insurance sector and insurance supervisors globally, such as open insurance, AI, and distributed ledger technology.

<sup>56</sup> [Methodological principles of insurance stress testing - cyber component](#)

<sup>57</sup> [Joint ESAs Report on Innovation Facilitators: innovation hubs and regulatory sandboxes](#)

## PROMOTE SOUND, EFFICIENT AND CONSISTENT PRUDENTIAL AND CONDUCT SUPERVISION THROUGHOUT EUROPE, PARTICULARLY IN VIEW OF INCREASED CROSS-BORDER BUSINESSES



EIOPA actively promotes a common supervisory culture and consistent supervisory practices across Europe to ensure a high, effective, and consistent level of supervision, thereby safeguarding a similar level of protection to all European policyholders and beneficiaries across jurisdictions, regardless of the location of the insurance undertaking's head office.

Additionally, EIOPA has a key role in promoting consistent supervisory practices on conduct of business supervision and consumer protection issues, working together with national competent authorities on the tools that can be

used and measures that can be taken to identify, assess and solve consumer protection problems.

### SOLVENCY II AND IORP II

Solvency II is the prudential regime for insurance and reinsurance undertakings in the EU, which entered into force in January 2016. The Directive signalled a shift to a more risk-based approach to insurance supervision. Since its application, the insurance industry has better aligned its capital to the risks it is exposed to.

The IORP II Directive, entered into force in 2016, sets common standards by ensuring the soundness of occupational pensions and better protecting pension scheme members and their beneficiaries, by means among others: governance requirements, rules on IORPs' own risk assessment, requirements to use a depository and enhanced powers for supervisors.

### Monitoring implementation of Solvency II and IORP II

In 2023, EIOPA published a number of reports related to different aspects of Solvency II and IORP II Directives:

- Report on the use of limitations and exemptions from reporting during 2022 and Q1 2023<sup>58</sup>
- Report on Cross-border IORPs 2023<sup>59</sup>
- European Insurance Overview report 2023<sup>60</sup>

### Reporting and disclosure requirements under Solvency II

EIOPA continued to monitor the implementation of reporting requirements Solvency II, that led to the publication of two Commission Implementing Regulations on supervisory reporting and public disclosure in May 2023 based on EIOPA advice, and has monthly published technical information for Solvency II relevant risk-free interest rate term structures (RFR)<sup>61</sup> and on the symmetric adjustment of the equity capital charge<sup>62</sup>.

It also published quarterly the EIOPA Risk Dashboard<sup>63</sup>, based on Solvency II data, which summarises the main risks and vulnerabilities in the European Union's insurance sector through a set of risk indicators.

EIOPA also published, together with EBA, the Data Point Modelling (DPM) Standard 2.0<sup>64</sup> to foster collaboration and harmonisation in the field of supervisory reporting, updating the previous standard and creating a fully consistent approach for modelling reporting requirements. The new DPM supports the whole reporting lifecycle, from data definition to data exploration, and aims to reap

the benefits of stronger collaboration and higher harmonisation while also improving the digital processing of regulatory data required by the authorities.

## SUPERVISORY PRIORITIES

In 2023, EIOPA reported on its supervisory activities in 2022<sup>65</sup>. In line with its mandate and starting with the priorities identified for 2022 and the progress made, EIOPA updated its priorities for 2023 regarding supervisory convergence practices. EIOPA's Supervisory Convergence Plan for 2023<sup>66</sup> was published in February 2023, setting as supervisory priorities: (i) the practical implementation of the key characteristics of the common supervisory culture and further development of supervisory tools; (ii) the risks to the internal market and to the level playing field which may lead to supervisory arbitrage, and (iii) the supervision of emerging risks. The priorities for 2023 included 17 working areas (leading to more than 40 projects). These priorities remain largely consistent with those of previous years, reflecting the ongoing necessity to enhance and expand upon certain areas. However, some new areas of priority have also been identified, namely, the supervision of Environmental, Social and Governance risks in the insurance and pensions sectors and the continuous work on supervisory convergence in light of digital transformation.

#### IN FOCUS



### SUPERVISORY CONVERGENCE PLAN 2023 – PRIORITY AREAS

Practical implementation of the key characteristics of the common supervisory culture and further development of supervisory tools

Risks to the internal market and to the level playing field which may lead to supervisory arbitrage

Supervision of emerging risks

EIOPA addresses supervisory convergence from different perspectives, depending on the issue and risks at stake. In particular, EIOPA uses the following building blocks,

<sup>58</sup> [Report on the use of limitations and exemptions from Solvency II reporting during 2022 and Q1 2023 \(europa.eu\)](#)

<sup>59</sup> [Report on Cross-border IORPs 2023](#)

<sup>60</sup> [European Insurance Overview report 2023](#)

<sup>61</sup> [Risk-free interest rate term structures](#)

<sup>62</sup> [Symmetric adjustment of the equity capital charge](#)

<sup>63</sup> [Risk dashboard](#)

<sup>64</sup> [EBA and EIOPA publish Data Point Modelling Standard 2.0 to foster collaboration and harmonisation in the field of supervisory reporting](#)

<sup>65</sup> [Report on EIOPA Supervisory Activities in 2022](#)

<sup>66</sup> [Supervisory Convergence Plan for 2023](#)



which have their own specific tools, to support supervisory convergence and build the capacity of national supervisors to conduct effective supervision.

## BUILDING COMMON BENCHMARKS FOR SUPERVISORY PRACTICES

### Supervisory convergence tools

In 2023, EIOPA issued a number of supervisory convergence tools addressing issues such as reinsurance or specific business models as captives, emerging areas such as ESG disclosure, as well as on other topics:

- Supervisory Statement on the use of governance arrangements in third countries<sup>67</sup>, ensuring adequate supervision of the insurer's compliance with EU legislation regarding their governance arrangements in third countries.
- Joint ESAs-ECB Statement on disclosure on climate change for structured finance products<sup>68</sup>, calling for improved disclosure on securitised assets by including new, proportionate and targeted climate change-related information.
- Supervisory Statement on differential pricing practices in non-life insurance lines of business, aiming at eliminating price-setting strategies which lead to the unfair treatment of customers<sup>69</sup>.
- Opinion on a delegation agreement between Dirección General de Seguros y Fondos de Pensiones and De Nederlandsche Bank N.V. under Article 28 of the EIOPA Regulation<sup>70</sup>.
- Consultation on Supervisory Statement on supervision of reinsurance concluded with third country insurance and reinsurance undertakings<sup>71</sup> with the aim to raise awareness of the risks stemming from regimes that have not been deemed equivalent by the European Commission and to propose a risk-based approach in limiting their effect.

67 [Supervisory Statement on the use of governance arrangements in third countries](#)

68 [Joint ESAs-ECB Statement on disclosure on climate change for structured finance products](#)

69 [supervisory statement \(europa.eu\)](#)

70 [EIOPA opinion on a delegation agreement between Dirección General de Seguros y Fondos de Pensiones and De Nederlandsche Bank N.V. under Article 28 of the EIOPA Regulation](#)

71 [Consultation on Supervisory Statement on supervision of reinsurance concluded with third country insurance and reinsurance undertakings](#)

- Consultation on a draft Opinion regarding the supervision of captive (re)insurance undertakings<sup>72</sup>, with a particular view on intra-group transactions, the prudent person principle and governance. The final Opinion will aim at facilitating a risk-based and proportionate supervision of captive (re)insurance undertakings and further support the convergence of supervisory expectations in the context of creating a level playing field within the EU.
- Draft Supervisory Statement on supervision of third country reinsurance: The BoS approved the public consultation in 2023 and, after revision of the comments received, the BoS is expected to approve the Draft Supervisory Statement for publication in March 2024<sup>73</sup>.

Finally, EIOPA kept maintaining and integrating the Supervisory handbook to support NCAs in their daily supervision releasing new chapters on the supervision of IORPs on Conditions of Operation and Conflict of Interest Management, review of the Solvency Capital Requirement chapter in the sections of reinsurance, review of the chapter on Risk Assessment Framework to reflect on the sections addressing the Business Model Analysis the new digital business models, new chapters on Conduct Risk Assessment Framework and on calibration of Internal Models.

### Internal Models

EIOPA continued to work with national supervisors to promote a level playing field in the use of internal models and between internal model users and standard formula users, so that risks are captured consistently and appropriately by undertakings.

- Internal Model comparative studies contribute to EIOPA's objective of supervisory convergence. Conducted in collaboration with national supervisors, the common goal of these studies is to compare outputs from internal models, as well as to further develop supervisory tools and foster common supervisory practices. During 2023, EIOPA simultaneously finalised the following three studies related to internal models:
  - Comparative Study on Market and Credit Risk Modelling<sup>74</sup>, summarising the key findings from

72 [Consultation on the supervision of captive \(re\)insurance undertakings](#)

73 [Supervisory Statement on the supervision of reinsurance concluded with third-country \(re\)insurance undertakings](#)

74 [YE2021 Comparative Study on Market and Credit Risk Modelling](#)

the market and credit risk comparative study (MCRCS) undertaken in 2022 based on year-end 2021 data and providing an insight into the supervisory initiatives following the study.

- Comparative Study on non-Life Underwriting Risk<sup>75</sup>, aiming to evaluate the differences between internal models to understand whether and to what extent these capture similar risks in a consistent manner.
- Additionally, EIOPA advanced its work in its Study on Diversification in Internal Models.

Moreover, during 2023, EIOPA launched the following two studies:

- Life Underwriting Risks Comparative Study;
  - A study on Operational Risks.
- IMOGAPIs (Internal Model On-Going Appropriateness Indicators): In 2023 EIOPA, in collaboration with NCAs, updated the tool on Internal Model On-Going Appropriateness Indicators (IMOGAPIs) with year-end 2022 data and continued discussions on on-going IMOGAPIs for the monitoring of internal models over time and across undertakings. The main objective is to support local supervisory tasks and activities with a common supervisory tool for the follow-up of developments of internal models (e.g. to identify potential outliers). An updated version of the tool was released in 2023. IMOGAPIs will be replaced in the near future with a new tool that will make full use of the information reported in the new internal model reporting templates.
  - EIOPA finalised the Supervisory Handbook Chapter on Calibration in Internal Models. This chapter sets out the key elements that are recommended for NCAs to consider when assessing the undertakings' calibration of internal models: the chapter clarifies the most technical aspects of calibration in internal models and provides a number of examples resulting from identified market good practices, as well as recommendations regarding supervisory actions, which may be considered and/or adopted by NCAs as tools to enhance their supervision.
  - Run technical assistance projects regarding IM application processes.
  - Provide intelligence to the EIOPA Board in the area of IMs developing an annual IM Dashboard.

## Trainings

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In 2023, EIOPA organised the 3-day training “Solvency II Academy”, which focused on pillar I & pillar II topics (technical provisions, ORSA, etc.). Moreover, the Solvency II Academy included a session on diversification in Internal Models. Finally, EIOPA also put in place a training on Advanced Tools for Risk Analysis and Assessment, with a focus on Climate as well as a training on diversification in Internal Models.

## REVIEWING EXISTING MARKET AND SUPERVISORY PRACTICES

### Peer reviews

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To foster convergence and strengthen consistency in the outcome of supervisory actions, EIOPA conducts peer reviews on specific activities of NCAs, based on an agreed methodology and with experts from NCAs acting as reviewers. The results of the peer reviews are documented and published.

In 2023, EIOPA has finalised and published the results of its Peer Review on Product Oversight and Governance (POG)<sup>76</sup>, based on the EIOPA's two-year peer review work plan 2020-2022 and in line with Article 30 of EIOPA Regulation. This peer review assessed the overall maturity of NCAs supervisory framework on POG to supervise the application of POG requirements by insurance manufacturers. The main findings were that most National Competent Authorities (NCAs) have adapted internal processes for supervising Product Oversight and Governance (POG) requirements, despite significant maturity differences in POG supervision. Challenges reported by NCAs include difficulties in applying POG requirements to manufacturers and issues integrating POG-specific risks. Several jurisdictions plan to enhance their POG frameworks in line with EIOPA's priorities.

In 2023, EIOPA also worked on a review by peers on supervisory practices relating to some aspects of the prudent person principle (PPP) in insurance. The scope of the peer review was limited to the review of supervisory practices regarding: investment in non-traditional or more complex assets, including derivatives, above all in case of their use for efficient portfolio management (“non-UIL”); and assets backing unit/index linked contracts where the risk is borne by policyholders (“UIL”). A report with the

75 [EIOPA analyses internal models for non-life underwriting risk](#)

76 [Peer Review on Product Oversight and Governance \(POG\)](#)



outcome of the peer review will be published on EIOPA's website in 2024.

Following the finalisation of a peer review, EIOPA undertakes a follow-up two years after the publication of the peer review report to monitor the fulfilment of the issued recommended actions. The follow-up procedure assesses if and how the recommended actions have been implemented by NCAs. This strengthens convergence and enhances the quality of supervision. In 2023 EIOPA delivered the follow-up report on peer review on supervisory practices with respect to the application of the PPR for IORPs<sup>77</sup>, as a follow-up to the 2019 peer review on the application of the Prudent Person Rule for IORPs according to the IORP II requirements. The report emphasizes that Institutions for Occupational Retirement Provision (IORPs) must invest prudently in the long-term interests of members, following the Prudent Person Rule (PPR). It reveals that out of 27 recommended actions, 8 were fully fulfilled, 10 partially fulfilled, and 9 not fulfilled. Areas like look-through methodology and supervisory tools showed progress, while governance and on-site inspections faced challenges, influenced by the transition to the risk-based approach mandated by the IORP II Directive. Some NCAs cited pending implementation, resource constraints, or differing priorities as reasons for incomplete fulfilment.

### Conduct of business supervision and reports

EIOPA continued to implement its comprehensive risk-based and preventive framework for conduct of business supervision, aimed at ensuring a fair treatment of consumers and overall good consumer outcomes. While EIOPA continued its work in ensuring consistent supervisory practices, with the objective of further strengthening the protection of policyholders, pension scheme members and beneficiaries, it put particular emphasis on ensuring products are designed in a customer centric manner – i.e., they offer value to consumers. It also began looking at whether the sector contributes to consumers' overall financial health, with a particular attention to vulnerable consumers, including traditionally discriminated groups and minorities. In particular, its Eurobarometer and consumer trends work explored diversity, equity, and inclusion aspects.

In 2023, the BoS agreed that EIOPA will conduct a mystery shopping exercise on sales of insurance, with the aim of evaluating whether consumers are provided with adequate and timely information by insurance distributors.

<sup>77</sup> [Follow-up Report on Peer Review on supervisory practices with respect to the application of the PPR for IORPs](#)

The exercise will be conducted in 8 Member States and will follow a common methodology and criteria developed by EIOPA and its Members. The results of the exercise will be available in 2024.

#### IN FOCUS



### CONSUMER TRENDS REPORT 2022

In 2023, EIOPA published its Consumer Trends Report 2022<sup>78</sup>, in which it examined consumers' and small businesses' financial health through their use of insurance and pension savings products. The findings of the report were underpinned by the results of a Flash Eurobarometer survey. Among others, the report revealed that, because of limited access to savings products and important pensions gaps, over 50% of European consumers were not confident they would have enough money to live comfortably throughout their retirement. The report further highlighted a gender gap in consumers' access to insurance and pensions.

#### IN FOCUS



### COST AND PAST PERFORMANCE REPORT 2023

EIOPA published its Cost and Past Performance Report 2023<sup>79</sup>, which provided an overview of past performance and costs of EU retail investment products within EIOPA's remit. Among other findings, EIOPA stressed how in some cases cost-structures continue to be complex and opaque, particularly for multi-option products, highlighting the need for further supervisory and regulatory interventions.

<sup>78</sup> [Consumer Trends Report 2022 \(europa.eu\)](#)

<sup>79</sup> [Costs and past performance report 2023](#) [coverage period goes from 2017 to year end 2021 for past performance and 2021 for costs]

As part of its work on continuing to address value for money risks in the unit-linked and hybrid insurance markets, in 2023 it continued expanding its toolkit by publishing for consultation a methodology on how to develop value for money benchmarks<sup>80</sup>.

Finally, EIOPA assessed the way it conducts country visits on conduct matters and proposed next steps.

