



57TH MANAGEMENT BOARD MEETING VIA VIDEOCONFERENCE

DATE: 14 JANUARY 2021 09:00-13:10

LOCATION: N/A

FINAL MINUTES

WELCOME AND INTRODUCTORY REMARKS BY THE EIOPA CHAIRPERSON

1. The Chairperson welcomed the attendees to the fifty-seven meeting of EIOPA's Management Board (MB).

AGENDA ITEM 1: ADOPTION OF THE AGENDA

DECISION

2. MB adopted the agenda by consensus.

CONCLUSIONS AND ACTION POINTS

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

AGENDA ITEM 2: UPDATE BY CHAIRPERSON, EXECUTIVE DIRECTOR AND THE EUROPEAN COMMISSION (COM)

UPDATES BY CHAIRPERSON

PACKAGED RETAIL INVESTMENT AND INSURANCE-BASED PRODUCTS – PRIIPS

4. The European Supervisory Authorities (ESAs) received a response from the European Commission (COM) on PRIIPs following the letter sent in July 2020. The ESAs letter informed the COM about the outcome of the ESA review of the PRIIPs Level 2 Delegated Regulation, which was that the draft RTS was not adopted by the required qualified majority at the EIOPA Board.

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5. The Chair will contact the Board of Supervisors (BoS) Members that have not supported the draft RTS to assess the position of those members and decide how to proceed in view of potential future vote in the BoS.

PENSIONS CALL FOR ADVICE

6. EIOPA received two calls for advice in the pensions area related to the Capital Market Union (CMU) Action plan, one on developing pensions tracking systems and one on the pensions dashboard.
7. The Chairperson informed the Members that call for members of project groups to work on both pieces of advice, as well as for external experts on tracking systems have been launched with a closing date on 25 January 2021. The MB members are encouraged to promote and encourage experts from their network to join.
8. Moreover, the Chairperson mentioned that the external network panel will be put in place to gather know-how and views also from outside of the remit of the National Supervisory Authorities. The end result will allow the COM to have a product at the European level to foster the engagement in the pension area.

BOARD OF APPEAL

9. On 8 January 2021, the COM published in the Official Journal the call for expression of interest for candidates for the renewal of the ESAs' Board of Appeal. The Chairperson reminded the MB Members that the mandate of seven Members and Alternates of the ESAs Board of Appeal will expire by November 2021. At EIOPA, three mandates will expire and new members will need to be selected for their replacement. Members were invited to promote the call to ensure applications of well qualified candidates.
10. Following the deadline for application the COM will set-up a shortlist of candidates which will be submitted to the ESAs. On the basis of the shortlist the MB Members after consultation with BoS, will decide on the appointment of the new candidates to fill the vacant positions.

INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS - IAIS

11. The Chairperson informed the MB Members that the discussion on the 2021 monitoring period on the Insurance Capital Standard (ICS) will start.
12. The Chairperson underlined that it is important to ensure continued involvement of all European International Active Insurance Groups (IAIGs) in 2021 including of those groups that did not participated in the previous year.
13. The Chairperson specifically asked the MB members that are group supervisors of IAIGs to encourage their groups to participate.

STAKEHOLDERS GROUPS MEETINGS -SHG

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14. The Chairperson reminded the Members on the upcoming SHG meetings and on EIOPA's invitation to the MB and BoS Members to take again an active part and to exchange views with the stakeholder groups at the meetings in 2021.
15. An email was circulated on 18 January 2021 for this purpose and the Members are encouraged to participate in order to maintain a constructive dialogue between our key decision-making body and our independent advisory bodies.
16. To ensure a smooth organisation, EIOPA will draft a schedule with the Member and a back-up Member that should attend the meetings.

UPDATES BY THE EXECUTIVE DIRECTOR

PEER REVIEW

17. The Executive Director (ED) reminded the MB Members on the approval of the plan for the future Peer Review. A call for candidates for ad hoc peer review committee (PRC) was launched in December 2020 with a deadline for application by 13 January 2021.
18. The composition of the PRC is in the final stages and the MB Members will be consulted with regards to the shortlisted candidates.
19. In line with EIOPA Regulation, the PRC will be led by an EIOPA staff member, in this case the Head of Oversight Department.

