

Resolution table for the public consultation of the draft Opinion on Remuneration				
No	Authority	Reference (Question)	Comment	Proposed Resolution
1.	ACPR	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>Following a presentation of the opinion to stakeholders, the ACPR would like to suggest that the threshold of 1:1 triggering discussions between the undertaking and the supervisor be lowered for key function holders (KFH).</p> <p>While it is already difficult for the supervisor to take action on the basis of remuneration policy, a high threshold on key functions would not make it easier. Furthermore, it seems that the general practice in the market is to grant a variable remuneration to KFH that rarely exceeds 50% of the fix remuneration.</p> <p>Thus we suggest to lower the threshold triggering the discussion with the NCA to 50% for KFH, in order to better consider the specificities of the roles and responsibilities of KFH.</p> <p>Also, in order to better take into account specificities of each type of function, it is suggested to further define relevant criteria for the attribution of variable remuneration for each type of function (KFH), administrative, management or supervisory bodies member (AMSB) material risk taker...).</p>	<p>The thresholds identified in the Opinion aim to trigger supervisory action. It has been clarified in the document that the Opinion do not preclude the supervisory authorities to have stricter practices to trigger a supervisory dialogue with undertakings if it is deemed appropriate considering risk-based approach. In addition in paragraph 3.3 it has been clarified that the trigger point for starting the supervisory dialogue on the balance of fixed and variable components should also consider the position under consideration.</p>
2.	ACPR	Q.6: Any other comment you would like to make?	<p>We received remarks on the fact that the opinion does not define what a "material risk taker" is.</p>	<p>The concept of material risk taker should be kept flexible as it is entity</p>

				specific. However EIOPA will work on this concept under supervisory convergence work.
3.	AFPA Austrian Financial and Insurance Professionals Association	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>If a deferral period of at least 3 years is called for in 3.5., particular attention should be paid here to employment legislation and it should be examined in advance to what extent a deferral of this nature is at all possible and to what extent employment legislation governing those employees affected by the desired regulations is covered by employment legislation governing executives.</p> <p>The AFPA is, in principle, against further deferral periods.</p> <p>From the point of view of the supervisory authorities, in case of a deferral rate of less than 40% and short-term variable salary components, a list must be available on a daily basis of whether the right to a bonus exists or not, in order to be able to implement the desired regulations. This is also practically impossible.</p> <p>The dependence on group objectives should not be overstretched in the combination of achievable objectives because incentives must also continue to exist for one's own performance to be rewarded instead of forfeiting variable salary components due to poor group results.</p> <p>The non-financial criteria may not be overstretched. Under the criteria listed in 3.11 only some but not all may be used as alternatives at the same time for this purpose.</p> <p>The downward adjustments may not be used as leverage against the affected employees as the undertakings can decide alone and unilaterally on the bonus payments by lowering the overall bonus pool. In the case of those employees who – as salaried employees</p>	<p>Noted.</p> <p>Please note that the aim of the Opinion is to enhance convergence and provide guidance to supervisory authorities on how and when to challenge the application of certain remuneration principles to a specific sub-part of identified staff as defined in paragraph 3.1. of the Opinion.</p>

			<p>- fall under the Austrian Employee Act and do not have special employment contracts, it is necessary to determine in individual cases whether it is legally possible at all to “downgrade” acquired bonuses due to in-house requirements. This will probably only be possible on a very limited basis.</p> <p>With regard to acquired rights, there must be an explicit guarantee concerning the deferral periods in the financial statements that these rights remain in separate accounting entities in the form of special assets and even in the event of insolvency of the undertaking remain special assets and are passed to the beneficiaries. This administration of special assets is cost-intensive and may not be at the expense of the respective employees. For this reason, AFPA also dislikes downward adjustments.</p> <p>In the case of termination payments in Austria, a distinction must be made whether it is a statutory severance payment or not. Statutory severance payments can never be part of variable remuneration. Each employee is entitled to the full extent of the severance payment, as defined by law or agreed to contractually, on termination of his/her employment relationship,</p> <p>The terms listed in 3.23. e.g. fitness and propriety requirements are too vague. The doors would be wide open to abuse on the part of the undertakings.</p>	
4.	AFPA Austrian Financial and Insurance Professionals Association	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	The consultation process foresees that 50% of the variable salary components should be satisfied in company shares. This raises the question of the extent to which the market value of publicly listed companies would have a negative effect and for what period of time the company shares would have to be held.	The section on termination payments has been reviewed considering the aim of the Opinion. See also other answers. Chapter 4 has been deleted from the Opinion as in fact the principle is not reflected in the Delegated Regulation.

5.	Allianz SE	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	<p>We appreciate that EIOPA is providing stakeholders the opportunity to comment on the Opinion in this consultation paper. We also acknowledge that the proposals are not directly binding for insurance undertakings and that they are aimed to assist national competent authorities in their work. Notwithstanding and also considering that recommendations and opinions issued by EIOPA frequently lead to factually binding standards for undertakings, we comment on the Opinion accordingly.</p> <p>As such, we would first like to express our doubt regarding the necessity for such an Opinion.</p> <p>Lack of necessity for Opinion in general</p> <p>From our perspective, there is no need for harmonizing the remuneration principles for insurance and reinsurance undertakings and we are skeptical whether EIOPA is properly authorized to create further regulation on that matter.</p> <p>We believe that the rules set out in the delegated regulation (EU/2015/35) provide sufficient guidance while keeping enough flexibility for the individual undertakings to structure their remuneration policies. The key principles in that respect are:</p> <ul style="list-style-type: none"> • Balancing of fixed and variable components of remuneration; • Deferral of a substantial portion of the variable remuneration; • Sustainability elements such as malus provisions and • Provisions for termination payments. <p>Regulating remuneration has an impact on the insurance undertakings' freedom of enterprise. Any restriction of this freedom must therefore be necessary and appropriate. In contrast, the proposals by EIOPA do not leave enough flexibility for the undertakings to cope with their particular situation.</p>	<p>It is EIOPAs duty to contribute to high quality common regulatory and supervisory standards and practices in particular by providing opinions (Article 29(1)(a) EIOPA Regulation).</p> <p>The remuneration principles defined in article 275 of the Delegated Regulation being 'principles' by nature are high level requirements. EIOPA gained insight into the national measures and supervisory practices introduced on the bases of the principles and concluded that supervisory engagement with insurance undertakings differs significantly from jurisdiction to jurisdiction. Therewith supervisory convergence in this field hampers. To enhance convergence the Opinion gives guidance to supervisory authorities on how and when to challenge the application</p>
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6.	Allianz SE	Q.2: Do you have any comments on section 2 of	See answer to Question 1	See the answer to questions 1.