### MAKING USE OF EIOPA'S OWN OVERSIGHT WORK AND INDEPENDENT ASSESSMENT, FOCUSING ON MONITORING AND CHALLENGING SUPERVISORY PRACTICES AND SUPPORTING NCAS

#### EIOPA'S OWN INDEPENDENT ASSESSMENT ACTIVITIES IN FIGURES

- › **5 active cooperation platforms**, covering both conduct and prudential aspects – through cooperation platforms, home and host supervisors exchange information on a specific company under the coordination of EIOPA. They are used with regard to companies operating cross-border on the basis of freedom to provide services. They deal with both conduct issues related to products offered – making use of Product and Oversight Governance framework to ensure that products not offering value for money are not commercialized – and selling practices, and prudential issues, related to solvency and financial issues.
- › **Bilateral engagements** with all NCAs in the context of the implementation of the Union-wide supervisory priorities, both on the conduct and prudential side.
- › **4 conduct country visits**, in addition to selected topics identified for each NCA, with the aim of ensuring consistency and building a comprehensive view on how NCAs perform conduct supervisory activities.
- › **4 country** field visits focused on insurance prudential issues.
- › **1 country** field visit focused on IORP II pension issues.
- › **2 Internal Models (IM) specific country visits**, to gather IM best supervisory practices and provide EIOPA's expertise.
- › **40 joint feedback sessions** with NCAs and participants of the different IM comparative studies (22 for the second phase of the Study on Diversification in IMs and 18 for the Market and Credit Risk comparative study). IM comparative studies contribute to EIOPA's objective of supervisory convergence comparing risk outcomes from IM users. Feedback sessions are organized to collect participants' views on the preliminary obtained results.
- › **1 equivalence monitoring exercise** finalised regarding the monitoring of a supervisory regime which was assessed to be equivalent to Solvency II.
- › **58 active participations in cross-border colleges**, established for cross-border insurance groups, which also looked at conduct aspects as relevant. Colleges are a permanent platform for coordination among supervisory authorities (group supervisor, the supervisory authorities of all the member NCAs in which the head offices of all subsidiaries are situated and EIOPA, including NCAs of significant branches and related undertakings and participants from third-country jurisdictions), with the aim to foster a more efficient and effective risk-based supervision at both group and individual levels. EIOPA's main role focuses on promoting and monitoring the functioning of colleges, that is achieved with different tools, such as joint supervisory plans, joint examinations, on-site inspections, including a recommendation to conduct specific assessments or additional power to convene a college meeting.
- › **5 ongoing technical assistance projects to NCAs and 2 finalised projects** – EIOPA provides additional and targeted support to NCAs via the DG REFORM (European Commission) Technical Support Instrument (TSI). EIOPA worked on 5 technical assistance projects in 2023 and finalised 2. EIOPA successfully delivered two insurance conduct of business supervision projects in Greece and Portugal, signed under the 2021 TSI. Furthermore, EIOPA worked on three projects signed under the 2022 TSI, to provide technical assistance on IORP supervision in Ireland, on insurance conduct of business supervision in Hungary, as well as strengthening digital finance supervisory capacity through the EU Supervisory Digital Finance Academy. In 2023, as part of a new ESG Risk Management flagship project, EIOPA agreed to assist NCAs in identifying more effectively greenwashing cases through the development of a tool which makes use of Natural Language Processing Techniques.

80 [Consultation on the Methodology on Value for Money Benchmarks](#)

- › **3 technical assistance projects (2 still ongoing and 1 successfully finalised) regarding IM application processes.** In these technical assistance projects, EIOPA supports NCAs through e.g., targeted trainings on IM approval process, as well as sharing of good practices, expert opinions, and tools but also by providing NCAs with tailored results and experience from the different IM comparative studies.

## RECOMMENDATIONS

The Board of Supervisors (BoS) approved a recommendation (Article 17 of the EIOPA Regulation) to the Registrar overseeing Institutions for Occupational Retirement Provision (IORPs) in Cyprus, addressing non-compliance with the IORP II Directive, which states that IORPs must be registered or authorised by the national competent authority. The recommendation stems from a breach affecting domestically operating IORPs in Cyprus, as the Registrar failed to register them per the directive. The Registrar was urged to promptly assess measures, develop an action plan, and secure resources to restore compliance with Article 9(i) of the IORP II Directive for the identified IORPs. The Registrar has initiated some corrective steps during the investigation.

## INQUIRIES

Inquiry (Article 22 of the EIOPA Regulation). Following the EIOPA BoS approval, EIOPA conducted an inquiry into group supervision in a specific Member State focused on group structures with parent holding companies owning insurance undertakings. The inquiry concluded with a set of dedicated recommendations to the specific NCA and a more general follow-up for all NCAs with similar structures in place within their own jurisdictions.

## SUPERVISORY DATA

Throughout 2023, EIOPA continued to calculate and publish key information fundamental to the effective application of Solvency II. This included the monthly publication of the risk-free rate term structures for the relevant currencies and equity dampener.

Technical information relating to risk-free interest rate (RFR) term structures is used for the calculation of the technical provisions for (re)insurance obligations. In line with the Solvency II Directive, EIOPA publishes technical information relating to RFR term structures on a monthly basis via a dedicated section on EIOPA's website also containing the release calendar for 2023, the RFR Technical Documentation, the RFR coding and Frequently Asked Questions.

During the year, EIOPA also worked to enhance the quality and use of prudential and financial stability data on insurance and pensions. The Authority prioritised security, availability and efficiency measures for core infrastructure and tools for knowledge management and coordination and collaboration at European level.

In 2023, EIOPA continued with the BI 2.0 programme, which leads EIOPA transformation into a digital, user-focused and data driven organisation that meets its strategic objectives effectively and efficiently. More specifically in 2023, EIOPA published its Plan for reporting taxonomy releases<sup>81</sup>. In 2023, EIOPA prioritised efficient reporting cycles using technology like xBRL and Data Point Metamodelling. Initiatives like Business Intelligence 2.0 enhanced data-driven capabilities, while expanding the reporting taxonomy to cover diverse sectors. EIOPA collaborates with EBA for a Data Point Modelling (DPM) Refit Exercise and a Digital Reporting Tool, ensuring a robust and consistent reporting framework.

## PENSIONS SUPERVISION

Aiming the closing of important data gaps on emerging risks and fixing inconsistencies that have been reported to EIOPA over the past years, EIOPA publicly consulted on a revision of the reporting it receives from national supervisors on occupational pensions, amending the reporting system in place since 2018. After addressing relevant comments received, in 2023, the BoS took a Decision on EIOPA's regular information request regarding provision of occupational pensions information to amend the system.

<sup>81</sup> [Plan for reporting taxonomy releases \(europa.eu\)](https://eiuropa.eu/plan-for-reporting-taxonomy-releases)

## DELIVER HIGH-QUALITY ADVICE AND OTHER POLICY WORK TAKING INTO ACCOUNT CHANGING AND GROWING NEEDS OF SOCIETY AS WELL AS THE EFFECTS OF NEW FINANCIAL REGULATION



EIOPA pays close attention to how regulation is applied and how effective it remains, with a view to identify proportionality issues, improving fairness and transparency.

### PRUDENTIAL POLICY

In the broader context of the Solvency II review negotiations, EIOPA continued to provide technical input and advice to the EU Institutions, with the aim to further support an evidence-based decision-making process.

IN FOCUS



## REVIEW OF THE IORP II DIRECTIVE

Eiopa published technical advice on the review of the IORP II Directive<sup>82</sup>, in response to a call for advice from the Commission. The advice covers key areas such as prudential and governance adequacy, cross-border activity, Pension Benefit Statement functionality, adapting to the shift from defined benefit to defined contribution schemes, sustainability aspects, and prudential requirements related to diversity and inclusion. The document explores specific considerations in each area, including proposals to enhance proportionality, manage liquidity risk, address conflicts of interest, improve data usage, standardize risk assessment, and promote diversity within management bodies. The recommendations aim to refine and adapt regulatory frameworks for the evolving European pensions landscape.

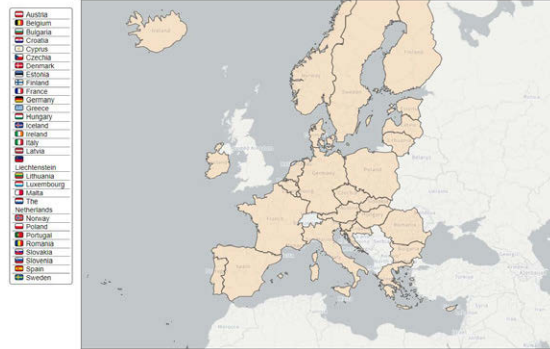


[Read the advice and the factsheets](#)

## CONDUCT OF BUSINESS POLICY

Through 2023, Eiopa continued to work on the Insurance Distribution Directive (IDD, EU 2016/97), which harmonises rules relating to professional standards for insurance distributors and to insurance product design and distribution in the EU. It mandates pre-contractual information, conduct of business rules for distributors,

clarifies procedures for cross-border business, and establishes supervisory competences and powers and sanctions.



Learn more: [Check out the IDD country map and the IDD application report](#)

In 2023, Eiopa published its draft Regulatory Technical Standards (RTS) adapting the base euro amounts for the professional indemnity insurance (PII) cover and financial capacity of intermediaries under the Insurance Distribution Directive (IDD)<sup>83</sup>, as a follow-up to the public consultation held earlier in the year. Eiopa has also finalised work on its second report on the application of the IDD<sup>84</sup>, its fourth annual sanctions report<sup>85</sup> and has continued to develop Q&As relating to the IDD to promote more supervisory convergence.

In addition, work was carried out under the Joint Committee of the ESAs to develop further Q&As under the PRIIPs Regulation.

Eiopa has also been monitoring the legislative process of the Retail Investment Strategy and has provided input, based on the technical advice<sup>86</sup> it submitted to the Commission in April 2022, to the debate during the public hearing held in the ECON Committee on June 2023<sup>87</sup>.

83 [https://www.eiopa.europa.eu/eiopa-publishes-changes-minimum-amount-professional-indemnity-insurance-cover-and-financial-capacity-2023-07-03\\_en](https://www.eiopa.europa.eu/eiopa-publishes-changes-minimum-amount-professional-indemnity-insurance-cover-and-financial-capacity-2023-07-03_en)

84 [https://www.eiopa.europa.eu/publications/second-idd-application-report-20222023\\_en](https://www.eiopa.europa.eu/publications/second-idd-application-report-20222023_en)

85 [https://www.eiopa.europa.eu/eiopa-publishes-annual-report-sanctions-under-insurance-distribution-directive-2022-2024-01-17\\_en](https://www.eiopa.europa.eu/eiopa-publishes-annual-report-sanctions-under-insurance-distribution-directive-2022-2024-01-17_en)

86 [https://www.eiopa.europa.eu/eiopa-publishes-advice-retail-investor-protection-2022-04-29\\_en](https://www.eiopa.europa.eu/eiopa-publishes-advice-retail-investor-protection-2022-04-29_en)

87 Intervention by Valérie Mariatte-Wood, Head of Consumer Protection Department at Eiopa, at the public hearing of the European Parliament Committee on Economic and Monetary Affairs on the Retail Investment Strategy, in: [Ensuring insurance consumers are adequately protected as retail investors \(europa.eu\)](#)

Finally, EIOPA supported the organisation of the 10<sup>th</sup> Joint ESAs Consumer Protection Day on 9 October 2023 in Madrid, including moderation of a panel on cross-selling.

## INTERNATIONAL WORK

In March 2023, EIOPA continued its efforts to enhance its cooperation with Eastern and Western Balkan countries. Within this context it hosted its 'Eastern Cooperation Conference' bringing together insurance supervisors from EEA and non-EEA jurisdictions as well as the European Commission and academics and underlying its continued support for jurisdictions in the process of adapting or implementing EU insurance legislation by exchanging views and supervisory practices. Following a request by COM, EIOPA started to assess the equivalence of professional secrecy for the Ukraine in 2023.

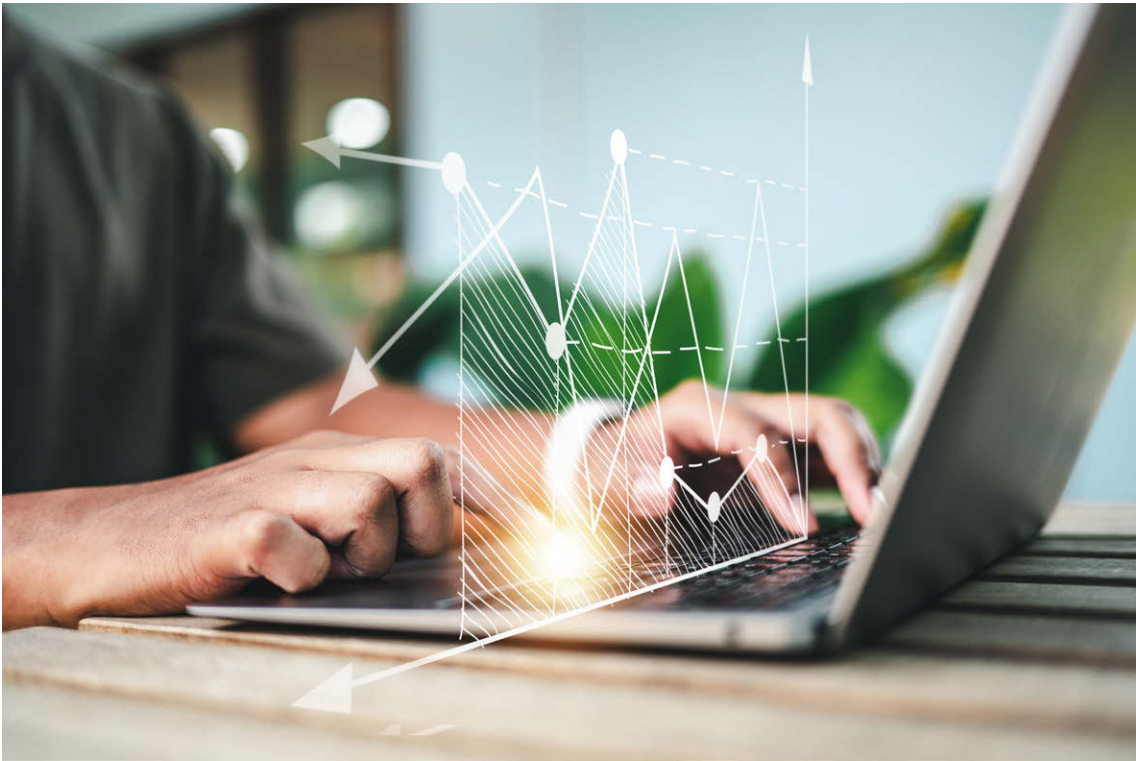
On 6-7 September 2023, EIOPA together with the International Center for Insurance Regulation (ICIR), and the Leibniz Research Institute SAFE (Sustainable Architecture for Finance in Europe), organised the "8th Conference on Global Insurance Supervision: Insurance Supervision In A World In Transformation" bringing together top representatives from major (re-)insurance groups, regulatory and supervisory authorities as well as renowned academics from around the globe.

Additionally, the Authority continued its bilateral engagements with third countries: Switzerland and Bermuda, UK, US, Japan and others. With the fully equivalent third countries Switzerland and Bermuda regular equivalence monitoring exchanges regarding supervisory approaches are held throughout the year (please refer to activity area on supervision) and an exchange on Senior Management level following an annual meeting cycle. Based on the importance for the internal market, and the interconnectedness of insurance business models between the EEA and the UK, EIOPA conducted quarterly supervisory dialogues with the UK. The EU-US Insurance Dialogue Project published three joint workstreams' reports during a public stakeholder event in June 2023 on Climate Risk Financial Oversight, Climate Risk and Resilience, and Innovation and Technology. In addition, EIOPA assisted COM on the monitoring of the EU-US Covered Agreement, and COM's decision on prolongation of provisional equivalence for the US.

EIOPA plays an important role internationally in the context of the International Association of Insurance Supervisors (IAIS), contributing to the development of global standards like the Insurance Capital Standard (ICS) and the holistic framework on systemic risks.



## FURTHER ENHANCE FINANCIAL STABILITY, WITH PARTICULAR FOCUS ON THE ANALYSIS OF FINANCIAL SECTOR RISKS AND VULNERABILITIES, AND EMERGING THREATS



In order to safeguard the stability of the insurance and occupational pensions sectors, as well as broader financial stability, EIOPA monitors and assesses risks and vulnerabilities with a view to facilitating or coordinating the necessary supervisory action to deal with such developments. EIOPA strives to be in a position to take preventive action and so takes a forward-looking approach to this work.