FINANCIAL SERVICES COMMITTEE - FSC

20. On 2 December 2020, EIOPA and EBA presented the outlines of the upcoming Banking and insurance stress tests and particular emphasis was put on its outcome. EIOPA's stress test, in line with the recommendations of the European Court of Auditors ("ECA"), will aim to broaden the scope of the exercise, enhance transparency and disclosure of the results.
21. The Members were informed that at the next FSC meeting, taking place on 20 January 2020, the work on Solvency II will be presented.

COVID-19 – LATEST DEVELOPMENTS

22. On 5 January 2021, the German federal and state authorities decided jointly on extending the lockdown measures until at least end of January.
23. The ED informed the Members that in this context, EIOPA is aligning its strategy with the recommendations by the German Authorities and continues the application of the 'phase 0' arrangements under which teleworking is mandatory for all staff.

REVENUE MANAGEMENT

24. The ED reminded the Members that EIOPA will issue the debit notes for 2021, and for the coming years, with the request of 70% of the annual contribution in January and 30% later in the year. The approach taken in 2020, where the debit notes were issued three times a year (50%-30%-20%), was due to the exceptional circumstances of Brexit.

EUROPEAN COURT OF AUDITORS

25. EIOPA is being audited by the European Court of Auditors (ECA) twice a year.
26. During the last audit, ECA stated that EIOPA has an obligation to collect default interest on late payments from the NCAs according to the applicable regulations.
27. The ED informed the Members that in line with ECA recommendation will start recovering late payment interest from 2021 onwards, if the payments are received past due date.

EIOPA SUPPORT TO DG REFORM / MEMBER STATES PROJECTS: BUDGET AMENDMENT

28. The ED briefed the Members on EIOPA's collaboration with the DG Reform on several projects.
29. The projects are in line with EIOPA's supervisory objectives and help to achieve a sound system of supervision in Europe. Involvement would lead to the signature of an administrative agreement, which entitles EIOPA to additional revenue into the EIOPA budget.
30. A budget amendment to the EIOPA 2021 budget will be presented for approval later during the year with no impact on the budget contributions of NCAs of MS and EFTA states.

EIOPA'S 10TH ANNIVERSARY CONFERENCE

31. The ED reminded the Members that the registration for the 10th Anniversary Conference was opened.
32. The conference will be a digital event and therefore a larger number of participants to this event can be accommodated.
33. The event will take place on Thursday 4th February 2021 from 09:00 to 13:00.

UPDATE BY THE EUROPEAN COMMISSION (COM)

34. The COM representative informed the MB Members on the following business files:
 - Solvency II review: COM thanked EIOPA and the NCAs on the substantial work and effort put into this work and called for continued support and cooperation.
Next steps:
 - o January discussion at the FSC with focus on the procedural aspects;
 - o February/ beginning of March, the COM will put in place expert groups with national experts for feedback and views on the legislative proposal with an expected conclusion by Q3 2021.
 - Other achievements on COM side: adoption of Regulatory Technical Standards (RTS) on PEPP. Aim is to translate the Delegated Act (DA) and Implementing Technical Standards (ITS) by end January to be able to adopt them in February.
 - PRIIPs letter submitted to the ESAs: internal discussions are taking place on procedural and institutional matters but also about the causes and the reasons. The COM is committed to look at all these aspects in a holistic way, the letter having as purpose to reassure that all these aspects will be dealt with. Next steps: review and a read and a study will come in the next year.

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- Study on auto enrolment: tender procedure is closed, a contract is in place with a Consortium. The works have started and the kick-off meeting with the contactor will take place in the week 11-15 January 2021.
- COVID-19: Round Table with financial industry including the insurance which will take place on 5 February. EIOPA was invited and expected to participate.