		the Opinion: Context and objectives?		
7.	Allianz SE	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>In our view, the EIOPA draft opinion contains (a) provisions that are not in line with the level 2 text, and (b) are too detailed and not in line with a principle-based regulation.</p> <p>a) Ratio between fixed and variable remuneration</p> <p>Art. 275 (2) (a) provides that “where remuneration schemes include both fixed and variable components, such components shall be balanced [...]. “Balanced” in this context requires a fixed remuneration that is sufficiently high to leave the employee not overly dependent on the variable remuneration. This should be considered in relation to the cost of life, not in relation to the amount of variable remuneration. Thus, Art. 275 (2) (a) does not require a certain ratio between fixed and variable remuneration that sets a limit for the variable component.</p> <p>b) Deferral of a substantial portion of the variable remuneration</p> <p>The draft Opinion states that “the undertakings’ policies should contain different deferral periods depending upon the risks they enter into” (Clause 3.5). It remains unclear whether this means that different undertakings should have different deferral periods where they have different risk, or that each undertaking should introduce different deferral periods for different categories of employees depending on the risks that any such categories takes. In both cases, the implementation of any such requirement is not workable in larger insurance groups, where there is an organizational requirement to have a single remuneration system for the entire group. Where a group remuneration system comprises bonus and long term incentive plans, any such plans have to be transparent, practicable and follow certain standardized procedures.</p> <p>c) Target Setting</p>	<p>See answer to comment 5.</p> <p>The 1:1 ratio is an indicative threshold for the supervisory authority to start a discussion with the undertaking and not an hard target for what would be an accepted ratio between fixed and variable remuneration. It is acceptable higher and lower ratios as long as they are adequately justified to be in line with the principles.</p> <p>This paragraph has been clarified.</p> <p>A group wide risk based approach includes insight in risks at solo level, where possibly a different analyses could be made, see also article 275(2) (c) of the Delegated Regulation.</p> <p>As to balanced target setting: only balanced</p>

			<p>Art. 275 (2) (d) of the SII Delegated Regulation states that “financial and also non-financial criteria shall be taken into account when assessing an individual’s performance”.</p> <ul style="list-style-type: none"> • Further to this requirement, EIOPA indicates that financial and non-financial targets should be “appropriately balanced” (clause 3.12). However, the level 2 text does not require a certain balance as long as there are (not completely negligible) targets of both types. There is no need to suggest, without further reasoning or empirical evidence, that a balance of 80% financial and 20% non-financial targets should be inappropriate or induce to excessive risk taking. • EIOPA gives a list of qualitative criteria that should be assessed in respect of the individual performance (Clause 3.11 b)). If this is meant to be merely a list of examples, this should be clarified. Otherwise, it could be interpreted as a list of required assessment criteria, in which case the list would be excessive. <p>d) Downward adjustment and clawback of the variable remuneration</p> <p>The draft opinion stipulates that variable remuneration should not only be adjusted downward when members of staff do not meet their personal objectives, but also when their business units and/or the undertaking as a whole fail to do so (Clause 3.14). For the deferred part of variable remuneration it should be clarified that this requirement is fulfilled through the grant of (parent) shares or share linked instruments except for situations where the undertaking breaches capital requirements.</p> <p>The draft opinions states that the term downward adjustment (Art. 275 (2) (e) embraces clawback (clause 3.13). We do not think that this is the case. While clawback provisions may have become more</p>	<p>targets can prevent staff from engaging in excessive risk taking or mis-selling of products, see also article 275(1) b of the Delegated Regulation. The percentages are mentioned as an example of an unbalanced approach to assure effective risk adjusted remuneration policies, including non-financial criteria.</p> <p>As to the list of qualitative criteria it has been clarified that they are examples.</p> <p>Noted.</p> <p>EIOPA does not see any reason why clawback</p>
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			<p>frequent in public undertakings where investors or proxy advisors consider this a beneficial instrument, there is no regulatory requirement for a clawback.</p> <p>e) Termination payments</p> <p>While Art. 275 (2) (f) of the SII Delegated Regulation states that “termination payments shall be related to performance achieved over the whole period of activity and be designed in a way that does not reward failure”, we recommend that EIOPA does not stipulate further criteria with respect to termination payments, in particular not a requirement to issue a termination payment policy.</p> <p>Termination payments are a form of remuneration, and therefore subject to the remuneration policy. However, they should not be viewed as a form of variable remuneration, as this is not the case. Termination payments are in the first place a compensation for a loss of contractually agreed total compensation, which may vary depending on the remaining (and cut off) term of the contract. Termination payments should thus neither be taken into account when determining a – also not required – ratio of fixed to variable remuneration (clause 3.19), nor should the deferral requirement apply to a substantial part of the termination payment (clause 3.22).</p> <p>Furthermore, termination payments are regulated by domestic labor law. Supervisory requirements which are not stipulated in legislative texts, but derived from a interpretation of what might be designed to reward failure (Clauses 3.21 – 3.24), are difficult, if not impossible, to implement and may contravene domes</p>	<p>should not be part of a downward adjustment.</p> <p>Noted. There is no reference to termination payment policy.</p> <p>The Opinion states the undertakings’ remuneration policies should cover the policy for the possible use of termination payments. The section on termination payments has been reviewed considering the aim of the Opinion. See also comment 3.</p> <p>A reference to national legislation including Labour law is included.</p>
8.	Allianz SE	Q.4: Do you have any comments on section 4 of	Section 4 of the draft Opinion argues that undertakings should award 50% of variable remuneration in shares or similar instruments.	See answer to comment 4.

		the opinion: Composition of variable remuneration?	<p>We would like to emphasize that the Delegated Regulation does not limit the undertakings' freedom to determine the appropriate composition of the variable remuneration in any way. We therefore do not see a sufficient legal basis for such a requirement in an EIOPA opinion.</p> <p>In addition (and despite EIOPA's references to proportionality and feasibility, in particular, with respect to an undertaking's legal form), the administrative burden of said instruments is disproportionate for most undertakings. We therefore consider it questionable to stipulate such a general requirement.</p> <p>Finally, and as a important adjustment of section 4 of the draft Opinion, it should be explicitly clarified that instruments linked to the share of the ultimate parent company are deemed to be in line with EIOPA's requirements.</p>	
9.	AMICE	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	<p>AMICE is not aware of any adverse effects of divergent market practices in the European Union or any evidence of such practices.</p> <p>Article 275 of the Solvency II Delegated Regulation, in which the European Commission chooses not to establish fixed thresholds or quantitative ratios, sets out the obligation to develop remuneration policies, in compliance with the general principles under the Solvency II Directive. However, with its draft opinion, EIOPA would create additional obligations rather than interpret the requirements within the limits defined by the legislator, and thus, exceed its mandate. Building common supervisory culture and practices as well as ensuring uniform procedures should be done without adding new detailed rules.</p>	See answer to comment 1
10.	AMICE	Q.2: Do you have any comments on section 2 of	<p>Even though EIOPA's intention is not to add new requirements or to create administrative burden, AMICE is of the view that the quantitative criteria and targets might cause excessive burden for</p>	See answer to comment 1.