Risks and vulnerabilities assessment as part of EIOPA's mandate to safeguard financial stability, EIOPA works to identify trends, potential risks and vulnerabilities that could have a negative effect on the insurance and pensions sectors across Europe. Its assessments are regularly

published in the Insurance risk dashboards<sup>88</sup> on a quarterly basis and in the Financial Stability Reports<sup>89</sup> twice a year. EIOPA also contributes with its assessment to the semi-annual JC-SRC risk report.

In 2023, particular focus was placed on the impact of inflation on markets and consumers, with the publication of a report<sup>90</sup>, on the possible consequences posed by nature-related risks (section 1.2. of the Financial Sta-

88 Latest edition: <https://www.eiopa.europa.eu/system/files/2023-11/November%202023%20Risk%20Dashboard%20-%20updated.pdf>

89 Latest edition: <https://www.eiopa.europa.eu/system/files/2023-06/EIOPA-BOS-23-209-EIOPA%20Financial%20Stability%20Report%20June%202023.pdf>

90 [Impact of inflation on the insurance sector \(europa.eu\)](#)

bility Report, 2023<sup>91</sup>) and on the potential risks of the increasing digitalization, particularly in the form of cyberattacks (section 1.3. of the Financial Stability Report, 2023). In line with ongoing developments, EIOPA analysed the vulnerability of insurers portfolios to exchange rate risk and to downgrades in the debt of pandemic and energy-sensitive sectors.

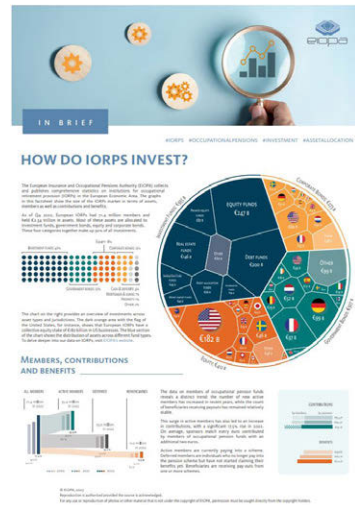
cyber risks<sup>94</sup> and extensive work was conducted on top-down modelling. In terms of concrete exercises EIOPA is working on the design of the regular capital exercise planned for year-2024 and is participating to the one-off scenario analysis conducted jointly with the other ESAs, the ESRB and the ECB on climate change related risks.

**STATISTICS**

EIOPA continued to publish high-quality statistics on the insurance and IORP markets. In order to make the material accessible to more users, EIOPA also published various fact sheets based on the data. For instance, EIOPA published the Factsheet on EEA insurers' investments at the end of Q1 2023<sup>92</sup>, containing comprehensive statistics on the assets and liabilities of (re)insurers active in the European Economic Area. A similar fact sheet was published for IORPs at the end of Q4 2022<sup>93</sup>.

**CRISIS PREVENTION, MANAGEMENT AND RESOLUTION**

EIOPA continued further developing its crisis process and procedures to adapt them to the latest developments and lessons learned from the COVID-19 pandemic. In addition, the Authority started designing a crisis exercise, with the aim of testing such process and procedures. EIOPA also continued working in the field of recovery and resolution in insurance, monitoring and analysing developments. EIOPA welcomes the agreement reached with regard to the Insurance Recovery and Resolution Directive (IRRD), which grants the Authority with important new



[Discover the factsheet](#)

[Discover the factsheet](#)

[Discover the factsheet](#)

**STRESS TESTS**

EIOPA relies for its financial stability assessments on stress testing. In 2023 its bottom-up stress test methodological framework was enhanced with the publication of a paper on methodological principles of insurance stress testing of

roles and responsibilities, including the development of technical standards and guidelines and other more permanent tasks such as setting up a resolution committee or participating in resolution colleges. Important planning work has already been started to ensure timely delivery of these technical standards and guidelines and, more generally, assessing the impact of the new tasks.

91 [Financial Stability Report December 2023](#)

92 [Factsheet on EEA IORPs' investments](#)

93 [Factsheet on EEA IORPs' investments at the end of Q4 2022](#)

94 [EIOPA publishes paper on methodological principles of insurance stress testing of cyber risks](#)



## ENGAGING WITH STAKEHOLDERS



### ENGAGING WITH STAKEHOLDERS

EIOPA relies on a constructive and continuous engagement with stakeholders, in particular consumer organisations and industry representatives. In line with its mandate, structured and formalised relations are held with EIOPA's stakeholder groups<sup>95</sup> – the Insurance and Reinsurance Stakeholder Group (IRSG) and the Occupational Pensions Stakeholder Group (OPSG). EIOPA solicits them for consultation on a number of topics, including initiatives concerning e.g. technical standards and their implementation, guidelines, recommendations, peer reviews, convergence tools, or assessments of market developments. Members of the stakeholder groups may also submit own-initiative opinions and advice to EIOPA on any issues related to its tasks. The IRSG and OPSG have each 30 members, which were renewed in 2020.

<sup>95</sup> [https://www.eiopa.europa.eu/about/working-stakeholders\\_en](https://www.eiopa.europa.eu/about/working-stakeholders_en)

To ensure active and comprehensive engagement with stakeholders on a particular subject, EIOPA organises roundtable events, seminars or similar outreach activities. In addition, EIOPA engages with consumer groups, industry, academics and students through speaking engagements and visits. A record of visitors and meetings is published on the Authority's website<sup>96</sup>.

In total, EIOPA staff took part in 117 speaking engagements.

### JOINT COMMITTEE

The Joint Committee is a forum with the objective of strengthening cooperation between EIOPA, the European

<sup>96</sup> [https://www.eiopa.europa.eu/about/accountability-and-transparency/record-of-meetings\\_en](https://www.eiopa.europa.eu/about/accountability-and-transparency/record-of-meetings_en)

Banking Authority (EBA), and the European Securities and Markets Authority (ESMA). Through the Joint Committee, the three ESAs coordinate their supervisory activities in the scope of their respective responsibilities and joint responsibilities regularly and closely, while ensuring consistency in their practices.

[Read the Joint Committee – Annual Report 2023.](#)

## COOPERATION AT A EUROPEAN LEVEL

EIOPA is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union. A strong accountability framework is the necessary counterpart to that independence – EIOPA is in fact accountable to the European Parliament and the Council of the European Union. To the three EU Institutions, EIOPA provides – upon request or on its own initiative – technical advice in its areas of competence. Moreover, EIOPA maintains strong relations with other European institutions and bodies, including the ECB, the ESRB, the SSM, as well as EBA and ESMA. EIOPA is furthermore member of the EU Agencies Network.

## EU NETWORK OF AGENCIES



As of March 2023, EIOPA assumed the chairmanship of the EU Network of Agencies (EUAN), which comprises 49 decentralised EU Agencies and Joint Undertakings (JUs) tasked with the design and implementation of key EU policies across a diverse range of areas. EIOPA led the network until February 2024 in close consultation with Fusion for Energy (F4E, previous coordinator) and the European Institute of Innovation and Technology (EIT, next coordinating agency).

## PART II - MANAGEMENT

### BOARD OF SUPERVISORS

The Board of Supervisors (BoS) is EIOPA's main decision-making body and guides the work of the authority.

Further to EIOPA's Chairperson, the Board of Supervisors is composed of i) the heads of the national public authorities of the EU, which shall have a right to vote (named "Voting Member"), ii) the EEA-EFTA countries, which shall be the Heads of the national authorities competent for the supervision of financial institutions in each of the following EEA EFTA States – Iceland, Liechtenstein and Norway, who shall however not have a right to vote ("Non-Voting Member"), and iii) representatives of the European Commission, the European Systemic Risk Board, the European Banking Authority, the European Securities Markets Authority, the European Free Trade Association Surveillance Authority. EIOPA's Executive Director also participates in the meetings of the BoS as observer.

Where there are separate supervisory authorities responsible for the insurance and occupational pensions sectors, those authorities shall agree on a Common Representative who shall be the Voting Member and notify this by writing to EIOPA in due time. The supervisory authority responsible for the other sectors shall have the right to participate as Permanent Representative at all levels of EIOPA, with equal rights and obligations, except the right to vote.

The main tasks of the BoS are the adoption of draft technical standards, guidelines, recommendations and opinions, as well as the issuance of advice to the EU institutions.

In 2023 the BoS met 6 times.

### 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 Chairperson and six other members of the Board of Supervisors, elected by and from among the Voting Members of the Board of Supervisors. The Alternate Chairperson and the Executive Director of EIOPA participate in the meetings of the Management Board without the right to vote. In accordance with EIOPA's regulation, the Executive Director also has an important role preparing the work of the Management Board. 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. In the election process, the geographical, gender and regional diversity are considered, in view of keeping a balanced composition of the Management Board.

#### INFORMATION BOX



#### MANAGEMENT BOARD MEMBERS AS OF 31 DECEMBER 2023

- Petra Hielkema – EIOPA Chairperson
- Domhnall Cullinan – Central Bank of Ireland
- Margarida Corrêa de Aguiar - Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF), Portugal
- Ante Žigman - Hrvatska agencija za nadzor financijskih usluga (HANFA), Croatia
- Alberto Corinti - Istituto per la Vigilanza sulle Assicurazioni (IVASS), Italy
- Teija Korpiaho – Finanssivalvonta (FSA), Finland
- Else Bos - De Nederlandsche Bank, the Netherlands

The Management Board meets at least five times a year, always before every regular meeting of the Board of Supervisors, and as often as it is deemed necessary. In 2023, the Management Board met 5 times. The Management Board played a key strategic role in planning, budget and assurance, and steered the revisions of EIOPA's Annual Work Programmes and development of the Draft Single Programming Document 2024-2026 and 2025-2027. To support the Management Board in monitoring the budget planning process and resource allocation, regular updates on EIOPA's tasks and activities were provided. In 2023, no significant risks and control issues were signalled to the MB.

## MAJOR DEVELOPMENTS

In 2023, the global economy continued to face challenges as geopolitical tensions continued to increase, with the unprovoked Russian invasion to Ukraine continuing and a new Israel-Hamas conflict in Gaza and Southern Israel starting in October. Inflation peaked in 2022 and gradually abated in 2023, yet remained considerably above the inflation targets of central banks. EIOPA remained vigilant, adapting its supervisory approach to address evolving risks. In view of implementing its 2023-2026 strategy, EIOPA continued to bolster financial resilience in the insurance and pensions sectors, and to ensure strong and consistent protection of consumer interests across the European Union. EIOPA continued to show its adaptability and resilience in the face of changing economic conditions, which underlined once more the need for effective supervision. Collaborative efforts with national supervisors remained essential to navigating uncertainties and ensuring a unified approach to safeguarding financial stability and consumer interests in the European Union.

## BUDGETARY AND FINANCIAL MANAGEMENT

### APPROPRIATIONS, COMMITMENTS, AND TRANSFERS

In December 2022, the BoS adopted the 2023 budget for a total of EUR 35,780,787.50. The first budget amendment was adopted by the BoS in February 2023 to include the additional revenue EUR 830,291.73 stemming from the

service level agreement (SLA) with the Directorate General for Structural Reform Support (DG REFORM) signed on 24 August 2022 (REFORM/AA2022/003), regarding EU Supervisory Digital Financial Academy, IORP supervision in Ireland and risk assessment framework and supervisory methodology in Hungary.

A second budget amendment was adopted by the BoS in September 2023 to include additional revenue EUR 53,582.27 from the SLA REFORM/AA2022/003, to decrease pension contribution to the EU Pension Scheme by EUR 149,845 and to inscribe earned bank interest amounting to EUR 150,945.40 to EIOPA's accounts.

In December 2023, a third and final budget amendment was adopted by the BoS, which increased the budget by EUR 48,730.08 to address the increase by 1%, retrospectively from July to December, of the Pension Contribution paid by EFTA Countries and Member States. The final amended budget 2023 amounts to 36,714,491.98. The below text will only refer to the final amended budget.

For the EIOPA budget the European Union grants EIOPA a subsidy of 40%. The remaining 60% are contributions from the Member States (MS) and the European Free Trade association (EFTA) states. The individual MS and EFTA contributions are calculated according to the weighting of votes set out in Article 3(3) of the Protocol (No 36) on transitional provisions. In addition, since 2016 the Member States and EFTA states pay the 'employers contributions to the EU pensions' scheme in accordance with Article 83a of the Staff Regulations. Any surplus (n-2, i.e. from two years before) will be set against the contributions due according to the above model and therefore, reduces the relevant contributions.

EIOPA's 2023 revenue consisted of contributions received from the EU (EUR 13,470,715.00) and from the EU National Competent Authorities (NCAs) (EUR 19,599,283.54) and EFTA NCAs (EUR 606,788.96), as well as the amount of the employer's contribution of the European pension scheme financed by the EU and EFTA NCAs (EUR 1,880,885.08). In addition, EIOPA received EUR 1,005,874.00 through service level agreements (SLAs) signed with DG REFORM and EUR 150,945.40 inscribed in the EIOPA accounts as earned bank interest.

The initial adopted 2023 budget and the final amended EIOPA budget 2023 can be viewed in the Annex II.

A total of six budget transfer operations were executed to accommodate budgetary needs throughout 2023.

In 2023, 95.01 % of the credits carried forward from 2022 were consumed. The carry forward concerns services and products ordered in 2022 which were invoiced and paid in 2023. The carry-forward rate from 2023 to 2024 was 5.72 %. More information on both carry forwards can be viewed in the Annex II.

In 2023, EIOPA managed and successfully completed three (or 7% of all procedures) open procurement procedures, one competitive procedure with negotiations (or 2% of all procedures), six (or 13% of all procedures) negotiated procedures without prior publication of a contract notice; four negotiated procedures for middle and four for low value contracts (or 18% of all procedures) , twenty four (or 55 % of all procedures) negotiated procedures for very low value contracts (single tenders) and two (or 5% of all procedures) re-opening of competition under the framework contract. Furthermore, twenty direct and framework contracts were concluded; hundred fifty-six specific contracts and order forms (under existing framework contracts); twenty-four purchase orders; thirty-two memoranda of understanding and service level agreements were signed.

## CONTROL RESULTS

Through the year the agency conducts different control activities and assessments, and the results support the assurance on the achievement of the internal control objectives stipulated under Article 30.2 of EIOPA'S Financial Regulation. The Executive Director and the Management Board are informed by the Internal Control Coordinator on the results of the control activities and assessments, which comprises:

- Annual internal control self-assessment of EIOPA's Internal Control Framework, checking if all the components and principles are present and functioning;
- Status of the implementation of open actions resulting from the control activities and assessments;
- Analysis of exceptions reporting;
- Results and analysis of ex-post controls on financial transactions and human resources operations;
- Results of the ex-ante controls;
- Status of implementation of audit recommendations and observations issued by the internal and external auditors of EIOPA;
- Status of implementation of actions resulting from the comments and requests issued by the Discharge Authority;
- Verification of access rights for the financial system;
- Sensitive functions assessment and monitoring of the inventory.

## COST & BENEFITS OF CONTROLS

Control activities ensure that risks related to the achievement of the organisation's objectives are mitigated at all levels. Consequently, they include a variety of checks and approaches to mitigate risks, through manual and automated controls, both preventive and detective.

To be cost-effective, EIOPA's controls are designed to achieve the right balance between effectiveness, efficiency and economy. Having this in mind and following the guidance from the European Commission, EIOPA has run for the first time an assessment of the cost-effectiveness of its controls for the year 2021. The applicable methodology for the calculation has been further refined in 2022, in alignment with the "Guidance on the Calculation of the Cost of Controls" developed by the EU Agencies Network's Performance and Development Network (PDN)<sup>97</sup>. This includes the costs of staff members involved in the processing of financial transactions, ex-ante and ex-post activities related to financial management, as per the financial circuits of the organisation.