CONCLUSIONS AND ACTION POINTS

20 Not applicable

AGENDA ITEM 3: COVID-19: LATEST DEVELOPMENTS

35. The Head of Risks and Financial Stability Department provided an update on market developments and risk assessment of the European insurance sector. Although median solvency positions are still strong, profitability is declining as a consequence of the ongoing COVID-19 crisis. A favorable development in financial markets is to a large extent driven by accommodative monetary policy and fiscal measures. A consequence of the second wave and potential cliff effects related to fiscal measures need to be considered for the risk assessment looking ahead.
36. The Chairperson further updated on the discussion at the Financial Stability Table. The impact of COVID-19 on nonperforming loans with a potential spillover to insurance sector due to high level of interconnectedness was highlighted. Furthermore, insurers will experience more pressure on profitability.
37. Moreover, the Chairperson discussed the communication on the dividend distributions. The narrative published by EIOPA was welcomed by the European Insurance CFO Forum. Some of National Competent Authorities (NCAs) already provided a feedback on national steps to EIOPA. NCAs that not responded yet should do so that EIOPA could prepare a note to be discussed at the February Board of Supervisors (BoS) meeting. The note should contain the common basis – indicators, criteria – to align the practices among NCAs. There is no plan to publish such information.
38. The members highlighted the need to exchange the views and align the practices. Some members are still in a process to develop their own indicators to be used as benchmarks.

DECISION

39. Not applicable

CONCLUSIONS AND ACTION POINTS

40. Based on the exchange of national practices, EIOPA and the NCAs should work on consistent criteria and indicators to be used in the supervisory assessment of dividend distributions in order to mitigate major differences across national jurisdictions. There is no appetite for a public communication on quantitative indicators.

41. The MB members that did not yet provide feedback to EIOPA on their national steps regarding the assessment of dividends' distributions are encouraged to do so.

AGENDA ITEM 4: INSTITUTIONAL TOPICS

4.1 EIOPA BUDGET 2020

4.1.1. Budget execution

42. The Head of the Corporate Support Department reported on the budget 2020 implementation. EIOPA achieved high execution rates, in particular 100% implementation for commitments and above 82% for payments. Lessons learned from the COVID-19 situation in 2020 have been factored in when establishing the budget for the next years. The MB welcomed the budget implementation results.

DECISION

43. Not applicable

CONCLUSIONS AND ACTION POINTS

44. The MB took note of the 2020 budget execution report.

4.1.2. Report on budget transfers

45. The Head of Corporate Support Department reported on 2020 budget transfers. In total seven budget transfer operations were executed during the year, none of which required MB approval.

DECISION

46. Not applicable

CONCLUSIONS AND ACTION POINTS

47. The MB took note of the 2020 budget transfers report.

4.2 FINAL SINGLE PROGRAMMING DOCUMENT (SPD) 2021 – 2023

4.2.1. Revised SPD 2021-2023

48. The ED introduced the revised Single Programming Document 2021-2023 (SPD). The Authority has taken the opportunity to update the previous version of the SPD, in particular relating to the Capital Markets Union (CMU) Action Plan and the Digital Finance Package including the preparatory work on the DORA legislative proposal.

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49. The MB overall welcomed the revised SPD 2021-2023, although it being an ambitious one. The MB invited EIOPA to observe and report on the implementation of the Annual Work Programme (AWP) during the year, review priorities and revert to the NCA data requests if needed. For the latter the focus should be on 'analysis' rather than on administration.

DECISION

50. The MB approved by consensus the revised Single Programming Document (SPD) 2021-2023 for submission to BoS for final adoption.

CONCLUSIONS AND ACTION POINTS

51. EIOPA to observe and report on the implementation of the AWP during the year, review priorities and revert to the NCAs data requests if needed.
52. EIOPA to submit the SPD 2021-2023 to the BoS for final adoption.