		<p>the Opinion: Context and objectives?</p>	<p>insurance undertakings, mainly because the national supervisory authorities (NSAs) could request the mechanical application of the mentioned thresholds, which would unduly restrict the undertakings' flexibility to make their entrepreneurial choices related to the remuneration policies.</p> <p>AMICE believes that the supervision should "focus on a reduced scope of staff identified as potential higher profile risk-takers to promote a proportionate approach".</p> <p>Paragraph 2.11 provides that "the indicative thresholds mentioned in this Opinion do not preclude the supervisory authorities to have stricter requirements if it is deemed appropriate" and does not even foresee the possibility that the supervisory authorities may adopt a more lenient approach, which could be well appropriate on the basis of a proportional and risk-based approach.</p> <p>In order to avoid introducing unduly regulatory burdens, which would be incompatible with the proportionality principle and with EIOPA's intent of not creating new requirements or hard targets, we suggest a rewording of paragraph 2.11 specifying that the supervisory authorities may have more flexible/less burdensome requirements if it is deemed appropriate.</p> <p>It should be the responsibility of the NSAs to assess whether remuneration policies exist and if they are actually applied and, where appropriate, to consider closer monitoring of firms whose practices differ widely from local market practices, which should be organized as part of a risk-based approach.</p> <p>A "one-size-fits-all" approach is not appropriate, in that it does not take into account the specificity of certain players on the European market and in particular, those belonging to the mutual insurance business model.</p>	<p>Proportionality has been further clarified in paragraph 2.10.</p> <p>Agree, it has been further clarified in paragraph 2.10.</p> <p>Please refer to Article 8(1)(b) and Article 29(1)(a) EIOPA Regulation.</p> <p>Proportionality and risk-based are duly taken into account.</p>
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11.	AMICE	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>The transposition of the banking regulations does not seem appropriate to the insurance sector. The banking sector necessarily has stricter remuneration requirements, in particular because of the nature of the products sold. The application of banking rules to the insurance sector is inappropriate because it does not take into account the insurers' business model.</p> <p>EIOPA's proposal to introduce the threshold of EUR 50,000 seems arbitrary and does not allow for the diversity of the European insurance market to be taken into account. It should be left to the NSAs to use their supervisory judgement taking into account the specificities of each local market.</p> <p>A flexible remuneration policy applied by companies in line with their risk appetite and sound risk management is preferable to the implementation of a maximum 1:1 ratio between the fixed and variable components of remuneration. There is currently no empirical evidence on the effects of variable remuneration on the conduct of risk-takers. EIOPA should restrain from laying down new requirements. The introduction of quantitative benchmarks may lead to unintended distortions. The 1:1 ratio for the fixed and variable components of remuneration appears to be incompatible with the principle of proportionality considering that it applies indiscriminately to all the personnel within the Opinion's scope. It is worth considering that top managers such as CEOs and General Managers have different roles and responsibilities compared to other material risk takers falling within the Opinion's scope, which normally translates into different remuneration schemes. We propose to disregard the mentioned 1:1 ratio considering that (i) there is mixed/lacking evidence on the effectiveness of the maximum ratio and that (ii) "one size does not fit all" and is incompatible with the principle of proportionality.</p> <p>The introduction of a new threshold in para. 3.7 goes beyond the mandate of EIOPA. The quantitative approach should be discarded</p>	<p>Some alignment with banking sector was considered as well as specificities of the market. The reference to 50.000 only addresses the scope of the opinion to allow for a flexible and proportionate supervision, it should not affect the diversity of the European insurance market.</p> <p>Please see comment 1.</p> <p>See also comment 5.</p>
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			<p>in favour of a qualitative approach, based on an oversight by the NSAs taking into account the reality of the local market.</p> <p>Regarding para. 3.11(a), the need for a multi-year framework for performance assessment raises concerns. The opinion is somewhat open to interpretation, but together with the deferral period it should not lead to “long tails”. If an undertaking sets the criteria for i.e. a three-year strategy period and cannot assess the performance until the end of the period, and in addition, the remuneration should be deferred, the result would be unreasonable both for the company and for the person remunerated. Even if the assessment period is longer than 1 year, one should be able to assess the performance on yearly interim criteria.</p> <p>The ratio of 1/5 (20%) between non-financial and financial criteria should not be deemed inappropriate, as stated in para. 3.12. Due to their nature, non-financial criteria (qualitative) are hardly measurable and difficult to be properly implemented in a remuneration policy. We suggest discarding the quantitative example in para. 3.12.</p> <p>With reference to para. 3.14, linking the remuneration policy to a breach of the SCR does not seem appropriate. The remuneration policy should be linked to the observance of the SCR Ratio (“SII Ratio”), in particular to the SII Ratio target defined by the undertaking (e.g. SII Ratio target coherent with its Risk Appetite Framework). Para. 3.16 is overly prescriptive. A more appropriate approach would be triggering the downwards adjustments only to the SII Ratio. The introduction of further parameters and triggers related to the undertaking would deliver unnecessary complexity with uncertain benefit from the regulatory perspective. We suggest rewording para. 3.16(a) by replacing the current parameters with the SII Ratio.</p> <p>We oppose that redundancy payments may be considered as a</p>	<p>EIOPA believe the multi-year framework is important, as risk management is set in a multi year framework as well. .</p> <p>See also comment 7.</p> <p>EIOPA believes this is an important part of assessing remuneration policy.</p>
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12.	AMICE	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>A general requirement to award 50% of the variable remuneration in shares, equivalent ownership or share-linked instruments is not feasible in general in the case of non-listed insurers and mutual entities in particular. Imposing such a requirement may result in an uneven playing field between listed insurance companies and mutual insurers.</p> <p>Furthermore, importing to the insurance sector rules from the banking regulation seems inappropriate.</p> <p>AMICE proposes not to introduce such a general requirement for every insurance undertaking, but instead letting the supervisory authorities decide - using a risk-based approach - whether to apply it only in specific circumstances.</p>	See answer to comment 4.
13.	AMICE	Q.5: Do you have any comments on section 5 of the opinion: Reporting requirements?	AMICE is of the view that the current reporting requirements in the SFCR and RSR are sufficient for this purpose and that no further data collection or reporting is required. The data collection duties of the supervisory authorities should not be translated into additional burdensome and/or complex reporting requirements for the	Noted

			insurance undertakings, also considering that most of the data is already available and published in the remuneration policies.	
14.	ANIA - Associazione Nazionale fra le Imprese Assicuratrici	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	ANIA is the Italian National Association of Insurance Companies and member of Insurance Europe. As such, it supports Insurance Europe position on the matter.	Noted
15.	ANIA - Associazione Nazionale fra le Imprese Assicuratrici	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	See answer to Question 1.	Noted
16.	ANIA - Associazione Nazionale fra le Imprese Assicuratrici	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	While generally supporting Insurance Europe views on the topic, ANIA wishes to submit some further proposals on specific paragraphs (3.1 Scope of application; 3.3 Fixed and variable components of remuneration have to be balanced; 3.6 A substantial portion of the remuneration has to be deferred; 3.19 / 3.20 Termination payments). Please see supporting document.	See answers to previous comments. The text on termination payments has been redrafted in line with the rest of the Opinion.
17.	ANIA - Associazione Nazionale fra le Imprese Assicuratrici	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	See answer to Question 1.	See answer to Q1
18.	Assuralia	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	<ul style="list-style-type: none"> • Paragraph 2.4 states that it is not EIOPA's intention to add requirements or to create administrative burden. A risk-based approach and supervisory judgement should be the basis of the supervision of such principles. EIOPA's intention is of high importance to the sector. In order to emphasise this intention, it should be set as a key principle. • Paragraph 2.8: Proportionality also increases the likelihood that 	Proportionality and risk-based approach are kept under the Opinion.