In 2023, EIOPA allocated 7.85 FTEs for control activities (A), which together with the direct costs (B) amounts to 4.15 % of the 2023 total budget. These figures have been calculated based on the main financial transactions processed by EIOPA (including salaries and related entitlements, reimbursements to staff and external persons, payments of invoices and procurement activities). The table below is split by relevant control systems: ex-ante and ex-post controls:

<sup>97</sup> The Performance and Development Network forms part of the EU Agencies and Joint Undertaking Network (EUAN)

## Control activities costs (A)

Area of activity	Ex-Ante Controls FTEs	Ex-Post Controls FTEs	TOTAL FTEs
Procurement	2.55	0	2.55
Budget execution	4.23	0	4.23
Internal control	0	0.07	0.07
Accounting	1	0	1
<b>TOTAL</b>	<b>7.78</b>	<b>0.07</b>	<b>7.85</b> (amounting 1,277,664.3216€, meaning <b>3.48%</b> of the total budget)

As regards the direct costs, these refer to costs which are incurred in support of the control activities and include the external audit and the IT systems expenses, further detailed in the table below.

## Direct control costs (B)

Item	Amounts in EUR
External audit services 2022	19,470.00
IT systems (ABAC, e-procurement, e-workflows, Sysper)	104,488.20
<b>TOTAL</b>	<b>123,958.20 (0,67% of the total budget)</b>

As regards the effectiveness of the controls, the European Court of Auditors has given EIOPA an unqualified opinion on the 2023 accounts. Based on the above, and given the overall conclusion on the maturity of the internal control system at EIOPA, i.e. the system is present and functioning with some improvements needed, EIOPA has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls.

With a special focus on compliance while ensuring performance, EIOPA has implemented a set of controls aiming to bring benefits to the budget implementation and to the daily running of the organisation. Considering the maturity of the internal control system at EIOPA, it can be affirmed that the benefits include:

- Compliance with regulatory requirements;
- Reliable reporting that supports the decision making process on items related to resources allocation and budget implementation;

- Trustable and clean accounts, including reliable recordkeeping and integrity of data;
- Increased efficiency among the functions and processes;
- Prevention of conflicts of interest;
- The European Parliament granting discharge on the implementation of the budget;
- Unqualified ECA opinion on the accounts.

## DELEGATION AND SUB-DELEGATION

The "Charter of tasks and responsibilities of authorising officers by delegation" has been drawn up in accordance with the provisions of the Staff Regulations, the Conditions of Employment of Other Servants, the Financial Regulation, and identifies the tasks entrusted to authorising officers by delegation, their rights and duties and the responsibilities they assume in their capacity as authorising officers by delegation.

EIOPA's Financial Circuits, updated in May 2022, detail all the budget lines and thresholds that the Authorising Officers by delegation are appointed to authorise. In the case of EIOPA the Executive Director (ED) shall execute the Authorising Officer function. He can authorise all transactions (commitments, payments, recovery orders, etc.) on all budget lines.

The Heads of Departments can be the Authorising Officers by Delegation (AOD) for all appropriations and transactions below or equal to the thresholds set in the Directive 2014/24/EU<sup>98</sup> on all budget lines, as such thresholds are being updated by the European Commission every second year.

The Heads of Units of the Information Technology, Human Resources, Finance and Corporate Services Units can be the AOD for all appropriations and transactions below or equal to 60,000 EUR on all budget lines. The Budget Expert/Senior Budget Expert can be the AOD for all appropriation and transactions below or equal 60,000 EUR for the budget lines related to administrative and operational missions.

<sup>98</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC Text with EEA relevance



In case of absence of the ED, for operational purposes and in order to ensure continuity of service, the authority to approve legal and budgetary commitments and financial transactions for all appropriations with no ceiling can be delegated by the ED to Heads of Departments or Heads of Units, including up to two Heads of Department as permanent delegation.

## HUMAN RESOURCES MANAGEMENT

In 2023, EIOPA, as the Chair of the EU Agencies Network (EUAN), played a central role in advancing human resources development not only within its own organization but also on the broader EUAN stage.

During EIOPA's Chairmanship of the EUAN, the achievements in the area of HR expanded further, leading and coordinating the strategic HR streams and deliverables in the area of attractiveness, overseeing the implementation of the EUAN Attractiveness Survey, analysis and proposal of recommended actions at EUAN level, coordinating the Gen Z 'Seeds for the future' initiative in collaboration with ICTAC, developing the D&I Toolkit for Managers, currently being promoted and implemented both at EIOPA and EUAN level, the EUAN D&I awards, the establishment and promotion of the staff exchange programme as well as promotion of the inter-agency mobility scheme. EIOPA also took the initiative to proactively foster cooperation with EPSO in jointly representing both EUAN and the EU institutions at EU job fairs. This proactive effort was the first such step in enhancing the EUAN outreach and engagement with potential talent. The mutually beneficial partnership has allowed the Network to showcase the diverse and appealing job opportunities.

Internally EIOPA has been successful in the new hybrid way of working and ensuring the well-being of its staff, including the adoption of the Model Decision on working time and hybrid working and the decision of the Executive Director on telework from outside the place of employment to cater for the new working environment and competitive financial market and retain the attractiveness of the Authority. In the area of diversity and inclusion, EIOPA continued the implementation of the Diversity and Inclusion Strategy and its detailed Action Plan, in line with the adopted EUAN Charter on Diversity.

In 2023, EIOPA also saw the full realization of its comprehensive Talent Management Framework, which encompasses the entire spectrum of the employee value proposition. This included Talent Acquisition, Performance and Development, Career Management, Leadership Development, fostering a Collaborative Culture and Inclusive Approach. Additionally, EIOPA marked the successful continuation of the Leadership Development Programme and the launch of the highly anticipated 2nd edition of the Female Talent Development Programme, among other noteworthy achievements.

Regarding talent acquisition, 2023 was a significant year marked by the successful conclusion of the 3rd Temporary Agent (AD5) Expert campaign at EIOPA, creating a Reserve List of successful candidates for all core areas. In view of efficiency, budgetary constraints and care for the environment, recruitment continued to be performed remotely, except for managerial positions. Further implementation of SYSPER as the e-HR management system has been achieved. The E-Recruitment project concluded successfully in the beginning of the year, replacing manual HR efforts and further streamlining the recruitment and selection processes. In addition, an off-boarding tool was developed and rolled out in early 2023. It will facilitate the off-boarding of staff in a coordinated manner.

Staff and management alike continued to be provided with dedicated training to deal with the new working situation at their best. Dedicated training has been provided to prepare staff for facilitating workshops and meetings as part of EIOPA's EUAN coordination role in 2023. Internal moves to facilitate cross-fertilization and increase knowledge sharing have been implemented in the course of the second half of the year. Furthermore, staff exchanges have been concluded with the ECB Banking Supervision and at EUAN level with the EMA (European Medicines Agency). A staff exchange programme amongst the European Supervisory Authorities (ESA's) has been planned throughout 2023 and will be implemented in Q1 2024 with the first exchanges happening in Q3 2024.

Finally, under EIOPA's lead, the ESA's have implemented a University network programme which consists of 28 universities from 18 different EU countries with the aim to: participate in career fairs of the universities, circulate and promote traineeship vacancies, give guest lectures, provide feedback on courses upon invitation and cooperate on any other projects.



## STRATEGY FOR EFFICIENCY GAINS

In line with its commitment to ensure the responsible use of resources, EIOPA has established a strategy to capitalise on opportunities through cost sharing, improving processes and by investing in technology. Such measures have allowed the Authority to increase year-on-year both the quality and quantity of its work at a pace that out-matches its growth in resources. They have also made it possible to adapt to new demands and changing circumstances.

**Resource planning and prioritisation** – In 2023, EIOPA introduced further initiatives for streamlining the prioritisation of its activities and resources as part of the regular planning cycle, an essential step in realising efficiency gains and enabling a dynamic (re)deployment of resources based on needs. Additionally, EIOPA increased its focus on Activity Based Management, aiming to integrate planning, monitoring and performance management methods and tools. Furthermore, EIOPA enhanced its strategic and corporate planning activities, starting with its new revised EIOPA strategy and further revisions of the KPIs focused on results and impact.

**Integrated talent management** – The above processes were supported by the implementation of an Integrated Talent Management System that allows for strategically aligned HR processes, better sourcing of candidates as well as more leveraged learning and development, enhancing the diverse and inclusive corporate culture. The system also helps to preserve institutional knowledge, expertise, and the accrued efficiency in executing core tasks. Targeted recruitment was implemented reaching out to very technical profiles, and staff exchanges with NCAs and other EU institutions were investigated to acquire certain competences.

**Business process review and service optimisation including environmental considerations** – EIOPA continued its business process optimisation initiatives, automating and streamlining business processes, identifying opportunities to remove redundant steps and exploit new technologies, e.g. projects focusing on improved data analysis capabilities. Additionally, and following formal EMAS accreditation by the Hessen authorities in 2023, EIOPA is committed to continue its efforts towards improving its environmental performance and lowering the impact of its operations on the environment.

**Capitalising on shared services** – EIOPA continued to rely on many services shared with other institutions.

EIOPA continued its very close cooperation with the other ESAs and EU Institutions to achieve economies of scale. Procurement for services exclusively for EIOPA is now an exception for very specific cases.

**Data & IT strategy and digital solutions** – In a major push towards cloudification following the Management Board's approval of EIOPA's Cloud Strategy in 2022, EIOPA continued the cloud migration project carried out in sync with EBA which is expected to be finalised by 2024. Other important projects included the development of a major new version of the data collection infrastructure based on significant updates to the XBRL taxonomies, especially for Solvency II, the rollout of a new platform for cross-border notifications shared by all competent authorities, and the preparation of a system for the exchange of information when assessing fitness and propriety requirements (Art 31a). Also, EIOPA continued to work on new initiatives on business process automation for increased efficiency in the areas of collaboration, HR and document management.

## ASSESSMENT AND FOLLOW-UP OF AUDITS AND EVALUATIONS

EIOPA has put in place arrangements to ensure that all recommendations made by the Internal Audit Service (IAS) of the European Commission, European Court of Auditors (ECA) and the Discharge Authority are timely and adequately addressed through dedicated action plans and this within the agreed deadlines or in case no specific target date is specified the latest within twelve months after the communication of the recommendation (internal EIOPA KPI).

### INTERNAL AUDIT SERVICE

EIOPA is audited annually by its Internal Auditor, i.e. the European Commission's Internal Audit Service.

In 2023 the IAS performed an audit of the 'Procurement and Contract Management' processes. The objective of the audit was to assess if the risk management and internal control framework set-up by EIOPA for its procurement and its contract management activities is adequately designed, efficient and effective and provides reasonable assurance that the key internal control objectives are achieved.

The audit covered the design and implementation of the procurement process from the identification of the needs (including the procurement planning) until the contract signature, and the contract management activities after the signature of the contract until contract end.

The IAS issued the Final Audit Report on 26<sup>th</sup> January 2024. The report identified strengths and a number of areas for further improving the internal working methods, some classified as important and two as very important (none rated as critical). The latter improvements refer to aspects of the EIOPA internal processes (training and guidance documentation, planning, monitoring and reporting, management of risks, award criteria definition) and one refers to compliance aspects. The action plan and its implementation will take place in 2024.

Also in 2023 the IAS started a 'Multi-entity audit on coordination between DG FISMA and the EBA, EIOPA and ESMA'. The objective of the audit is to assess the efficiency and effectiveness of the coordination between DG FISMA and the three European Supervisory Authorities (ESAs) on financial services. The preliminary audit phase started in December 2023 and a more detailed description of the purpose, objective and scope of the audit will be communicated after its conclusion, envisaged before the end of Q1 2024. The rest of the audit activities will take place in 2024-2025.

From past audits, EIOPA continued in 2023 to address the remaining recommendations from the audit on the 'Intervention Measures' (2021-2023). This audit resulted in three recommendations which EIOPA addressed via the agreed action plan. Its implementation finalised within the schedule, before the end of 2023. The official closure of the audit has been communicated to EIOPA on 8<sup>th</sup> March 2024.

## QUALITY CONTROL COMMITTEE

The Quality Control Committee (QCC) supports EIOPA by overseeing and assessing the appropriate implementation of the internal procedures and decisions. In 2023 the QCC's main focus was on the review of the "Preparations of BoS-meetings, meeting modalities (in person / hybrid) and the functioning of written procedures". The final review report was approved by the Management Board in September 2023, followed by EIOPA developing an action plan addressing the different recommendations. This implementing is ongoing and will be concluded by the end of Q2 in 2024.

## EUROPEAN COURT OF AUDITORS

EIOPA is audited every year by the external auditor, the European Court of Auditors. The audit provides a Statement of Assurance regarding the reliability of the accounts of the Agency and the legality and regularity of the transactions underlying them. In addition, an independent external auditor verifies the income, expenditure and financial position of EIOPA.

The ECA audit over the financial 2023 accounts started in September and the final report is expected to be received in Q3 2024.

The audit report on the EIOPA 2022 accounts was adopted by the Court on 19 September 2023<sup>99</sup>. **The Court's statement of assurance provided to the European Parliament and the Council regarding the** reliability of the accounts and the legality and regularity of the transactions underlying the accounts is the following:

<sup>99</sup> [Annual report on EU agencies for the financial year 2022 - Publications Office of the EU \(europa.eu\)](#)

## OPINION BOX



## OPINION ON THE RELIABILITY OF THE ACCOUNTS 2022

“In our opinion, EIOPA’s accounts for the year ended 31 December 2022 present fairly, in all material respects, EIOPA’s financial position at 31 December 2022, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission’s accounting officer. These are based on internationally accepted accounting standards for the public sector.

### *Legality and regularity of the transactions underlying the accounts*

In our opinion, the revenue underlying the accounts for the year ended 31 December 2022 is legal and regular in all material respects.

In our opinion, the payments underlying the accounts for the year ended 31 December 2022 are legal and regular in all material respects.”

The accounts audit 2022 finalised with one observation (please see below details). EIOPA has addressed the observation already before the beginning of the audit and

therefore no other action is expected. The formal closure is being assessed by ECA at the time of drafting the report.

### ECA Observation

In 2017, EIOPA procured telecommunication services for mobile phone communication in an open procedure, for a period of four years. In July 2021, EIOPA launched an open procedure to procure these services again. The only tenderer was the company with which EIOPA had concluded the previous contract. The award decision was taken in December 2021. The contract itself was finally signed in April 2022, as an amendment to the previous contract reflecting the conditions of the new procurement. Contrary to Point 1.1. of Annex I of the Financial Regulation, the contract was for an indefinite period, with the possibility for EIOPA to end it after the fourth year. To ensure continuity of business, EIOPA did not terminate the old subscription after four years, and documented this deviation in an exception note. Between December 2021 and April 2022, the old subscription was used without any legal basis. The related payments, which all occurred in 2022 and which amounted to €25 607, are irregular.

### EIOPA replay

While EIOPA launched on time a new open procedure for mobile telecommunication services, delays occurred due to the clarification of technical (data protection) aspects. As a consequence, the Authority was unable to finalise the new public procurement procedure before the expiration of the previous contractual period. For operational business continuity reasons, the previous contractual terms were extended beyond the 48-month period (for 4 months in total) and transparently reported by EIOPA in its register of exceptions. The event occurred at a time where the Covid-19 outbreak was heavily hitting Europe, creating new challenges for all parties to adapt their workflows to a new reality. This was the main reason why the contractor was not able to react faster and have the contract in place as anticipated, despite the efforts made by EIOPA.

In 2022 EIOPA also followed up on the open audit actions from previous years, for which the implementation status has been deemed as completed by the Court and therefore EIOPA has finalised the financial year without any open observation from previous accounts audit.

In 2023 ECA also announced the launch of a performance audit in the area of occupational pensions. The audit is still in the scoping phase and the fieldwork will start in Q2 2024.

## FOLLOW-UP ON DISCHARGE

On 10 May 2023, the European Parliament granted EIOPA the Discharge 2021 and approved the closure of its annual accounts (2022/2106(DEC)). In reply to the Discharge Authority, the EIOPA Board of Supervisors adopted its Opinion and informed accordingly the European Parliament on 18 September 2023 on the measures taken to address any

possible deficiency or uncertainty raised during the discharge exercise<sup>100</sup>.

## ENVIRONMENTAL MANAGEMENT

Having finalised the establishment and validation of its environmental management system, the Authority obtained ISO 14001:2015 certification on 28 November 2022. The formal EMAS accreditation by the Hessen authorities was granted on 28 February 2023. Throughout the year, EIOPA continued to maintain and refine its environmental management approach in line with the EMAS-prescribed regular audit cycle. In July 2023, an internal audit confirmed the Authority's compliance with all legal and regulatory requirements and noted four non-conformities for which corrective actions have subsequently been taken. This was followed by an external verification audit in October 2023, which found no non-conformities and reconfirmed EIOPA's compliance with the requirements of EMAS and ISO 14001.