4.2.2. Budget 2021: Detailed budget breakdown

53. The Head of the Corporate Support Department presented the 2021 budget breakdown. The budget 2021 was adopted by BoS in December 2020 via a written procedure to permit the start of its implementation. The final budget is 1.43% lower than the approved by BoS in January 2019, which included still the budgetary assumptions for the ESAs review at that time. The final budget includes 16 new staff members as result of the ESA's Review. The Head of the Corporate Support Department added that there might be budget amendment required during 2021, this to include funds from the COM regarding new Administrative Agreements with DG REFORM as well as a possible reduction of the budget due to the continued COVID-19 situation.

DECISION

54. Not applicable

CONCLUSIONS AND ACTION POINTS

55. The MB welcomed the detailed 2021 budget information.

4.3 DRAFT SINGLE PROGRAMMING DOCUMENT (SPD) 2022-2024

4.3.1. Draft SPD 2022-2024

56. The ED presented the draft Single Programming Document (SPD) 2022-2024. The current version of the SPD is based on the feedback received from the MB and BoS in November 2020 and has been consequently updated to include a detailed AWP 2022 as well as further information on the human and financial resources outlook.

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57. The ED explained that the human resources trends reflect the strategic decision of shifting of workforce from regulatory tasks to tasks improving the quality and consistency of supervision in the insurance and pensions market.
58. EIOPA observed efficiencies in the Strategic Activity Area of internal governance. Further efficiency gains and cost savings are envisaged in the next years, benefiting in particular from developments in the area of innovation.
59. The AWP 2022 includes tasks and human resources related to the DORA legislative proposal, pending final decision by the co-legislators, under the Strategic Activity Area of digitalisation. Following the outcome of the DORA legislative proposal, EIOPA may choose to allocate the DORA tasks and related fee based resources under a new objective.
60. The MB overall welcomed the draft SPD 2022-2024.

DECISION

61. The MB approved by consensus the SPD 2022-2024 for submission to BoS for final adoption.

CONCLUSIONS AND ACTION POINTS

62. EIOPA to report in a next MB Meeting on how investments in digitalisation projects will introduce in the long term further efficiency gains and cost savings.
63. EIOPA to submit the SPD 2022-2024 to the BoS for final adoption.

4.3.2. Budget 2022: Draft estimate of revenue and expenditure

64. The Head of Corporate Support Department presented the planned budget for 2022. The budget amounts to EUR 35 805 000, is in line with the EU Multi-annual Financial Framework for 2021-2021, and covers the budgetary needs to implement the AWP 2022. It includes six additional posts for the DORA, pending final adoption of the legislative proposal.
65. The budget for Title I reflects the increase of the human resources. The budget for Titles II and III remain stable with a minimal decrease of 2.0% increase of 4.0% respectively.

DECISION

36. The MB approved by simple majority the 'EIOPA Budget 2022' (draft estimate of revenue and expenditure) for submission to BoS for final adoption. The COM abstained from voting.

CONCLUSIONS AND ACTION POINTS

66. Not applicable.

AGENDA ITEM 5: QUALITY CONTROL COMMITTEE (QCC)

5.1 QCC REPORT ON 2020 WORK

67. The Head of the Corporate support Department presented on behalf of the QCC Chairperson the report on the work of the QCC in 2020. The QCC programme has been implemented according to the QCC Mandate 2020. Important deliverables have been the assessment of EIOPA 2019 Annual Activity Report, the finalisation of the review of the implementation of EIOPA's Professional Secrecy Rules and the EIOPA Working Group Structure. Currently the review of the functionality EIOPA's website is ongoing.

DECISION

68. Not applicable.

CONCLUSIONS AND ACTION POINTS

69. The MB welcomed the report on the QCC 2020 work.

5.2 QCC MANDATE 2021

70. The Head of the Corporate support Department presented on behalf of the QCC Chairman the draft mandate for the QCC for 2021. The MB agreed to discuss the final mandate, including the QCC review theme for 2021, during the upcoming MB meeting of March 2021.