			<p>undertakings will need apply more sophisticated methods and techniques for 'higher risk'.</p> <p>It would be detrimental towards insurance companies to request to comply with more sophisticated methods and techniques for 'higher risk' as this will lead to uncertainty on one hand and will lead to a non-objective application of the remuneration principle.</p> <p>The level playing field will not be fully respected.</p> <p>The principle is rather unclear and could lead to uncertainty where major insurance companies may be forced to apply more stringent deferral systems, being in a less positive position than competitors are. The EIOPA Guidelines offer only a limited level of guidance. As a result, the guidelines can be widely interpreted and therefore the guidelines do not address the disparate practices emerging across member states.</p> <p>This concern could be addressed by clearly defining the principle, i.e. what is meant by "low risk", "high risk" and the required sophisticated methods and techniques but would lead to more complexity and is in practice not feasible for smaller and bigger insurance companies.</p> <ul style="list-style-type: none"> • Paragraph 2.10: "the most highly paid employees" is vague and should be specified. 	<p>The paragraph has been amended as part of paragraph 2.10.</p>
19.	Assuralia	<p>Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?</p>	<ul style="list-style-type: none"> • Paragraph 3.1: "the total annual remuneration" should be defined in the guidelines. Is this only the cash payments? What about share options or contributions in an occupational pension contract? • Paragraph 3.1: "[...] applies for the remuneration of the staff from the categories listed below, whose annual variable remuneration exceeds EUR 50,000 and represents more than 1/4 of that staff member's total annual remuneration: [...]" <p>The targeted staff who have a variable remuneration of more than 50.000€ and for whom this variable remuneration amounts to more than 1/4th of their total annual remuneration are subject to stricter</p>	<p>The total annual remuneration includes all components of the remuneration.</p> <p>Agree. The ¼ of the total annual remuneration has been changed to 1/3.</p>

			<p>provisions. However, in (Captial Requirements Directive CRD V (EU Directive 2019/878) it reads 1/3rd or more. The proposed guidelines of EIOPA should certainly not be stricter than CRD.</p> <ul style="list-style-type: none"> • Paragraph 3.3 sets the rule that the variable part of the remuneration is not higher than the fixed part. <p>Contrary to CRD IV, no bonus cap is included. Taking into account some LTI entitlements, it may be recommended to limit the discussion as from 150-200% of fixed remuneration.</p> <p>If the threshold retains at 100%, it should be assessed together with the deferral period. If this period is rather long fi 5 years, then the ratio could be exceeded. It should also be possible that this ratio is exceeded in case of outperformance.</p> <ul style="list-style-type: none"> • Paragraph 3.4: It would be useful to specify what ‘very low fixed remunerations’ are. • Paragraphs 3.5 and 3.6 (deferral period): Taking into account the complex remuneration structure and the need to invest in follow up systems, we recommend only to determine a three-year deferral period as standard (or one deferral period for all identified staff). Other deferral systems should be the exception to ensure that top management may not be tempted to leave the company or that companies can no longer attract top management. <p>Taking into account the possibility to disapply deferral principles, it goes without saying that implementing 3 different systems for identified staff may be too burdensome.</p> <p>The changes proposed will also present a significant challenge for a number of foreign insurers with European activities, with possible negative tax implications for those mobile employees that move between Europe and the firms’ other regions, including the home state.</p> <p>We ask to confirm that the deferral term shall be effective after the evaluation period and not from the moment when the up-front variable remuneration is paid.</p> <ul style="list-style-type: none"> • Paragraph 3.20, c): Payments that belong to the category listed in 	<p>As the Opinion contains triggers as guidance for NSAs on how to challenge the application of certain remuneration principles the suggested details requested can not be added to the opinion.</p> <p>Noted. In line with the Opinion.</p> <p>The proposals are considered too detailed for the Opinion.</p>
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			<p>paragraph 3.18, and that do not fulfil the condition in paragraph (a) above, should not be taken into account when determining the fixed/variable remuneration ratio if the undertaking has demonstrated to the supervisory authority the reasons and the appropriateness of the amount of the termination payment.</p> <p>The principle is formulated in a very far-reaching way. It would be recommended to ensure that severance payments up to 18 months are considered to be reasonable especially taking into account the corporate governance principles</p> <ul style="list-style-type: none"> • Paragraph 3.22 sets the rule that a substantial part of the termination payment should be deferred in time. <p>It should be taken into account that under national labour law severance payments would generally be considered as a form of compensation for damages (loss of job) rather than remuneration. Applying the deferral system for termination payments is complex without added value. It leads to a more complex administration which is aimed to be avoided.</p> <ul style="list-style-type: none"> • Paragraph 3.24 (situation in which no termination payments should be made): This paragraph should be deleted in order to be consistent. Indeed, as a non-compete payment could also be due in the event of resignation, we recommend not to prohibit payments of such clauses. <p>Moreover, in cases of resignation, the insurance company may prefer to request the employee not to perform during notice period and pay the corresponding severance pay.</p> <p>In other words, this paragraph is not in line with business expectations and should be deleted.</p> <p>Finally, severance payments that are agreed to avert a legal dispute before a labour court, even if failure of staff cannot be verified/proven at the time of the settlement may not be prohibited</p>	
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			as in other cases litigation with top management will increase significantly.	
20.	Assuralia	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<ul style="list-style-type: none"> • Paragraph 4.1 and 4.2 (50% of variable remuneration in shares and retention policy): <p>Insurance companies often implement at group level share or share linked plans. However, the share and share-linked plans are linked to the shareholders value over a longer period and it is not common from a corporate governance that the grant of share-linked instruments is part of the short term variable incentive plan.</p> <p>Moreover, where some insurance companies cannot (owing to their legal structure) issue shares, requiring them to issue "equivalent non-cash instruments" creates an additional risk for these insurance companies (since they cannot provide employees with actual shares, they cannot readily hedge against the additional cost that may be associated with an increase in the value of the underlying instrument). Especially for a holding the results and shareholders value will depend on results at group level. If not, additional costs are incurred by these firms given the need to "value" the share-linked instrument. These additional costs could be avoided if firms were able to award cash over the deferral period (but subject to malus).</p> <p>Moreover, the obligation to ensure that 50% of the total variable remuneration in shares or share linked instruments is not included in the Solvency II regulation. As it is not the intention to add additional regulations, this clause should be deleted.</p> <p>The additional retention periods will lead to a situation that insurance companies are less competitive to attract top management talent.</p>	Chapter 4 has been deleted from the Opinion. See comment 4.

			<p>Finally, from a Belgian perspective, taking into account Belgian corporate governance rules, shares can only be vested in principle 3 years following the grant (only applicable for a listed Belgian company*)</p> <p>Defining targets ought to be given the flexibility to use other instruments more closely aligned to the performance of the insurance company and the individual concerned. *Marginal number 7.6 COMMISSIE CORPORATE GOVERNANCE, "Belgische corporate governance code 2020", 2019¹</p>	
21.	Assuralia	Q.6: Any other comment you would like to make?	<ul style="list-style-type: none"> •General remark: It is proposed that these guidelines should only apply to future contractual agreements. Any and all entitlements (including termination fees) granted prior to the guidelines entering into force should be fully respected. Doing otherwise would interfere with the widely accepted principle of the rule against retroactivity, which prohibits the imposition of ex post facto laws. 	The Opinion is addressed to supervisory authorities and based on the Delegated Regulation which is directly applicable to all current and future policies.
22.	Austrian Federal Chamber of Labour	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<ul style="list-style-type: none"> • The variable remuneration should urgently be restricted. It should not exceed 50 percent of the fixed salary. • The criteria for receiving variable remuneration should not be measured solely by financial indicators. Instead, it needs to emphasize more on rewarding sustainable management as measured by intangible and qualitative goals. These should include non-financial goals with a focus on employees, such as improving working conditions (health and safety), strengthening diversity in 	<p>The Opinion does not intend to restrict the variable remuneration but to set benchmarks to trigger supervisory challenge.</p> <p>Noted, the proposal is in line with Opinion.</p>