## MANAGEMENT ASSESSMENT

The building blocks of management assurance at EIOPA consist of several core elements. These are rooted in the implementation of the Internal Control Standards and continued strong management oversight of both operational and horizontal activities, and adherence to principles such as sound financial management. Regular reviews by EIOPA's Internal Control Coordinator and

audits of EIOPA by the Internal Audit Service, the EIOPA Quality Control Committee and the European Court of Auditors provide impartial and thorough reviews of these measures, and are a further element of management assurance.

The Authority has adopted a set of internal control principles, based on international good practices, aimed to ensure the achievement of operational and administrative objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these principles. EIOPA has assessed the internal control system during the reporting year and has concluded that the internal control components and principles are implemented and functioning, with some improvements needed (see the chapter below on the Internal Control System).

In addition, EIOPA has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the Internal Audit Service, the European Court of Auditors, and the Quality Control Committee and audit firms. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives.

Overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. With this framework in place, EIOPA is confident there are no significant weaknesses that would create reservations or impact on the validity on the Declaration of Assurance.

<sup>100</sup> [Opinion on the decision of the European Parliament in the discharge procedure in respect of the implementation of the budget for the financial year 2021](#)

## PART III - ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

### EFFECTIVENESS OF INTERNAL CONTROL FRAMEWORK (ICF)

EIOPA's Internal Control Framework was adopted by the Management Board in November 2018 and is applicable since January 2019. The framework consists of five internal control components and 17 principles which are further developed in 49 characteristics. The framework has been developed in line with the European Commission guidance and it follows the COSO<sup>101</sup> model.

The monitoring cycle of EIOPA's internal control system is based on ongoing activities and specific periodical assessments. The deficiencies identified in the context of the monitoring activities are important elements taken into account in the annual assessment of the presence and functioning of the internal control system. Moreover, the methodology on which the annual assessment is conducted also includes the in-depth analysis of a set of indicators measured individually or via staff survey and the audits results. The indicators and related monitoring data are discussed and approved on an annual basis by EIOPA's Executive Director.

The 2023 assessment has concluded that all the components and principles are implemented and function, with some improvements needed. The components 'Control Environment', and 'Control Activities' were assessed as: the principles are effective, present and functioning, some improvements are needed as one moderate deficiency remains. The components 'Risk Assessment', 'Information and Communication' and 'Monitoring Activities' were assessed as: the principles are fully effective, present and functioning well (minor improvements needed).

The self-assessment enabled EIOPA to identify the main internal areas for improvements, which will be addressed

by concrete actions. These areas for improvement refer to the compliance challenges while striving for operational performance and business continuity, reinforcement of the efficiency, agility, clarity, guidelines of EIOPA's processes, monitoring and increasing the impact analysis of the learning activities and resource planning and allocation with special focus on the increasing entrusted tasks without (sufficient) additional resources and on the capability of EIOPA to attract and retain skilled staff.

### CORPORATE RISK MANAGEMENT

#### Risks

During the course of 2023, EIOPA identified, monitored and took measures to mitigate the effects of the following risks:

- › Incapacity to deliver on new mandates whilst also delivering existing commitments

To mitigate the impacts of this risk, EIOPA applied impact assessment of every new task, pro-actively engaging with its Boards and the EU institutions in order to support the legislator in informed decision-making through strategic discussions on developments in the external environment and the impact on EIOPA resources. Furthermore, the Authority continued to apply resource planning and prioritisation measures, ensuring that available resources are focused on delivering the greatest benefit while also ensuring speedy recruitment process.

Additionally, EIOPA continued its business process optimisation initiatives, automating and streamline business processes, capitalising on shared services and Data & IT strategy and digital solutions thus increasing internal and external productivity through the use of digital solutions.

- › Inadequate resources or lack of expertise to adapt to the new challenges

<sup>101</sup> <https://www.coso.org/Pages/default.aspx>

EIOPA continued its efforts towards branding the Authority as an attractive employer, that includes a modern working environment and strong talent management provisions. Also, in its role as the Chair of EU Network of Agencies (EUAN) EIOPA further promoted relevant initiatives. In order to adapt to future needs while building business continuity, EIOPA took steps in the preparation of current staff on new mandates and activities focusing on building internal capacity in order to minimise knowledge gaps.

› Cyber security threats

In 2023, EIOPA continued strengthening its security posture and resilience, with a focus on awareness, incident detection and response, vulnerability management and testing. EIOPA performed several infrastructure and application penetration tests, with positive outcomes. The Authority also increased investments in strong incident response capabilities and continues to work closely with CERT-EU, EU agencies and other organisations to be both cost-effective and up to date on developments.

› Inflation causing risks to the implementation of EIOPA's budget and contractual agreements

To mitigate the challenges caused by high inflation, EIOPA intensified its budget planning and prioritisation activities ensuring that available resources are focused on monitoring the inflation's effect on economy, including continuous prioritisation and reallocation of resources. EIOPA also identified reserves in projects that can be delayed and planned budget implementation scenarios.

### Risk management process

EIOPA's risk management process is intended to systematically identify and assess potential risk events and then plan and, if required, implement responses to them. Such events can originate from within the Authority or be driven by external forces. The likelihood of an event occurring and the impact of its consequences on an objective should it occur will vary. This variance is discussed in terms of risk exposure.

The aim of the process is to provide Executive Director and Management Team with an overview of the aggregated risks, and in particular to allow the management to focus on those with a potential material impact on its work programme and wider operations, and to offer responses to mitigate and overcome risks as they occur. Based on the level of negative exposure, EIOPA considers steps to

prevent the event from happening (if within its power), avoid it or mitigate the negative consequences. Staff at all levels of the Authority are asked to consider risks in their work, assess them using a standardised scale and then consider appropriate and proportionate responses, escalating material risks to management when needed. Such an approach is essential and will aid the management as it oversees implementation of an ambitious work programme.

EIOPA's risk management process is in line with internal control principle No 7, which defines how risks should be managed to assure the achievement of the institutional objectives.

Following the initiative of the European Commission, EIOPA in cooperation with DG FISMA and the other European Supervisory Authorities, conducted a peer risk assessment in order to identify the most important strategic risks in a "cluster" approach, in an effort to better inform the Commission's own risk assessment.

EIOPA's risk management process is integrated into the planning and reporting processes including quarterly monitoring activities.

### Anti-Fraud

EIOPA's Anti-Fraud Strategy 2022-2024 has the following objectives:

1. **Prevent:** denying opportunities through reliant processes and systems; and building on EIOPA's anti-fraud culture;
2. **Detect and investigate:** enhancing EIOPA's capability to detect irregularities across its processes; and being ready to support investigations by the appropriate authorities;
3. **Recover, mitigate and impose sanctions:** taking measures to recoup losses; managing the risks related to any act of fraud; and providing an appropriate response for those found to have perpetrated an act of fraud;
4. **Exploit:** learning lessons from incidents to help harden processes against fraud; and ensuring EIOPA staff are aware of the consequences of committing fraud.

EIOPA assesses changes to the threat of fraud it faces on an annual basis, which informs a limited review of its priorities and objectives. A new full review of the strategy

is planned for 2024 and that will provide the basis of the strategy for 2025-2027.

In 2023, EIOPA continued to undertake work on its priority areas with a focus on enhancing the detection of anomalies in the normal functioning of processes that might indicate fraud is occurring. This will be achieved through the implementation of a suite of “red flags” on which EIOPA will collect data to monitor trends and outcomes and should an anomaly be identified; further assessment will be undertaken to understand the causes. Should the causes be determined suspicious, EIOPA will issue a report to OLAF, the EU Anti-Fraud Office.

EIOPA also continued to inform staff on the risks of fraud, their relevant obligations and the consequences should any party seek to perpetrate an act of fraud. In support of this, EIOPA will maintain measures to address ethics and conflicts of interest and encourage staff to make use of existing channels to report any concerns (i.e. whistleblowing).

In terms of potential fraud, in 2023 EIOPA did not have cases under investigation (or open) by OLAF<sup>102</sup>.

## Ethics

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The importance of acting ethically at EIOPA, be it by the members of its Boards or by its staff, is key to promote

the trust and confidence of EIOPA's stakeholders in the Authority's work.

To ensure a decision-making process based on the compliance of an ethical behaviour, EIOPA has adopted a Code of Good Administrative Behaviour and detailed Rules on Ethics, for staff and non-staff.

Awareness and compliance start with the submission of a declaration on intention and declaration of interests. Regular information sessions, the yearly submission of the declarations of interests and the repeated assessment of potential conflict of interests before each Board meeting ensures the adherence to EIOPA's ethical principles.

The Ethics Rules, as well as the individual declarations of the Board members, and the declaration of interests of EIOPA's Chairperson and Executive Director are available on EIOPA's website.

## Assessment of the Effectiveness of the internal control framework (ICF)

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Based on the above-mentioned control sources and previous years continuous improvements with concrete measures, no significant weakness has been unveiled which could have a material impact on EIOPA achieving its objectives. Therefore, the assessment concluded that the internal control system implemented by the Authority provides sufficient assurance to the adequate management of EIOPA's operations.

<sup>102</sup> [OLAF home \(europa.eu\)](https://www.europa.eu)



## STATEMENT OF THE MANAGER IN CHARGE OF RISK MANAGEMENT AND INTERNAL CONTROL

I declare that I have reported my advice and recommendations on the overall state of internal control and risk management in EIOPA to the Executive Director and to the Management Board.

I hereby certify that the completeness and reliability of management reporting on the state of internal control and risk management is to the best of my knowledge, accurate, reliable and complete.

Danny Janssen

Internal Control Coordinator and Risk Manager

[signed]

## DECLARATION OF ASSURANCE

I, the undersigned,

Fausto Parente, Executive Director of EIOPA, in my capacity as Authorising Officer,

- declare that the information contained in this Consolidated Annual Activity Report 2022 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:

- results of the annual internal control self-assessment, including audits recommendations and implementation of the measures to address the weaknesses identified, exceptions management, ex-ante and ex-post controls;
- the progress and follow-up of risk management 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.

Fausto Parente

[signed]

# ANNEXES

## ANNEX I: CORE BUSINESS STATISTICS

EIOPA monitors delivery of its Annual Work Programmes (AWP) through the development of an Annual Implementation Plan (AIP). For each product and service in its AWP, specific milestones are planned, the involvement of different departments and horizontal functions is specified, and risks are recorded. Throughout the year, EIOPA's management is informed of the status of this work and decides on changes such as the introduction of new work or de-laying and de-prioritising existing tasks via quarterly reports of its AWP implementation.

EIOPA ended the year with a work programme including 332 different products and services. The majority of EIOPA's work was delivered as planned and this equates to 313 or 94% of the total. Only 3 products and services experienced minor delays and 16 were not taken forward.

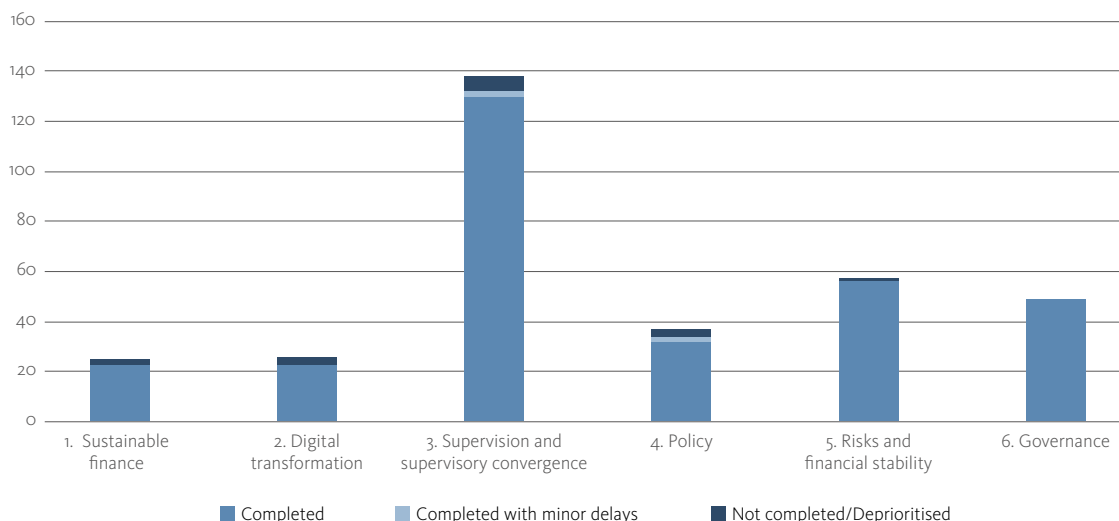
Several deliverables in the supervision, supervisory convergence and digital transformation areas were deprioritised due to the focus on the preparatory work for DORA, such as the follow-up and monitoring of the Supervisory Statement on the treatment of non-affirmative cyber risk, sound underwriting practices and accumulation risk ad-

ressing undertakings, some of the Suptech projects, the Conduct of Business Supervisory workshops (which was replaced by a JC workshop), and the development of the Single Electronic Register for Passporting Intermediaries (opting for a more proportionate approach taking into account the resource implications) and some descaling of on-site inspections and country visits. Additionally, the maintenance of the Solvency II rule book on EIOPA's website faced some minor delays.

The timing and final outcome of the Solvency II Directive review continued to present uncertainties which led to postponement or descaling of some deliverables such as the preparatory work on the report on potential measures to develop an integrated data collection within the context of Solvency II Review, and the development of a proportionality rulebook. Also, work on best practices for defined contribution pensions was deprioritised in light of the IORP II call for advice.

Due to shifting priorities in other areas, some deliverables were postponed, such as the evaluation of the competitiveness of the insurance business in real terms, the en-

2023 Annual Work Programme Implementation



hancement of the functionality of the IDD rulebook, the analysis on minimum sustainability criteria for financial products with green characteristics (instead ESAs issued a joint opinion), the revision of EIOPA's Supervisory handbook chapter on Supervision of Climate Change Risks, and the annual report on PEPP.

Lastly, dependency to third parties led to some minor delays in the delivery of the implementation of information exchange for fitness and propriety and the monitoring of the EU US covered agreement.

## KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPIs) are an important tool for monitoring EIOPA's progress in relation to its defined strategic ambition. EIOPA has set 19 strategic level targets for performance across its six main areas of work. Of these, EIOPA achieved or exceeded the target for 17 KPIs in 2023.

KPI	Status
Number of sustainability deliverables across EIOPA that include ESG considerations <i>Target: Yearly increase (the exact number will be based on 2022 baselining)</i>	Met
Usage of NatCat dashboard in our website <i>Target: 2023-2025: Yearly increase -exact target to be confirmed once website statistics become available.</i>	N/A <sup>103</sup>
Implementation of DORA adequately considering sectoral specifications and proportionality principle. <i>Target 2023-2025: Draft technical standards developed jointly with EBA and ESMA.</i> <i>Proportionality principle and sectoral specifications (when appropriate) clearly defined in draft technical standards or other EIOPA tools</i> <i>Reports on the ESRB Recommendation of 2 December 2021 on a pan-European systemic cyber incident coordination framework for relevant authorities.</i>	Almost met <sup>104</sup>
Implementation of Art. 31 database and usage of the system by members based on number of information requests <i>Target: Implementation.</i>	Not met <sup>105</sup>
Number of national initiatives taking inspiration from deliverables (reports, thematic reviews, conduct oversight country visits, recommendations in the course of oversight work more generally, etc.) of EIOPA's conduct of business supervision framework and broader consumer protection work. <i>Target:12</i>	Exceeded
Data available in the Central Repository calculated as a percentage of number of insurance undertakings reported on with valid data by NCAs and market share of each country, as evidenced by the completeness ratio of technically valid reports of the Quantitative Reporting Templates (QRTs). <i>Target: 97% of number or 99% of market share</i>	Exceeded
Data quality of Solvency II information available in the Central Repository, calculated based on the agreed methodology. <i>Target: List of assets (using assets value): ratio of good quality data higher than 93,5%</i> <i>Overall quality (using market share): ratio good quality data higher than 93,5%</i>	Exceeded

<sup>103</sup> The extremely high yearly increase in 2023(+1838%) is not representative because (i) the dashboard was published in December 2022 (ii) the release of a new website in 2023 caused a spike in the visits also by internet bots with automatic web indexing purposes.

<sup>104</sup> Concerns regarding the proportionality principle.