DECISION

71. Not applicable.

CONCLUSIONS AND ACTION POINTS

72. The MB agreed that the finalisation of the QCC Mandate 2021 will be done during the March MB meeting.

AGENDA ITEM 6: BoS Preparation

6.1 ASSESSING THE INDEPENDENCE OF SUPERVISORY AUTHORITIES -1ST STRATEGIC APPROACH

73. The Head of Oversight presented EIOPA's approach. Members welcomed and supported the envisaged work on setting standards for the independence of supervisory authorities. The alignment with international standards was considered as a good start but more detailed benchmarks compared to the current international standards would be necessary as well as alignment with the standards set by the other ESAs. Furthermore, the assessment procedure for the application of the benchmarks needs to be part of the BoS proposal.

DECISION

74. Not applicable.

CONCLUSIONS AND ACTION POINTS

75. MB supported having a sound discussion at the February BoS meeting.
76. EIOPA to submit a detailed note on this topic to the March BoS meeting.

6.2 EIOPA'S CONTRIBUTION TO A NEW APPROACH TO CONSUMER DISCLOSURES

77. EIOPA presented the note on contributing to a new approach to consumer disclosures. It was highlighted that a paradigm shift should be aimed for given experiences with current disclosures, and that this is a timely junction to reassess the approach given current EU regulatory initiatives, such as the Action Plan on the Capital Markets Union (CMU).
78. Overall, MB welcomed the strategic aims set out in the paper. Some suggestions were made regarding the framing of the work and next steps. In particular, it was commented that the output should not be to develop an additional layer or disclosure document, that further consideration should be given to how to reflect this initiative in the workplan, and that when designing disclosures it is key to start from the basis of behavioural research. COM indicated alignment with their objectives, referring to the current study of the retail investment market that is looking at the topic from a holistic perspective and including behavioural aspects.
79. The Chairperson acknowledged the points raised and in particular confirmed the aim to work towards a comprehensive solution that would replace, rather than add to, existing disclosures and address overlaps.

DECISION

80. Not applicable.

CONCLUSIONS AND ACTION POINTS

81. MB welcomed the initiative for EIOPA to contribute to a new approach on disclosures and the strategic aims set out in the paper
82. MB supported a first discussion of the strategy and how it can be operationalised, at the February BoS meeting
83. EIOPA to submit EIOPA's contribution to a new approach to consumer disclosures to the February BoS meeting

6.3 SupTech – REGISTER BUSINESS CASE

84. The Head of Supervisory Processes Department presented the document and explained the document was an EIOPA staff note aiming to ask for strategic direction from the BoS on the

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way forward considering the challenges the team is facing. The concerns expressed by some Members in IT and Data Committee the day before were also explained.

85. MB members supported the vision of continuing developing the SupTech, recognising it is the right time to invest in this area. Exploring innovative solutions could bring important knowledge to EIOPA and NCAs.
86. It was also highlighted the need to improve EIOPA Register and the consistency between home and hosts registers as inconsistencies may (and have already) create material problems.
87. The concerns expressed by IT and Data Committee (ITDC) should however be better reflected in the note.
88. The Chairperson appreciated the recognition of the twofold objective of the project: solve register issues and test new technological solutions in line with EIOPA SupTech Strategy and identified the development of a proof of concept as the right next step that allows to continue an informed decision process.

DECISION

89. Not applicable.

CONCLUSIONS AND ACTION POINTS

90. MB supported the twofold objective of the project: improve the Register and test new technological solutions in line with conclusions from the 2019 EIOPA Strategy Day on SupTech.
91. MB supported the idea of using this opportunity to explore different solutions while keeping the flexibility during the process.
92. The concerns from ITDC were noted and should be better reflected in the Note to BoS.
93. EIOPA to revise the SupTech Register Business Case before submitting it to February BoS meeting.

6.4 SUPERVISORY CONVERGENCE PLAN 2021

94. The Head of Supervisory Convergence Unit presented the Supervisory Convergence Plan.
95. Overall, the plan focuses on finalizing current on-going projects (allowing the reduction to 13 from 17 WG) and starting three new topics with regard to supervision of ESG, IORPS and third country reinsurance identified as priority areas for 2021. The plan also considers the current situation and the possibility on emergent issues arising during the year.
96. The work on proportionality in the context of Solvency II should focus on supporting the future discussion on the Solvency II review and reflect EIOPA's vision of how the proportionality framework proposed in its Opinion would be implemented consistently with the support of EIOPA Guidelines. Any future Guidelines would need to take into account the development of the political negotiations in this area.