¹ Not possible to add in the table (formatting issue)

https://www.corporategovernancecommittee.be/sites/default/files/generated/files/page/belgische_corporate_governance_code_2020.pdf

			<p>the workforce and in leadership and investing more in job-related training.</p> <ul style="list-style-type: none"> • To create a sustainable performance incentive, it is important that not only short-term, arbitrary or other parameters that can be influenced by the Executive Board are taken into account. Misdirected incentives such as short-term success orientation or excessive risk-taking need to be prevented. In particular, bonus qualification should not be linked to specific valuation dates (e.g. profit maximization). • The deferral period for the variable remuneration component should be extended from three to five years, based on the Banking Act already in force in Austria (annex of § 39b Austrian Banking Act). If the variable component is above average, the deferral of 40 percent of the variable remuneration should be adjusted to at least 60 percent (annex of § 39b Austrian Banking Act). • Termination payment of members of the Management Board must not exceed one year's salary. 	<p>Noted</p> <p>Noted</p>
29.	Employers` Association of Insurance Companies (AGV)	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	<p>"AGV welcomes the approach to enhance supervisory convergence by focussing on a set of remuneration principles identified in the Delegated Regulation. We also appreciate the statement that it is not EIOPA`S intention to add requirements or to create administrative burden.</p> <p>Against this background, AGV wonders why EIOPA allows and encourages national authorities to apply stricter rules (2.11). This is in contrast to the intended objective to harmonise supervisory practices. AGV would appreciate if there were a recommendation that national supervisory authorities should not impose stricter standards.</p>	<p>It is EIOPA's duty to contribute to high quality common regulatory and supervisory standards and practices in particular by providing opinions (Article 29(1)(a) EIOPA Regulation).</p> <p>Please see comment 1.</p>

			<p>Unfortunately, some of EIOPA’s interpretation in section 3/4 conflict with the goal not to add new requirements on the insurance sector. AGV will enlarge on these topics later on.</p> <p>Unfortunately, EIOPA pursues a rather rules-based approach and a considerable level of detailed guidance. As a result, the draft opinion often not only expands the scope of interpretation offered by the remuneration principles set out in Article 275. Though not legally binding, it will be factually perceived as mandatory by competent authorities and therefore contribute to considerable additional cost and administrative burden.</p> <p>Thus, we request EIOPA to reconsider whether an extensive opinion on remuneration regulation is necessary at all. Q&As would offer an alternative opportunity to provide a focused and more nuanced assessment on selected remuneration principles only. At least, the opinion should follow a principles-based approach."</p>	
30.	Employers’ Association of Insurance Companies (AGV)	Q.3: Do you have any comments on section 3 of the opinion: EIOPA’s expectations on supervision of remuneration policies?	<p>3.1. For AGV is not clear, what EIOPA considers as staff member’s “total annual remuneration”. This interpretation is crucial to define the scope of application – as the Opinion applies for the remuneration of special staff members, whose annual variable remuneration exceeds EUR 50.000 and represents more than ¼ of that staff member’s total annual remuneration. In order to reduce administrative burden total annual remuneration can only contain cash related parts of the remuneration. Non-cash benefits like pension commitments, car allowance or health promotion could not be taken into consideration. Another definition would extensively increase the administrative effort of determining the relevant remuneration components.</p> <p>3.2. We appreciate that this section suggests that an exclusively fixed remuneration meets supervisory requirements.</p>	<p>Total annual remuneration is the terminology used in all sectors and does include also non-cash benefits.</p> <p>See previous comments.</p>

			<p>3.3. By identifying the threshold of a 1:1 ratio between fixed and variable components as potential trigger for supervisory measures, EIOPA exceeds the limits set by Level 1-requirements. Article 275 (2) (a) only requires a “balanced” proportion between fixed and variable components. Moreover, there is no comprehensive evidence that this ratio would constitute a red line for encouraging excessive risk taking. It is apparently derived from Article 94 (2) (g) of Directive 2013/36/EU. Simply adopting this requirement from the banking sector is not appropriate, as the insurance sector is neither prone nor known for excessive variable remuneration.</p> <p>Instead, it should be clarified that, if any, only an excess of variable remuneration components may deserve increased supervisory attention (see relation to 3.7).</p> <p>If EIOPA maintains this interpretation, it should be clarified that competent authorities shall grant undertakings the time necessary to adapt their remuneration agreements.</p> <p>For further comments see uploaded file.</p>	
31.	Employers` Association of Insurance Companies (AGV)	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>We strongly disagree with the requirement to award 50% of variable remuneration in shares, equivalent ownership or share-linked instruments, if proportionate and feasible. Unlike Article 94 (1) (l) of Directive 2013/36/EU, the Delegated Regulation does not provide the legal foundation to impose such a requirement. It is EIOPA’s mission to ensure a convergent application of existing rules. It is not within EIOPA’s remit to compensate for supposed regulatory. That is the sole jurisdiction of the European legislator.</p> <p>Apart from that, there is also not a regulatory rationale to adopt banking rules in the insurance sector. Undertakings must decide whether stock-based or equivalent long-term remuneration are d</p>	Chapter has been deleted from the Opinion, see comment 4

			proportionate and feasible. It is also unclear how undertakings should be “encouraged” to develop equivalent non-cash instruments (section 4.4). In addition, it would generate considerable cost and require tremendous effort for undertakings not constituted as (listed) stock corporations.	
32.	German Insurance Association (GDV)	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	The GDV wonders whether EIOPA should refer to Directive 2017/828/EC in section 1.2. EIOPA’s scope of action pursuant to Article 1 of Regulation (EU) 1094/2010 does not grant the power to act upon this Directive. In addition, Directive 2017/828/EC regulates the shareholder engagement, including remuneration issues, of listed companies only. EIOPA should abstain from creating the inaccurate impression that provisions for listed insurers require compliance from all insurance companies regardless their legal structure and the listing at a stock market.	The reference to Directive 2017/828/EC is to note that EIOPA delivers the Opinion in line with this Directive.
33.	German Insurance Association (GDV)	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	<p>"General comments: The GDV supports EIOPA’s objective to enhance supervisory convergence by focusing on a set of remuneration principles identified in the Delegated Regulation. We also appreciate the intention not to add requirements or to create administrative burden. Having this in mind, it is not evidently comprehensible why EIOPA is weakening its opinion – already not mandatory by its very nature – by explicitly allowing competent authorities to apply stricter rules (sections 2.11 and 3.6). Therefore, it is questionable whether this draft opinion is fit for purpose at all.</p> <p>Apart from that, it is paramount that the limitations set by the principles-based concept of Article 275 of the Delegated Regulation are respected. Unfortunately, EIOPA pursues a rather rules-based approach by creating indicative thresholds and a considerable level of detailed guidance. As a result, the draft opinion often not only expands the scope of interpretation offered by the remuneration principles set out in Article 275. Though not legally binding, it will be</p>	Please see comment 1.