<sup>105</sup> Implementation of Article 31 faced delays.

KPI	Status
Timely publication of the RFR.  <i>Target: Twelve publications a year – meeting the deadline of publication within three working days of the beginning of the month.</i>	Met
Percentage of supervisory or policy actions taken by NCAs following observations and feedback from EIOPA's Oversight teams.  <i>Target: 80%</i>	Almost met <sup>106</sup>
Average number of respondents to public consultations on consumer protection topics per consultation.  <i>Target: 120</i>	Exceeded
Timely and technically sound follow-up to the 2020 Opinion on the review of the Solvency II Framework.  <i>Target: 100% timely response to EU institution call for further input during the co/legislator process</i>	Met
Active participation in the IAIS leading to material progress of SII as practical implementation of IAIS ICS as global standard for international groups  <i>Target: Monitoring phase of ICS 2.0 continues and adaptations remain largely in line with the Solvency II Directive..</i>	Met
Timely and technically appropriate development of a regulatory framework for pensions  <i>Target: Progress on delivery of the IORP II Directive advice consistent with the deadline.</i>	Met
Number of products including concrete proportionality proposals/provisions or duly explanation why they don't  <i>Target: 100%</i>	Met
Citations of EIOPA's Financial Stability products in research journals and publications from other public institutions in the field of financial stability.  <i>Target: 10</i>	Exceeded
Number of financial stability risks with a material impact, not identified within the agreed scope of the Stress Test, FSR, or other publications, materialising within one year of the publication.  <i>Target: 0</i>	Met
Number of downloads of statistics available on EIOPA's website  <i>Target: 5% increase compared to the previous year</i>	N/A <sup>107</sup>
Percentage of audit findings from European Court of Auditors and Internal Audit Service addressed by improvement measures by the agreed deadline, or if no deadline was set, within 12 months of the final finding being issued.  <i>Target: 100%</i>	Met
Implementation rate of EIOPA's budget: Percentage of the approved budget committed.  <i>Target: 99%</i>	Met

<sup>106</sup> 77.5%

<sup>107</sup> The increase of visits between 2021-2023 is not representative due to (i) the drop of 2022 website usage caused by the website migration as well as (ii) the launching of the new website in 2023 that caused a spike in the visits also by internet bots with automatic web indexing purposes.

## ANNEX II: STATISTICS OF THE FINANCIAL MANAGEMENT

### BUDGET EXECUTION

#### Budget Execution 2023 by Title

Title	Initial adopted budget	Final budget (following amendments and transfers)	Variance % (initial budget vs final budget)	Committed	% Committed
Title I - Staff Expenditure	25,841,413	24,737,507	-4.27 %	24,371,480	99.98 %
Title II - Administrative Expenditure	3,483,340	3,428,392	-1.58 %	3,316,067	99.21 %
Title III - Operational Expenditure	6,456,035	8,548,593	32.41 %	8,102,087	99.87 %
<b>GRAND TOTAL</b>	<b>35,780,788</b>	<b>36,714,492</b>	<b>2.61 %</b>	<b>35,789,634</b>	<b>99.89 %</b>

Percentages of commitments and payments executed of budget 2023 and carry-forward of budget 2023 to 2024 per Title:

Title	Final budget 2023	Committed <sup>108</sup>	% Committed	<sup>109</sup> Paid in 2023	% Paid in 2023	Carry-forward <sup>110</sup> to 2024	% Carry-forward to 2024
Title I - Staff Expenditure	24,737,507	24,371,480	99.98 %	24,217,603	99.35 %	153,876	0.63 %
Title II - Administrative Expenditure	3,428,392	3,316,067	99.21 %	3,122,466	93.41 %	195,884	5.86 %
Title III - Operational Expenditure	8,548,593	8,102,087	99.87 %	6,396,734	78.85 %	1,701,231	20.97 %
<b>GRAND TOTAL</b>	<b>36,714,492</b>	<b>35,789,634</b>	<b>99.89 %</b>	<b>33,736,803</b>	<b>94.16 %</b>	<b>2,050,991</b>	<b>5.72 %</b>

Execution of carry-forward from 2022 to 2023 by Title:

Budget Title	Carry-forward from 2022	Carry-forward from 2022 - Paid amount	% Carry-forward from 2022 - Paid
Title I - Staff Expenditure	330,226	280,480	84.94 %
Title II - Administrative Expenditure	184,704	167,114	90.48 %
Title III - Operational Expenditure	2,221,344	2,152,021	96.88 %
<b>GRAND TOTAL</b>	<b>2,736,274</b>	<b>2,599,615</b>	<b>95.01%</b>

<sup>108</sup> C1 appropriations

<sup>109</sup> C1 appropriations

<sup>110</sup> Refers to C1 appropriations. C4 internal assigned revenue relating to DG Reform SLA is treated differently as the 2023 remaining appropriations will be carried over to 2024 and off-set from the claim for 2024, and thus will be part of 2024 funds.

## Budget outturn and cancellation of appropriations

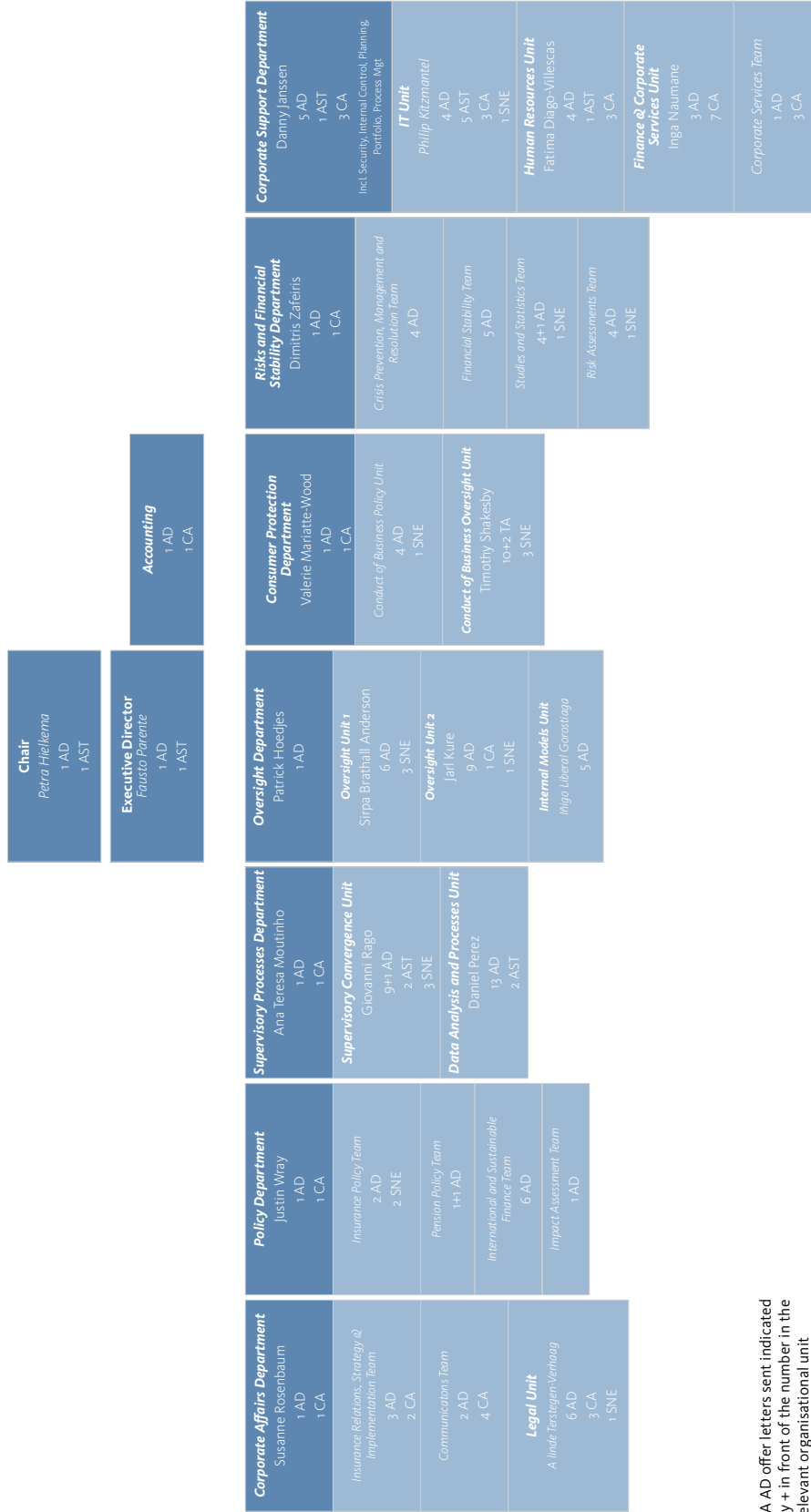
Calculation budget outturn	2021	2022	2023
Reserve from the previous years' surplus (+)	-	-	
Revenue actually received (+)	33,275,150.28	35,015,757.73	36,091,775.19
Payments made (-)	-26,116,432.24	-32,082,158.97	-33,855,432.28
Carryover of appropriations (-)	-7,039,693.03	-2,831,153.05	-2,275,999.02
Cancellation of appropriations carried over (+)	140,688.32	241,175.92	136,659.14
Adjustment for carryover of assigned revenue appropriations from previous year (+)	7,877.51	175,477.97	41,297.00
Exchange rate differences (+/-)	-5,720.17	-12,391.78	-3,075.62
Adjustment for negative balance from previous year (-)			
<b>TOTAL</b>	<b>261.870,67</b>	<b>506.707,82</b>	<b>135,224.41</b>

## NUMBER AND VALUE OF BUDGET TRANSFERS

In 2023, six budget transfers were authorised in the EIOPA financial system. The budget transfers were executed according to the rules laid down in Article 26 of the EIOPA Financial Regulation.



ANNEX III: ORGANISATIONAL CHART



TA AD offer letters sent indicated by + in front of the number in the relevant organisational unit

## ANNEX IV: ESTABLISHMENT PLAN AND ADDITIONAL INFORMATION ON HUMAN RESOURCES MANAGEMENT

### ESTABLISHMENT PLAN 2023

Function group and grade	2022	
	Final budget	Filled as at 31/12/2022
AD 16	1	0
AD 15	1	2
AD 14	1	0
AD 13	4	2
AD 12	6	5
AD 11	7	4
AD 10	14	10
AD 9	18	15
AD 8	18	11
AD 7	24	28
AD 6	21	25
AD6 DGREFORM	1	1
AD6 RIS	0	0
AD 5	9	22 (incl. 5 offer letters)
AD5 DORA	5	0
AD total	130	125
AST 11	0	0
AST 10	0	0
AST 9	0	0
AST 8	1	0
AST 7	2	1
AST 6	4	2
AST 5	5	5
AST 5 DORA	1	0
AST 5 RIS	0	0
AST 4	2	4
AST 3	0	1
AST 2	0	0
AST 1	0	0
AST total	15	13
<b>TOTAL</b>	<b>145</b>	<b>138</b>

\* Some posts are in practice filled at a lower grade.

Contract Agents	Filled as at: 31.12.2022	Filled as at: 31.12.2023
Function Group IV	12	9
Function Group III	23	25
Function Group II	1	1
Function Group I	0	0
<b>Total</b>	<b>36</b>	<b>35</b>
<b>Seconded National Experts</b>	<b>24</b>	<b>18</b>

The table includes 5 TA/AD5 and 1 TA/AST5 posts, all fee-funded, foreseen for the direct oversight work under the Digital Operational Resilience Act (i.e; DORA) as these posts were included the 2023 Establishment Plan

adopted by the Budgetary Authority. Although Regulation (EU) 2022/2554 was adopted on 14 December 2022, the fee-funded posts shall not be filled until 2025 when the direct oversight work shall begin.

## ENTRY LEVEL FOR EACH TYPE OF POST

Key functions (examples)	Type of contract (official, TA or CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administration support or policy (operational)
CORE FUNCTIONS			
Head of Department	TA	AD 12	Administration support and operational
Head of Unit	TA	AD 9	Administration support and operational
Head of Sector	n/a	n/a	n/a
Senior Officer / Principal Expert	TA	AD 9-11	Administration support and operational
Officer / Senior Expert	TA	AD 7-8	Administration support and operational
Junior Officer / Expert	TA + CA	AD 5-6 + FG IV	Administration support and operational
Senior Assistant/Specialist	TA + CA	AST 4 + FGIII	Administration support
Junior Assistant	TA +CA	AST 2 + FGII	Administration support
SUPPORT FUNCTIONS			
Head of Administration	TA	AD 12	
Head of Human Resources	TA	AD 9	
Head of Finance	TA	AD 9	
Head of Communication	TA	AD 9	
Head of IT	TA	AD 9	
Senior Officer / Principal Expert	TA	AD 9-11	
Officer / Senior Expert	TA	AD 7-8	
Junior Officer / Expert	TA + CA	AD 5-6 + FGIV	
Webmaster- Editor	CA	FGIV	
Secretary	CA	FGIII	
Mail Clerk	n/a	n/a	

Key functions (examples)	Type of contract (official, TA or CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administration support or policy (operational)
SPECIAL FUNCTIONS			
Data Protection Officer	TA	AD 6	
Accounting Officer	TA	AD 6	
Internal Auditor	n/a	n/a	
Secretary to the Director/ Personal Assistant to the Senior Management	TA	AST 3	

### STATISTICS FROM JOB SCREENING/BENCHMARKING EXERCISE

Job type (sub) category	2022 (%)	2023 (%)
<b>Administrative Support and Coordination</b>	<b>10.7%</b>	<b>11.5 %</b>
Administrative Support	9.2%	9.4 %
Coordination	1.5%	2.1 %
<b>Operational</b>	<b>84.2%</b>	<b>83.2 %</b>
Top Level Operational Coordination	2.0%	2.1 %
Programme Management & Implementation	75.5%	71.2 %
Evaluation & Impact Assessment	1.0%	1.0 %
General Operational	5.6%	8.9 %
<b>Neutral</b>	<b>5.1%</b>	<b>5.2 %</b>
<i>Finance &amp; Control</i>	5.1%	5.2 %
<i>Linguistics</i>	0.0%	0.00 %

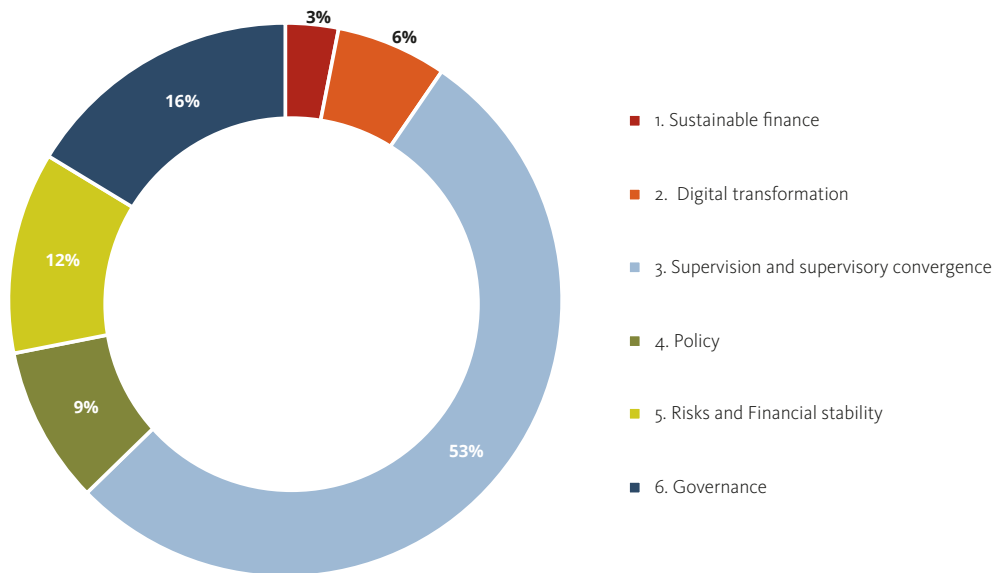
## ANNEX V: HUMAN AND FINANCIAL RESOURCES BY ACTIVITY

### ALLOCATION OF HUMAN RESOURCES

In 2023, EIOPA's human resources were predominantly allocated to the area of prudential and conduct of business supervision and supervisory convergence (53% versus 55% in 2022). EIOPA increased substantially the staff allocated to digital transformation (6% compared to 3% in 2022), while it maintained the percentage of human resources allocated to Sustainable finance tasks (3%). There was a decrease of staffing levels in the areas of prudential

and conduct of business policy (9% compared to 12% in 2022). The staffing levels in the area of risks and financial stability remained similar to 2022 (12%).