DECISION

97. Not applicable.

CONCLUSIONS AND ACTION POINTS

98. The MB supported the Supervisory Convergence Plan for 2021, including the priority to finalise current on-going projects and the three new topics.

99. EIOPA to submit Supervisory Convergence Plan to the February BoS meeting.

6.5 VALUE FOR MONEY IN THE UNIT-LINKED MARKET

100. The Head of the Conduct of Business Oversight Unit introduced the topic highlighting the key messages included in the presentation. In particular, it was highlighted that the unit-linked thematic platform has been working on exploring possible tools to address value for money in the unit-linked market and the proposed way forward is to take a gradual approach starting from the POG framework and then further developing tools, including a model to assess value for money for different product categories.

101. The Head of the Conduct of Business Oversight also underlined that, while other issues have emerged and have been raised, these may be explored in the forthcoming review of the regulatory framework. Concluding the Head of the Conduct of Business Oversight Unit mentioned that the work on the Opinion concerning product intervention is ongoing.

102. The Chairperson highlighted the importance of the work and emphasized on the need to take a gradual approach and develop a range of tools.

103. MB supported the proposed approach, whilst emphasizing that more stringent tools to address high costs are not ruled out.

104. One MB Member also raised a question on the length of the public consultation. The Head of the Conduct of Business Oversight Unit replied it should be at least for three months.

105. Prior to concluding the Chairperson underlined the importance of ensuring adequate consultation.

DECISION

106. Not applicable.

CONCLUSIONS AND ACTION POINTS

107. The MB welcomed the work carried out by the thematic platform which aims at improving value for money.

108. The MB supports the proposed gradual approach which relies on a range of tools.

109. The MB highlighted that it is important to ensure that more stringent tools to address high costs are not ruled out.

110. The MB supports the proposal to have an initial discussion at the February BoS meeting on the framework and then to issue it for an extensive public consultation.

AGENDA ITEM 6: AOB

111. After concluding the agenda items of the fifty-seven meeting which was his last meeting in his capacity of Chairperson of EIOPA, he thanked the MB Members and EIOPA staff for their long-lasting and excellent collaboration during his 10 years at the lead of EIOPA.

DECISION

112. Not applicable.

CONCLUSIONS AND ACTION POINTS

Not applicable.

ANNEX: LIST OF DECISIONS ADOPTED BY WRITTEN PROCEDURE FROM 09.11.2020 TO 14.01.2021

MB-2020-15

113. Decision adopting by consensus the adoption of HR Implementing Rules on Leave and Transfer of Pension Rights for EIOPA staff.

MB-2020-16

114. Decision adopting by consensus the Minutes of the 56th Management Board Meeting.

Participants at the Management Board's meeting via videoconference

14 January 2021

Chairperson: Gabriel Bernardino

Vice-Chairperson: N/A

<u>Country</u>	<u>Member/ Alternate</u>
Czech Republic	Zuzana Silberová /[-]
France	Patrick Montagner/[-]
Italy	Alberto Corinti /[-]
Netherlands	Else Bos/[-]
Spain	Sergio Alvarez /[-]
Sweden	Åsa Larson /[-]

<u>Institution</u>	<u>Non-Voting Member/ Alternate</u>
European Commission	Larisa Dragomir

EIOPA Staff

Executive Director	Fausto Parente
Head of Corporate Affairs Department	Susanne Rosenbaum
Head of Corporate Support Department	Danny Janssen
Head of Oversight Department	Patrick Hoedjes
Head of Risk & Financial Stability Department	Dimitris Zafeiris
Head of Supervisory Processes Department	Ana Teresa Moutinho
Executive Director	Fausto Parente