			<p>factually perceived as mandatory by competent authorities and therefore contribute to considerable additional cost and bureaucracy.</p> <p>Consequently, we request EIOPA to reconsider whether an extensive opinion on remuneration regulation is necessary at all. Q&As would offer an alternative opportunity to provide a focused and more nuanced assessment on selected remuneration principles only. At least, the opinion should be strictly reduced to a principles-based approach.</p> <p>2.7: Art. 275 (1) (a) / (b) links the remuneration policy to the risk profile of the undertaking. To make a two-dimensional approach out of that is misleading and does not clarify the supervising approach.</p> <p>2.9: The second sentence should be deleted. Competent authorities must not be encouraged to apply the opinion – and consequently Article 275 of the Delegated Regulation – to remuneration agreements with staff members outside the scope of section 3.1. This would clearly contradict the effort to adopt a proportionate and more flexible approach as stated in sentence one.</p> <p>2.11: The admission to the supervisory authorities to impose stricter requirements contradicts EIOPA's mission to ensure convergence and constitutes a selective setback to the principle of minimum harmonization. This approach undermines a cornerstone of Solvency II, as Directive 2009/138/EC provides for a maximum harmonizing regime."</p>	<p>Para. 2.8 is just stating supervisors may use different benchmarks to trigger supervisory challenge. This is not a new requirement and is in line with supervisory powers and responsibilities.</p>
34.	German Insurance	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's	3.1: The relative threshold refers 1/4 of that staff member's "total" annual remuneration. This wording may create the inadequate	Total annual remuneration is the terminology used in all

	<p>Association (GDV)</p>	<p>expectations on supervision of remuneration policies?</p>	<p>assumption that non-cash benefits like pension commitments or car allowance are to be taken into consideration. Therefore, we would suggest clarifying that only cash-related parts of the remuneration are captured by the opinion.</p> <p>3.3: By identifying the threshold of a 1:1 ratio between fixed and variable components as potential trigger for supervisory measures, EIOPA exceeds the limits set by Level 1-requirements. Moreover, there is no comprehensive evidence that this ratio would constitute a red line for encouraging excessive risk taking.</p> <p>3.5: EIOPA indicates that Article 275 (2) (c) requires undertakings to establish different deferral periods consistent with the risks business models or employees are entering into for each individual remuneration agreement. We don't share such an extensive interpretation of the deferral requirement.</p> <p>3.6: EIOPA states that the deferral should apply to all the variable component, both linked to short term and long term performance horizons. This sentence should be deleted, as it implies that the deferral may be divided into separate parts subject to different deferral periods.</p> <p>3.9: The GDV does not see any reference in the Delegated Regulation for requiring undertakings to conduct an ex-ante performance assessment and anticipate the consequences on the variable remuneration component if the financial and/or non-financial criteria are not met. The impact of failure can only be reliably assessed on an ex-post basis, taking into account the reasons for missing the performance targets.</p>	<p>sectors and does include also non-cash benefits.</p> <p>Please see comment 1.</p> <p>The paragraph has been clarified.</p> <p>This is a decision of the undertaking but in fact it may be divided.</p> <p>Opinion refers to supervisory expectations.</p>
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			<p>3.10: EIOPA states that “the remuneration award process has an appropriate impact on the individual’s behavior”. This section should be deleted. It is not in the supervisor’s capacity to attribute new objectives to the remuneration process.</p> <p>3.11: Article 275 does not require undertakings to set a multi-year framework for performance assessments. In addition, it should be clarified that the list of criteria for non-quantitative performance indicators set out in section 3.11b is just illustrative and does not require mandatory consideration.</p> <p>3.12: The GDV points out that Article 275 (2) (d) does not offer the scope of interpretation to consider the performance assessment for granting variable remuneration potentially inadequate if it is informed by 20% or less of non-financial indicators. Irrespective of legal concerns, EIOPA’s opinion also deprives the flexibility necessary of undertakings to adequately reflect financial and non-financial criteria in the individual’s performance assessment.</p> <p>3.13: Article 275 (2) (e) grants flexibility to undertakings to choose an adjustment method as deemed feasible. Section 3.13 does not offer additional benefit and should be deleted. In contrast, the examples mentioned by EIOPA create the false impression that these options constitute a minimum standard which have to be considered by the undertakings.</p> <p>3.16: The GDV does not see a legal requirement nor a regulatory benefit to expect a clear description of the downwards adjustment(s) from undertakings. Undertakings need to be prepared to demonstrate to the supervisor that the remuneration agreements include a</p>	<p>EIOPA believes it is part of the application of the principle.</p> <p>It was clarified that it refers to examples.</p> <p>See answer to comment 7.</p> <p>The paragraph has been slightly re-drafted.</p> <p>Downward adjustment is an important part of the supervision of remuneration policy.</p>
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			<p>mechanism for downward adjustment. The effectiveness of this mechanism may be challenged by the supervisor. Requiring undertakings to produce extensive, ex-ante analysis and documentation is disproportionate and only adds to burdensome bureaucracy.</p> <p>3.19: The GDV notes that Article 275 (2) (f) requires undertakings to make sure that termination payments do not reward failure. However, it does not legitimize to treat these payments as variable remuneration. Termination payments are usually not related to the past performance, but serve to reconcile the interests between employer and employee due to the premature cancellation of the contract.</p> <p>3.19-3.24: EIOPA describes in exhaustive detail and with complex references between the different sections how to determine the termination payments subject to regulatory scrutiny. We consider this approach neither necessary nor helpful. Moreover, it is questionable from a legal perspective as a “one-sentence requirement” like Article 275 (2) (f) hardly offers leeway for that level of granularity.</p>	<p>The section has been re-drafted. See comment 7.</p> <p>The section has been re-drafted. See comment 7.</p>
35.	German Insurance Association (GDV)	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>"We strongly disagree with the requirement to award 50% of variable remuneration in shares, equivalent ownership or share-linked instruments, if proportionate and feasible. Unlike Article 94 (1) (l) of Directive 2013/36/EU, the Delegated Regulation does not provide the legal foundation to impose such a requirement. It is EIOPA's mission to ensure a convergent application of existing rules. It is not within EIOPA's remit to compensate for supposed regulatory. That is the sole jurisdiction of the European legislator.</p> <p>Apart from that, there is also not a regulatory rationale to adopt banking rules in the insurance sector. It must be left to the discretion of undertakings to decide whether stock-based or</p>	Chapter 4 has been deleted from the Opinion, see comment 4.

			<p>equivalent long-term remuneration is deemed proportionate and feasible. It is also unclear how undertakings should be “encouraged” to develop equivalent non-cash instruments (section 4.4). In addition, it would generate considerable cost and require tremendous effort for undertakings not constituted as (listed) stock corporations.”</p>	
36.	Independent Economic and Financial Research	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	<p>Unified EU minimum salary for all EU workers is necessary while the reinsurance system can be converted into EU minimum personal insurance including minimum living expense as one item of EU unified basic statutory public services purchased by EU governments in the form of EU budget and EU finance market and budget insurances with the supervision of EU Finance Market Supervision Committee with the joint efforts of EU central bank in a form of high-representative meeting (which can be set up based on the European Securities and Markets Authority) in case of the across-EU finance and economic crisis within EU.</p> <p>For EU finance market and budget insurances, this mechanism can also directly enhance the EU integration and different EU member nations can pay differentiated insurance rates related their budget shares in EU total budget plan (including the budget for EU unified basic statutory public services purchased by EU governments, such as EU unified e-government) and their finance capital status by an proper classified EU finance supervision standard. Also, EU should encourage and simplify the unnecessary regulations for social private investments among EU member nations within EU, which can cooperate with the supported finance services provided by state-owned financing companies.</p> <p>Except EU e-qualifications (https://ec.europa.eu/info/law/better-regulation/lighten-load/suggestions/S5542597_en), the EU statutory unified minimum personal insurance can contain the EU unified minimum living expense and or EU statutory unified personal insurances such as healthy insurance and necessary</p>	Noted