The remaining staff (16% versus 17% in 2022) were allocated to horizontal tasks, including providing legal support, maintaining IT solutions, running EIOPA's headquarters and management of the Authority itself (staff, finance and tasks).



### ALLOCATION OF OPERATIONAL BUDGET

EIOPA's operational expenditure in 2023 has been driven by the objective to increase efficiency through digital transformation. Key activities included:

- › The implementation of EIOPA's Cloud Strategy to reinforce agility and security;
- › The development of a major new version of the data collection infrastructure based on significant updates to the XBRL taxonomies, especially for Solvency II;
- › Further enhancements to EIOPA's data analytics capabilities;
- › The rollout of a new platform for cross-border notifications shared by all competent authorities;
- › New initiatives on business process automation for increased efficiency in the areas of collaboration, HR and document management
- › The preparation of a system for the exchange of information when assessing fitness and propriety requirements (Art 31a).
- › Upgrades of core technical infrastructure to ensure continued service availability and business continuity.

## ANNEX VI: CONTRIBUTION, GRANT AND SERVICE LEVEL AGREEMENTS. FINANCIAL FRAMEWORK PARTNERSHIP AGREEMENTS

General information				Financial and human resource impact			
Date of signature	Total amount	Duration	Counter-part	Short description	Type of resources	2022	2023
25/03/20	396,000 Eur	24 Months	European Commission – Directorate General for Structural Reform Support (DG REFORM)	Administrative Agreement REFORM/ AA2020/001 -Targeted training on Insurance Supervision;	Amount	CA PA	CA PA
				Support to supervision on market conduct in the insurance sector in Italy.	Contract staff	1 CA for 6 months	
					SNE		
12/05/21	786,000 Eur	20 Months	European Commission – Directorate General for Structural Reform Support (DG REFORM)	Administrative Agreement REFORM/ AA2021/001: Enhancing conduct supervision in insurance in Portugal;	Amount	CA PA	CA PA
				Enhancing insurance supervision of conduct and product risks in Greece;	Contract staff	393,000 Eur 1 CA	122,000 Eur
					SNE		
24/08/22	1,783,714 Eur	48 Months	European Commission – Directorate General for Structural Reform Support (DG REFORM)	Reform of pillar II pensions in Greece.	Amount	CA PA	CA PA
				Administrative Agreement REFORM/ AA2022/003:	Contract staff	361,039 Eur	883,874 Eur
				- EU Supervisory Digital Finance Academy		361,039 Eur	883,874 Eur
				- Transition to forward-looking IOPR supervision in Ireland			
				- Insurance Conduct of Business Supervision – Development of a risk assessment framework and supervisory methodology including mystery shopping in Hungary			
					Temporary staff	1 TA for 3 months	1 TA
					Contract staff	1 CA for 3 months	1 CA for 12 months
							1 CA for 9 months
							1 CA for 11 months

## ANNEX VII: COMMITTEES AND TASK FORCES

EIOPA's Board of Supervisors, its main decision-making body, is supported by various working groups.

### COMMITTEE ON CONSUMER PROTECTION AND FINANCIAL INNOVATION

The Committee on Consumer Protection and Financial Innovation (CCPFI) plays an important role in EIOPA's work in the area of conduct of business regulation and supervision. It is specifically mandated by EIOPA's founding regulation to "bring together all relevant competent authorities and authorities with a view to enhancing consumer protection, achieving a coordinated approach to the regulatory and supervisory treatment of new or innovative financial activities, and providing advice for EIOPA to present to the EU institutions". The Committee facilitates EIOPA in advancing its strategy towards a comprehensive risk-based and preventive framework for conduct of business supervision by:

- › Taking a proactive role in intervening early to tackle risks of consumer detriment;
- › Building a coordinated understanding of issues that go beyond one national market; and
- › Fostering convergence across the EU by promoting a high, effective and consistent level of regulation and supervision, including with regard to data needs.

### SUPERVISORY STEERING COMMITTEE

The Supervisory Steering Committee (SSC) contributes to EIOPA's role and tasks with the objective to improve the functioning of the internal market of the EU in the fields of insurance and pensions by strengthening the convergence and quality of supervision. The SSC supports EIOPA in setting the priorities for themes and topics strengthening supervisory convergence and provides a platform for exchange of views and information with regard to the implementation of the Solvency II framework. Furthermore the SSC steers the work on EIOPA tools to achieve supervisory convergence such as the Supervisory Review Process (SRP) Guidelines, Supervisory Statements, Internal Model consistency studies, or the Supervisory Handbook.

### RISKS & FINANCIAL STABILITY STEERING COMMITTEE

The Risks and Financial Stability Steering Committee (RFSC) contributes to EIOPA's role and tasks related to preserving the stability of the EU insurance and occupational pensions sectors in accordance with the EIOPA Regulation. The RFSC identifies, assesses and prioritises financial stability risks and focuses on potential adverse developments that could impact the European insurance and occupational pension sectors.

The analyses are based on a wide range of information, including financial stability analysis, financial market analysis, reporting information, as well as market intelligence and other sources. The RFSC shall operate EIOPA's institutional framework to carry out its crisis prevention, management and resolution responsibilities under the EIOPA Regulation.

The RFSC shall transform analytical conclusions into possible policy actions that EIOPA could take within the powers and responsibilities allocated to it under the Regulation. In particular, the RFSC supports a market surveillance and assessment framework to monitor and report on market trends and financial stability related issues, in line with EIOPA's annual work plan, bringing the relevant topics for discussion and decision to the Board of Supervisors.

### POLICY STEERING COMMITTEE

The Policy Steering Committee (PSC) contributes to EIOPA's role and tasks relating to the convergence of European prudential legislation in the field of insurance and pensions in accordance with the EIOPA Regulation. The PSC develops and monitors based on evidence, the appropriateness and effectiveness of the regulatory frameworks, and ensures the execution of major projects dealing with EIOPA's regulatory deliverables, including the review of the regulatory framework, the delivery of new regulation and policy as well as the steering on practical matters on the implementation of the relevant EU legal framework.



## IT AND DATA COMMITTEE

The Information Technology and Data Committee (ITDC) delivers advice on information technology and the transfer, storage and handling of data in EIOPA.

In particular, the ITDC deals with pan-European IT-related projects derived from EU legislation and any other area where EIOPA Members or EIOPA consider it necessary or useful to work together on IT and data issues. ITDC is a forum to discuss all IT and data issues between EIOPA and Members.

## AD HOC PEER REVIEW COMMITTEES

To foster convergence and strengthen consistency in the outcome of supervisory actions, EIOPA conducts peer reviews in accordance with Article 30(2) of the EIOPA Regulation on specific activities of NCAs, based on an agreed methodology and with experts from NCAs and EIOPA acting as reviewers. Peer reviews also strengthen the dialogue within and between supervisory authorities and in facilitating sharing of best practices. In 2019 and before the peer reviews were coordinated and overseen by the EIOPA Review Panel, comprising representatives of the NCAs and EIOPA.

## INSURTECH TASK FORCE

The Insurance Technology (InsurTech) Task Force (ITF) lead from 2017 to early 2024 EIOPA's work relating to issues and aspects arising from InsurTech. In particular, the ITF analysed topics such as Artificial intelligence, Open Insurance, cloud computing, new business models, innovation facilitators, licensing requirements and regulatory barriers to financial innovation and the use of Big Data by (re-)insurance undertakings and intermediaries (both incumbents and start-ups). Furthermore, the ITF mapped the supervisory initiatives undertaken by the different jurisdictions in the areas of InsurTech, with a view of establishing efficient and effective supervisory practices. The ITF also concentrated, among other tasks, on Digital Ethics, convergence on supervision of algorithms and explore

the benefits and risks arising from the use of blockchain and smart contracts for (re-) insurance and consumers. The ITF also has been monitoring other developments in the area of financial innovation, including on RegTech and crypto-assets, while recognising that reliable market monitoring can be challenging justifying the combination of different monitoring approaches to improve overall outcomes. In 2022 it was established the Artificial Intelligence Workstream with the aim to analyse the implication of the Ai Act on the insurance sector.

In view of the wide range of issues and aspects arising from InsurTech, the ITF gathered expertise from all the relevant disciplines including consumer protection, financial stability, policy, supervisory oversight, IT, etc. The ITF also liaised with all relevant EIOPA working groups and steering committees as well as with EIOPA's Stakeholder Groups. Moreover, the ITF ensured coordination with the relevant work being developed in the area of InsurTech by the European Commission, the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and other relevant EU and international institutions and bodies.

From April 2024, a Digital Finance Steering Committee has been established to carry on the InsurTech work with a better involvement of EIOPA, NCAs and other stakeholders' experts.

## ADVISORY COMMITTEE ON PROPORTIONALITY

In 2020, EIOPA established the Committee on proportionality in accordance to Article 1(7) of EIOPA Regulation. This committee constitutes an integral part of the Authority and has as its objective to advise EIOPA as to how, in full accordance with applicable rules, its actions and measures should take account of specific differences prevailing in the sector, pertaining to the nature, scale and complexity of risks, to business models and practice as well as to the size of financial institutions and markets to the extent that such factors are relevant under the rules considered.

## ANNEX VIII: ENVIRONMENT MANAGEMENT

EIOPA continuously aims to improve its environmental performance and lower the impact of its operations on the environment. In line with the European Court of Auditors' recommendation to all EU institutions and bodies, the Authority has implemented EMAS, the European Union's Eco-Management and Audit Scheme. With the assistance of external consultants, an environmental aspects register detailing EIOPA's key environmental impacts has been established and an action plan was created and is being updated regularly. In 2022, the Authority finalised the establishment and validation of its environmental management system and obtained ISO 14001:2015 certification on 28 November 2022. The formal EMAS accreditation by the Hessen authorities was granted on 28 February 2023.

In 2023, EIOPA continued to maintain and refine its environmental management approach in line with the EMAS-prescribed regular audit cycle. In July 2023, consultants carried out an internal audit, confirming the Authority's compliance with all legal and regulatory requirements. The internal review also noted four non-conformities for which corrective actions have subsequently been taken by the Authority. These related to minor deficiencies in the documentation of environmental impacts, the planning and monitoring of environmental objectives and actions as well as the completeness of safety data sheets for cleaning supplies. The internal review was followed by an external verification audit in October 2023, which found no non-conformities and re-confirmed EIOPA's compliance with the requirements of EMAS and ISO 14001.

In the context of the COVID-19 pandemic, EIOPA reviewed its multiannual environmental targets and had formulated the ambition to reduce its number of on-site meeting and missions by 35% as of 2022. These reduction targets subsequently have been further strengthened, reducing on-site meetings and missions by 40% as of 2023.

As EIOPA does not own and operate its own building and facilities but instead occupies rented office space, the scope for building-related environmental improvements is comparatively limited. However, the Westhafen Tower in Frankfurt, which houses all of EIOPA's offices, adheres to advanced sustainability and environmental standards, as accredited by the building's Leadership in Energy and Environmental Design Gold certification. In addition, EIOPA maintains regular exchanges with the landlord to identify and pursue opportunities for further

environmental improvement of the building's infrastructure, automation systems for lights, blinds, heating and cooling and relevant management processes for the operation of the premises. One such improvement is the implementation of additional waste containers to collect plastic and packaging waste for recycling by the local authorities. Another ongoing effort is the installation of chargers for electric vehicles.

Within the remit of EIOPA's own office, facility and staff policies and processes, the Authority has implemented several actions to reduce the impact of its business operations on the environment, and is pursuing others. Examples include the following:

- Implementation of desk-sharing to improve office space utilisation and to accommodate a larger number of staff without the need to rent additional floors;
- Reduced paper use by implementing e-workflows for most financial transactions;
- On-going digitalisation of further work processes (i.e. electronic signatures) and awareness campaigns to change staff behaviour;
- EIOPA's travel policy urges staff to use the train for distances of 400 km or less, one way;
- EIOPA's meeting room and audio-visual facilities have been upgraded to promote and facilitate the increased use of videoconferencing instead of travelling;
- For on-site catering, food is sourced locally and offers a great variety of vegetarian, plant based and organic options;
- EIOPA has adopted a sustainable public procurement approach and has trained all involved and interested staff;
- Coffee makers using capsules have been replaced with coffee machines using coffee beans from certified sustainable production;
- Water dispensers connected to tap water have been installed and replaced the previous transport-intensive deliveries of bottled water;
- The purchase of conference and print supplies has been significantly reduced and switched to products made from recyclable materials.

## ANNEX IX: ANNUAL ACCOUNTS

### EIOPA'S FINANCIAL PERFORMANCE IN 2023

EIOPA's annual accounts have been established in accordance with EIOPA's Financial Regulation, Title IX of the Framework Financial Regulation (FFR)<sup>111</sup>, and in accordance with the accounting rules adopted by the European Commission's Accounting Officer. The aforementioned regulations and rules are to be applied by all the institutions and union bodies and adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the EU. The reports on the implementation of the budget, instead, continue to be primarily based on movements of cash.

The accounting system of EIOPA comprises general accounts and budget accounts. These accounts are kept in Euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle. The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

### EIOPA – BUDGET RESULT

Budget outturn	Amounts in EUR		
	2021	2022	2023
Revenue actually received (+)	33,275,150.28	35,015,757.73	36,091,775.19
Payments made (-)	-26,116,432.24	-32,082,158.97	-33,855,432.28
Carry-over of appropriations (-)	-7,039,693.03	-2,831,153.05	-2,275,999.02
Cancellation of appropriations carried over (+)	140,688.32	241,175.92	136,659.14
Adjustment for carry over of assigned revenue appropriations from previous year (+)	7,877.51	175,477.97	41,297.00
Exchange rate differences (+/-)	-5,720.17	-12,391.78	-3,075.62
Adjustment for negative balance from previous year (-)			
<b>Total</b>	<b>261,870,67</b>	<b>506,707,82</b>	<b>135,224,41</b>

<sup>111</sup> COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

EIOPA uses only non-differentiated appropriations. In 2023, the authority was funded by contributions from the NCAs of the Member States and EFTA countries as well as by a subsidy from the European Commission. EIOPA also generated other income from administrative and service level agreements with DG Reform and from internal assigned revenue.

The total revenue was EUR 36,091,775.19. EIOPA made payments of EUR 33,855,432.28 from the appropriations available and carried over to 2024 appropriations of EUR 2,275,999.02. The total appropriations comprised funds available from the annual budget 2023 adopted by the Board of Supervisors, appropriations from 2022 carry-overs and from internal assigned revenue generated in 2023. The major part originated from the annual budget 2023. Cancelled appropriations from the carry-over of the previous year as well as appropriations available from 2022 internal assigned revenue increased the outturn while adjustments made for foreign exchange rate differences alleviated the positive effect. The budget result 2023 was EUR 135,224.41.

The total amount of appropriations carried over from 2023 to 2024 was EUR 2,275,999.02. The amount includes the carry forward of legal commitments of 2023 as well as the budget carry-over of internal assigned revenue. The carry forward rate was 5.73%. EIOPA duly justified these carry overs by contracts and obligations concluded in 2023 and to be honoured in 2024.

## EIOPA – STATEMENT OF FINANCIAL PERFORMANCE

The financial statements below show all income and charges on accrual basis complying with the accounting rules of COM.

EIOPA incurred a deficit of EUR 1,833,718.59. The reserves decreased. While the revenues generated in 2023 reflect the recovery of the annual budgetary contributions received in 2023, expenses incurred in 2023 also contained the payments made from 2022 carry-overs. High amounts of prepaid expenses booked in deferred charges in 2022 generated expenses in 2023. The revenue of these funds was recovered in 2022 and recognised in the accounts in 2022. Accrued charges for untaken leave days further increased the expenses and reduced the reserves without having the corresponding income in 2023. The total of deferred charges recognised in the annual accounts 2023 and the capitalisation of additional development expenditure for own software products partially compensated the negative effect.