			<p>housing insurance (public housing renting) by the European Committee or Authority for EU statutory unified Personal Minimum Living Insurance (or European Authority for EU Unified Personal Insurance), which can be partly based on the European Insurance and Occupational Pensions. The minimum living expense can be received only when the EU nationals are neither not in the employment nor not self-employed (out of work) and it can be converted into the personal insurances if the person who is out of work don't need presently and hope it can be into the relevant personal insurances. Or, if possible, we can make the EU statutory unified minimum personal insurance as the payment of the minimum living expense covering all the necessary aspects for the proper basic living expense adjusted according to the social economic status and the nationals who receive it can have the right to make some deduction for the minimum living expense, such as deduction for the housing subexpense if they don't need.</p>	
37.	Independent Economic and Financial Research	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	<p>Unified EU minimum salary for all EU workers is necessary while the reinsurance system can be converted into EU minimum personal insurance including minimum living expense as one item of EU unified basic statutory public services purchased by EU governments in the form of EU budget and EU finance market and budget insurances with the supervision of EU Finance Market Supervision Committee with the joint efforts of EU central bank in a form of high-representative meeting (which can be set up based on the European Securities and Markets Authority) in case of the across-EU finance and economic crisis within EU.</p> <p>For EU finance market and budget insurances, this mechanism can also directly enhance the EU integration and different EU member nations can pay differentiated insurance rates related their budget shares in EU total budget plan (including the budget for EU unified basic statutory public services purchased by EU governments, such as EU unified e-government) and their finance capital status by an proper classified EU finance supervision standard. Also, EU</p>	Noted

			<p>should encourage and simplify the unnecessary regulations for social private investments among EU member nations within EU, which can cooperate with the supported finance services provided by state-owned financing companies.</p> <p>Except EU e-qualifications (https://ec.europa.eu/info/law/better-regulation/lighten-load/suggestions/S5542597_en), the EU statutory unified minimum personal insurance can contain the EU unified minimum living expense and or EU statutory unified personal insurances such as healthy insurance and necessary housing insurance (public housing renting) by the European Committee or Authority for EU statutory unified Personal Minimum Living Insurance (or European Authority for EU Unified Personal Insurance), which can be partly based on the European Insurance and Occupational Pensions. The minimum living expense can be received only when the EU nationals are neither not in the employment nor not self-employed (out of work) and it can be converted into the personal insurances if the person who is out of work don't need presently and hope it can be into the relevant personal insurances. Or, if possible, we can make the EU statutory unified minimum personal insurance as the payment of the minimum living expense covering all the necessary aspects for the proper basic living expense adjusted according to the social economic status and the nationals who receive it can have the right to make some deduction for the minimum living expense, such as deduction for the housing subexpense if they don't need.</p>	
38.	Independent Economic and Financial Research	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	Unified EU minimum salary for all EU workers is necessary while the reinsurance system can be converted into EU minimum personal insurance including minimum living expense as one item of EU unified basic statutory public services purchased by EU governments in the form of EU budget and EU finance market and budget insurances with the supervision of EU Finance Market Supervision Committee with the joint efforts of EU central bank in a form of high-representative meeting (which can be set up based on	Noted.

			<p>the European Securities and Markets Authority) in case of the across-EU finance and economic crisis within EU.</p> <p>For EU finance market and budget insurances, this mechanism can also directly enhance the EU integration and different EU member nations can pay differentiated insurance rates related their budget shares in EU total budget plan (including the budget for EU unified basic statutory public services purchased by EU governments, such as EU unified e-government) and their finance capital status by an proper classified EU finance supervision standard. Also, EU should encourage and simplify the unnecessary regulations for social private investments among EU member nations within EU, which can cooperate with the supported finance services provided by state-owned financing companies.</p> <p>Except EU e-qualifications (https://ec.europa.eu/info/law/better-regulation/lighten-load/suggestions/S5542597_en), the EU statutory unified minimum personal insurance can contain the EU unified minimum living expense and or EU statutory unified personal insurances such as healthy insurance and necessary housing insurance (public housing renting) by the European Committee or Authority for EU statutory unified Personal Minimum Living Insurance (or European Authority for EU Unified Personal Insurance), which can be partly based on the European Insurance and Occupational Pensions. The minimum living expense can be received only when the EU nationals are neither not in the employment nor not self-employed (out of work) and it can be converted into the personal insurances if the person who is out of work don't need presently and hope it can be into the relevant personal insurances. Or, if possible, we can make the EU statutory unified minimum personal insurance as the payment of the minimum living expense covering all the necessary aspects for the proper basic living expense adjusted according to the social economic status and the nationals who receive it can have the right</p>	
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			to make some deduction for the minimum living expense, such as deduction for the housing subexpense if they don't need.	
39.	Independent Economic and Financial Research	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>Unified EU minimum salary for all EU workers is necessary while the reinsurance system can be converted into EU minimum personal insurance including minimum living expense as one item of EU unified basic statutory public services purchased by EU governments in the form of EU budget and EU finance market and budget insurances with the supervision of EU Finance Market Supervision Committee with the joint efforts of EU central bank in a form of high-representative meeting (which can be set up based on the European Securities and Markets Authority) in case of the across-EU finance and economic crisis within EU.</p> <p>For EU finance market and budget insurances, this mechanism can also directly enhance the EU integration and different EU member nations can pay differentiated insurance rates related their budget shares in EU total budget plan (including the budget for EU unified basic statutory public services purchased by EU governments, such as EU unified e-government) and their finance capital status by an proper classified EU finance supervision standard. Also, EU should encourage and simplify the unnecessary regulations for social private investments among EU member nations within EU, which can cooperate with the supported finance services provided by state-owned financing companies.</p> <p>Except EU e-qualifications (https://ec.europa.eu/info/law/better-regulation/lighten-load/suggestions/S5542597_en), the EU statutory unified minimum personal insurance can contain the EU unified minimum living expense and or EU statutory unified personal insurances such as healthy insurance and necessary housing insurance (public housing renting) by the European Committee or Authority for EU statutory unified Personal Minimum Living Insurance (or European Authority for EU Unified Personal Insurance), which can be partly based on the European Insurance</p>	Noted

			<p>and Occupational Pensions. The minimum living expense can be received only when the EU nationals are neither not in the employment nor not self-employed (out of work) and it can be converted into the personal insurances if the person who is out of work don't need presently and hope it can be into the relevant personal insurances. Or, if possible, we can make the EU statutory unified minimum personal salary insurance as the payment of the minimum living expense covering all the necessary aspects for the proper basic living expense adjusted according to the social economic status and the nationals who receive it can have the right to make some deduction for the minimum living expense, such as deduction for the housing subexpense if they don't need.</p>	
40.	Independent Economic and Financial Research	Q.5: Do you have any comments on section 5 of the opinion: Reporting requirements?	<p>Unified EU minimum salary for all EU workers is necessary while the reinsurance system can be converted into EU minimum personal insurance including minimum living expense as one item of EU unified basic statutory public services purchased by EU governments in the form of EU budget and EU finance market and budget insurances with the supervision of EU Finance Market Supervision Committee with the joint efforts of EU central bank in a form of high-representative meeting (which can be set up based on the European Securities and Markets Authority) in case of the across-EU finance and economic crisis within EU.</p> <p>For EU finance market and budget insurances, this mechanism can also directly enhance the EU integration and different EU member nations can pay differentiated insurance rates related their budget shares in EU total budget plan (including the budget for EU unified basic statutory public services purchased by EU governments, such as EU unified e-government) and their finance capital status by an proper classified EU finance supervision standard. Also, EU should encourage and simplify the unnecessary regulations for social private investments among EU member nations within EU, which can cooperate with the supported finance services provided by state-owned financing companies.</p>	Noted