	Amounts in EUR	
	2023	2022
European Union contribution	13,494,523.26	12,558,305.08
Other operating revenue	23,120,948.82	21,516,152.66
<b>TOTAL OPERATING REVENUE</b>	<b>36,615,472.08</b>	<b>34,074,457.74</b>
<b>Administrative expenses</b>	<b>-28,945,326.30</b>	<b>-28,179,975.02</b>
All Staff expenses	-21,505,122.86	-19,278,013.74
Fixed asset related expenses	-878,936.23	-904,016.48
Other administrative expenses	-6,561,267.21	-7,997,944.80
<b>Operational expenses</b>	<b>-9,699,977.61</b>	<b>-7,311,360.12</b>
Other operational expenses	-9,699,977.61	-7,311,360.12
<b>TOTAL OPERATING EXPENSES</b>	<b>-38,645,303.91</b>	<b>-35,491,335.14</b>
<b>SURPLUS/(DEFICIT) FROM</b>	<b>-2,029,831.83</b>	<b>-1,416,877.40</b>
<b>OPERATING ACTIVITIES</b>		
Financial revenues	196,609.24	23,241.51
Financial expenses	-496.00	-16,029.58
<b>SURPLUS/ (DEFICIT) FROM</b>	<b>196,113.24</b>	<b>7,211.93</b>
<b>NON OPERATING ACTIVITIES</b>		
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	<b>-1,833,718.59</b>	<b>-1,409,665.47</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>-1,833,718.59</b>	<b>-1,409,665.47</b>

## EIOPA - BALANCE SHEET- ASSETS

The balance sheet presents EIOPA's assets and liabilities on a full accrual-basis.

	Amounts in EUR	
	31.12.2023	31.12.2022
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
<b>Intangible assets</b>	<b>3,034,069.82</b>	<b>2.856.528,70</b>
<b>Property, plant and equipment</b>	<b>1,098,469.31</b>	<b>1.299.585,33</b>
Land and buildings	0.00	0.00
Plant and equipment	0.00	0.00
Computer hardware	83,295.60	136,833.60
Furniture and vehicles	239,619.98	304,361.22
Other fixtures and fittings	775,553.73	858,390.51
Property, plant and equipment under construction	0.00	0.00
<b>Long-term receivables and recoverables</b>	<b>0.00</b>	<b>0.00</b>
Long-term receivables and recoverables	0.00	0.00
Long-term receivables and recoverables with consolidated Commission entities	0.00	0.00
<b>TOTAL NON CURRENT ASSETS</b>	<b>4,132,539.13</b>	<b>4,156,114.03</b>
<b>CURRENT ASSETS</b>		
<b>Short-term receivables</b>	<b>2,229,706.01</b>	<b>3,649,435.61</b>
Current receivables	334,627.34	703,355.42
Current receivables consolidated EU entities	0.00	4.76
Sundry receivables	74,266.88	75,124.10
Pre-paid expenses	0.00	0.00
Deferred charges and accrued income	1,017,457.66	1,081,704.50
Deferred charges and accrued income with consolidated EU entities	803,354.13	1,789,246.83
<b>Short-term pre-financing</b>	<b>-104,868.30</b>	<b>-10,137.67</b>
Short-term pre-financing	-104,868.30	-10,137.67
<b>Cash and cash equivalents</b>	<b>2,156,331.00</b>	<b>2,768,807.27</b>
<b>TOTAL CURRENT ASSETS</b>	<b>4,281,168.71</b>	<b>6,408,105.21</b>
<b>TOTAL</b>	<b>8,413,707.84</b>	<b>10,564,219.24</b>

## EIOPA - BALANCE SHEET- LIABILITIES

	Amounts in EUR		
	31.12.2023	31.12.2022	31.12.2022 (restated)
<b>LIABILITIES</b>			
<b>CAPITAL</b>			
Accumulated surplus/deficit	7,750,084.41	9,159,749.88	9,159,749.88
Economic result for the year - profit/(loss)	-1,833,718.59	-1,409,665.47	-1,409,665.47
<b>TOTAL CAPITAL</b>	<b>5,916,365.82</b>	<b>7,750,084.41</b>	<b>7,750,084.41</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions for risks and charges	970,204.40	80,436.48	899,205.31
Other financial liabilities	0.00	818,768.83	0.00
Accrued charges and deferred income	189,751.58	86,058.19	86,058.19
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,159,955.98</b>	<b>985,263.50</b>	<b>985,263.50</b>
<b>CURRENT LIABILITIES</b>			
<b>Provisions for risks and charges</b>			
<b>Accounts payable</b>	<b>1,337,386.04</b>	<b>1,828,871.33</b>	<b>1,828,871.33</b>
Current payables	13,074.61	11,774.78	11,774.78
Sundry payables	13,096.85	-7,237.52	-7,237.52
Accrued charges and deferred income	1,097,520.17	1,066,568.09	1,066,568.09
Accrued charges with consolidated EU entities	78,470.00	251,058.16	251,058.16
Accounts payable with consolidated EU entities	135,224.41	506,707.82	506,707.82
<i>Pre-financing received from consolidated EU entities</i>	<i>135,224.41</i>	<i>506,707.82</i>	<i>506,707.82</i>
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,337,386.04</b>	<b>1,828,871.33</b>	<b>1,828,871.33</b>
<b>TOTAL</b>	<b>8,413,707.84</b>	<b>10,564,219.24</b>	<b>10,564,219.24</b>



## EIOPA - CASH FLOW TABLE (INDIRECT METHOD)

The cash flow provides a basis to assess the ability of EIOPA to generate cash and cash equivalents, and the needs of the entity to utilise those cash flows. Cash flows are classified by operating, investing and financing activities.

	Amounts in EUR		
	2023	2022	2022 (restated)
<b>Cash Flows from ordinary activities</b>	<b>-1,833,718.59</b>	<b>-1,409,665.47</b>	<b>-1,409,665.47</b>
<b>Operating activities</b>			
Adjustments			
Amortization (intangible fixed assets) +	570,193.35	605,346.71	605,346.71
Depreciation (tangible fixed assets) +	308,742.88	298,669.77	298,669.77
Increase/(decrease) in long-term provisions for risks and liabilities	70,999.09	6,925.81	825,694.64
Increase/(decrease) in short-term provisions for risks and liabilities	0.00	0.00	0.00
(Increase)/decrease in inventories	0.00	0.00	0.00
(Increase)/decrease in long term pre-financing	0.00	0.00	0.00
(Increase)/decrease in short term pre-financing	94,730.63	12,976.73	12,976.73
(Increase)/decrease in long term receivables and recoverables	0.00	0.00	0.00
(Increase)/decrease in Short term Receivables and recoverables	433,832.14	27,240.12	27,240.12
(Increase)/decrease in receivables related to consolidated EU entities	985,897.46	-1,461,565.58	-1,461,565.58
Increase/(decrease) in value reduction for doubtful debts	0.00	0.00	0.00
Increase/(decrease) in long-term financial liabilities	0.00	3,147.22	-815,621.61
Increase/(decrease) in short-term financial liabilities	0.00	0.00	0.00
Increase/(decrease) in other long-term liabilities	103,693.39	-36,932.20	-36,932.20
Increase/(decrease) in other short-term liabilities (accrued charges and deferred income)	-141,636.08	-490,341.84	-490,341.84
Increase/(decrease) in short-term payables	21,634.20	10,852.31	10,852.31
Increase/(decrease) in Liabilities related to consolidated EU entities	-371,483.41	244,837.15	244,837.15
Other non-cash movements			
<b>Net cash Flow from operating activities</b>	<b>242,885.06</b>	<b>-2,188,509.27</b>	<b>-2,188,509.27</b>

	Amounts in EUR		
	2023	2022	2022 (restated)
<b>Cash Flows from ordinary activities</b>			
(Increase)/Decrease in intangible assets and property, plant and equipment	-855,361.33	-1,838,397.27	-1,838,397.27
Other proceeds from intangible assets and property, plant and equipment	0.00	0.00	0.00
<b>Net cash flow from investing activities</b>	<b>-855,361.33</b>	<b>-1,838,397.27</b>	<b>-1,838,397.27</b>
<b>Increase/(decrease) in Employee benefits</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net increase/(decrease) in cash and cash equivalents	-612,476.27	-4,026,906.54	-4,026,906.54
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,768,807.27</b>	<b>6,795,713.81</b>	<b>6,795,713.81</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,156,331.00</b>	<b>2,768,807.27</b>	<b>2,768,807.27</b>

## EIOPA – STATEMENT OF CHANGES IN NET ASSETS

	Amounts in EUR			
	Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
<b>Balance as of 31 December 2022</b>		<b>9,159,749.88</b>	<b>-1,409,665.47</b>	<b>7,750,084.41</b>
Other		0.00	0.00	0.00
Fair value movements		0.00	0.00	0.00
Movement in Guarantee Fund reserve		0.00	0.00	0.00
Allocation of the Economic Result of Previous Year		-1,409,665.47	1,409,665.47	0.00
Amounts credited to Member States		0.00	0.00	0.00
Economic result of the year		0.00	-1,833,718.59	-1,833,718.59
<b>Balance as of 31 December 2023</b>		<b>7,750,084.41</b>	<b>-1,833,718.59</b>	<b>5,916,365.82</b>

## ANNEX X: 2023 ACCESS TO DOCUMENTS REPORT

### 1. INITIAL APPLICATIONS IN 2023

Number of initial applications received and documents identified

Number of initial applications	Number of identified documents
10	43

Outcome of the initial application assessments (in number of documents)

Full disclosure	17
Partial disclosure	14
Of all which, documents already publicly available	12
Refusal	12
No existing/possession of document	No documents were found in respect of three initial applications
Decision pending	0

### 2. CONFIRMATORY APPLICATIONS IN 2023

Number of confirmatory applications and documents identified

Number of requested applications	Number of identified documents
3	17

Outcome of the confirmatory application assessments (in number of documents)

Confirmation	11
Partial revision	-
Full revision	6

## ANNEX XI: STAKEHOLDER GROUPS

In terms of the groups' achievements, the IRSG delivered in 2023 advice to EIOPA on the following topics:

- › IRSG Advice on the methodology to assess value for money in the unit-linked market.
- › [IRSG Advice on EIOPA's technical advice on green-washing risks and supervision of sustainable finance policies.](#)
- › [IRSG own initiative report on the right to be forgotten \(RTBF\).](#)
- › [IRSG Advice on EIOPA's Consumer Trends Report.](#)
- › IRSG response to EIOPA's consultation on Supervisory Statement on supervision of reinsurance concluded with third country insurance and reinsurance undertakings.
- › IRSG Advice on the Digitalisation Market Monitoring Survey – General Remarks.
- › IRSG's input to the Consultation on EIOPA's Staff Paper on measures to address demand-side aspects of the NatCat protection.

In 2023 the OPSG provided EIOPA with the following advice:

- › OPSG [Advice on EIOPA's technical advice on the evaluation and review of the IORP II Directive](#)
- › OPSG [Advice on EIOPA's technical advice on green-washing risks and supervision of sustainable finance products](#)
- › [OPSG Advice on EIOPA's Consumer Trends Report](#)

Both groups were further involved in providing input to the

- › [Joint Stakeholder Groups' Advice on DORA](#) and
- › on the work of the EIOPA's Advisory Committee on Proportionality.

IRSG members interacted with the Board of Supervisors and Management Board Members through a joint meeting on 27 June 2023. The OPSG interacted with the Board of Supervisors and Management Board members through a joint meeting on 30 January 2023. Both groups further were able to meet with the Board of Supervisors together on 13 December 2023. At that meeting, participants discussed two strategic topics of common interest for both groups as follows: Digital hour with a deep dive in AI and FIDA and on the pension gap.

You will find the advice of the stakeholder groups, as well as the members' CVs, on the EIOPA website at:

[https://www.eiopa.europa.eu/about/governance-structure/working-stakeholders\\_en](https://www.eiopa.europa.eu/about/governance-structure/working-stakeholders_en)

IRSG membership, as of 31 December 2023:

Chairperson: Paul Fox, United Kingdom

Vice Chairperson: Michaela Koller, Germany

<b>Member's Name</b>	<b>Nationality</b>	<b>Organisation</b>	<b>Representing</b>
Anthony O’Riordan	Ireland	Society of Actuaries in Ireland/AAE	Professional associations
Antti Talonen	Finland	University of Helsinki	Academics
Benoît Hugonin	France	SCOR	Industry
Bruno Scaroni	Italy	Assicurazioni Generali	Industry
Claudia Donzelmann	Germany	Allianz	Industry
Desislav Danov	Bulgaria	Fintechguardian	Consumers & Users
Gisella van Vollenhoven	Netherlands	ASR Nederland	Industry
Greg Van Elsen	Belgium	BEUC	Consumers & Users
Guillaume Prache	France/Belgium	BETTER FINANCE	Consumers & Users
Hugh Francis	United Kingdom	Aviva	Industry
Juan - Ramón Plá	Spain	BIPAR	Industry
Lauri Saraste	Finland	LocalTapiola	Industry
Liane Hirner	Austria	VIG	Industry
Liisa Halme	Finland	Trade Union Pro	Employees
Marcin Kawiński	Poland	Warsaw Scool of Economics	Academics
Martin Schmalzried	Czech Republic	COFACE-Families Europe	Consumers & Users
Michaela Koller	Germany	Insurance Europe	Industry
Mireille Aubry	France	COVEA	Industry
Monica Calu	Romania	Asociatia Consumer United	Consumers & Users
Niko Daskalakis	Greece	GSEVEE	SMEs
Patricia Plas	Belgium	AXA	Industry
Paul Fox	United Kingdom	Finance Watch	Consumers & Users
Pauline Azzopardi	Malta	Assoc.for Consumer Rights - Malta	Consumers & Users
Pierpaolo Marano	Italy	Catholic University of the Sacred Heart	Academics
Stefan Materne	Germany	Cologne University of Applied Sciences	Academics
Tito Rodrigues	Portugal	DECO PROTESTE	Consumers & Users
Tomas Paulauskas	Lithuania	Insurance policyholders association	Consumers & Users
Typhaine Beaupérin	Belgium/France	FERMA	Professional associations
Xavier Larnaudie Eiffel	France	CNP Assurances	Industry

OPSG membership, as of 31 December 2023:

Chairperson: Bernard Delbecque, Belgium

Vice Chairpersons: Aleksandra Maczynska, Poland; Falco Valkenburg, Netherlands

<b>Member's Name</b>	<b>Nationality</b>	<b>Organisation</b>	<b>Representing</b>
Aleksandra Maczynska	Poland	BETTER FINANCE	Beneficiaries
Antonello Motroni	Italy	Assoeuropea	IORPs
Bernard Delbecque	Belgium	EFAMA	Professional associations
Bruno Gabellieri	France	AEIP	Employees
Christian Gülich	Germany	BdV	Beneficiaries
Christian Lemaire	France	Amundi Pension Fund	IORPs
Ute Meyenberg	France	CFDT cadres	Employees
Elisa Luciano	Italy	University of Torino	Academics
Falco Valkenburg	Netherlands	AAE	Professional associations
Flavia Micilotta <sup>112</sup>	Italy	Diligent Vision	SMEs
Francesco Briganti	Italy	CBBA-Europe	IORPs
Gertrude Pils	Austria	PEKABE	Beneficiaries
Hans Van Meerten	Netherlands	Utrecht University	Academics
Ioannis Tzanakos	Greece	HUIORP	IORPs
Jan Sebo	Slovakia	Matej Bel University	Academics
Janina Petelczyc	Poland	Warsaw School of Economics	Academics
Jerry Moriarty	Ireland	IAPF	IORPs
Kęstutis Kupšys	Lithuania	LVOA	Beneficiaries
Łukasz Budzyński	Poland/France	Sanofi	IORPs
Marjolijn Bulk	Netherlands	FNV	Employees
Matti Leppälä	Finland	PensionsEurope	IORPs
Nele Nys	Belgium	UNI Europe Finance	Employees
Olav Jones	Norway/UK	Insurance Europe	IORPs
Onno Steenbeek	Netherlands	APG	IORPs
Paul Le Bihan	France	MNCAP	IORPs
Pauline Azzopardi	Malta	Assoc. for Consumer Rights - Malta	Beneficiaries
Philip Neyt	Belgium	Pensioeninvest	IORPs
Stefan Nellshen	Germany	Bayer-Pensionskasse	IORPs
Torun Reinhammar	Sweden	CDP Europe	Professional associations
Valdemar Duarte	Portugal	APFIPP	IORPs

<sup>112</sup> As of December 2021. Flavia Micilotta replaced Ms Edith Schiller who had resigned from the group.

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