			<p>Except EU e-qualifications (https://ec.europa.eu/info/law/better-regulation/lighten-load/suggestions/S5542597_en), the EU statutory unified minimum personal insurance can contain the EU unified minimum living expense and or EU statutory unified personal insurances such as healthy insurance and necessary housing insurance (public housing renting) by the European Committee or Authority for EU statutory unified Personal Minimum Living Insurance (or European Authority for EU Unified Personal Insurance), which can be partly based on the European Insurance and Occupational Pensions. The minimum living expense can be received only when the EU nationals are neither not in the employment nor not self-employed (out of work) and it can be converted into the personal insurances if the person who is out of work don't need presently and hope it can be into the relevant personal insurances. Or, if possible, we can make the EU statutory unified minimum personal insurance as the payment of the minimum living expense covering all the necessary aspects for the proper basic living expense adjusted according to the social economic status and the nationals who receive it can have the right to make some deduction for the minimum living expense, such as deduction for the housing subexpense if they don't need.</p>	
41.	Independent Economic and Financial Research	Q.6: Any other comment you would like to make?	<p>"A subplatform can be set up for online cyber learning including self-learning and social practiceships such as the internship. The E-networking online learning centre system can be base on the natural libraries, which also contain the function of e-library.</p> <p>Also,</p> <p>Least Work Qualifications for EU</p> <p>EU can take the reform of most simplified qualifications to form least qualifications in the form of e-qualification required by EU basic or constitutional law within EU via EU/European E-</p>	Noted

			<p>qualification E-platform. Some of the e-qualifications can be memberships of lawful EU societies or associations through the ECTS (European Credit Transfer and Accumulating System), and no other qualified certificates will be requested for positions funded by EU budgets except for necessary requirements of the EU/European e-qualifications.</p> <p>The EU e-qualifications will be only applied, received and verified through the EU E-qualification E-platform that used for work qualifications required in EU. Except for the EU unified e-qualifications, there'll be no other qualificational certificates or qualified certifications for positions in the public sectors funded by the EU budgets; there'll be no limits for other economic and social sectors as long as the limits don't against the EU Antitrust Law in the aspect of EU working qualifications. The ECTS (European Credit Transfer and Accumulating System) which should now contain all the forms of life-long learning outcomes can be used for the EU unified e-qualifications required by EU law and regulations and be in the structure of a subcommittee with EU national working personnel involved, including the personal self-learning and practiceship.</p> <p>The kernel of this proposal is the unified EU E-qualifications, the EU E-qualification E-platform and the relevant law for the necessary qualifications in the form of e-qualification. Therefore, EU needs to utilize the proper EU budget plan to set up the unified EU/European E-qualification E-platform associated with eIDs (It is corresponding to personal ID number which can also be as personal tax and basic credit numbers and for the usage of EU uniform e-government services; eIDs are for the market and other social activities) as one of the EU public services sub-E-platform by related EU committee, according to the EU Lisbon Treaty, EEA (European Economic Area) Agreements and Treaty on the Functioning of the European Union (TFEU), or the EU basic or constitutional law when possible later. In addition, the EU eID</p>	
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			system can include the basic eIDs that used also for EU public services and other eIDs such as the registration number of EU unified e-qualification with the working of algorithm functions."	
42.	Insurance Europe	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	<p>"Insurance Europe acknowledges that it is EIOPA's task to ensure an effective and consistent level of supervision and that convergent supervisory practices should be built upon a common understanding of Union laws and regulations. However, the issuance of more detailed opinions on the interpretation of laws and regulations must always be proportionate to the detrimental effects of differences in application. Insurance Europe is not aware of any detrimental effects of divergent market practices across the European Union or evidence thereof, and the convergence of market practices is not part of EIOPA's mandate.</p> <p>While the EBA was clearly mandated by the CRD IV Directive to issue guidelines on sound remuneration policies, the Solvency II Directive never mentions this topic. For the insurance sector, the European co-legislators provided instead a general requirement for a system of governance . The requirement to develop remuneration policies was set out in Article 275 of the Delegated Regulation , in which the European Commission chose to not establish fixed thresholds or quantitative ratios, in respect with Solvency II Directive's principle-based approach. This fundamental judgement should not be undermined by EIOPA. With this opinion, EIOPA would create additional obligations rather than interpreting requirements within the limits set by the legislator, and therefore exceed its mandate."</p>	See comment 1
43.	Insurance Europe	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	<p>Insurance Europe supports that the supervision should "focus on a reduced scope of staff identified as potential higher profile risk-takers to promote a proportionate approach".</p> <p>Although Insurance Europe does not deny that sound compensation practices are part of a sound and prudent risk</p>	See comment 1. The Opinion focuses on a reduced number of staff. The Delegated Regulation is applicable as stated in Article 275

			<p>management framework, the regulatory framework should not intend to prescribe particular designs or levels of individual compensation. Insurance Europe supports EIOPA's intention to ensure convergent supervision of remuneration policies within the EU.</p> <p>However, while for the banking sector, EBA developed guidelines on remuneration as expressly mandated by the CRD IV Directive, there is no such legal basis for EIOPA to develop a detailed opinion on remuneration principles, as stated above.</p> <p>In addition, Insurance Europe highlights that it is of the responsibility of national supervisory authorities (NSAs) to assess whether remuneration policies exist and are effectively applied and, on a risk-based approach, consider a closer monitoring of companies whose practices differ widely compared to local market practices.</p> <p>A one size fits all approach could in fact be detrimental to sound risk management in certain jurisdictions, considering the widely diverging cultures among the insurance sector across member states (see response to question 3).</p> <p>Insurance Europe acknowledges EIOPA's statements regarding the importance of a risk-based approach and supervisory judgement. However, it may be easier and less resource consuming for NSAs to apply indicative figures regardless of the local specificities of their market. Therefore, despite the non-binding nature of this opinion, it is likely to result in an application of arbitrary figures across the Union.</p> <p>Additionally, paragraph 2.9 suggests that for the staff out of the scope of this opinion, NSAs " may also adopt a proportionate and more flexible approach". However, EIOPA considers that a proportionate approach should only result in the widening of the</p>	<p>(1) c of the Delegated Regulation.</p> <p>Please see, for the aim and objective of the Opinion, chapter 2 of the Document and comment 1.</p> <p>As to the proportional approach paragraph 2.10 has been amended.</p>
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			<p>of Delegated Regulation (DR), consistently with risk-based approach of SII framework</p> <p>There havnt been significant cases of excessive/detrimental use of var rems in insurance sector which would justify removing this crucial flexibility/competitiveness on labour market</p> <p>3.3 implies that a reference ratio 1:1 in form of a fixed/var rem ratio is balanced. No ratio has been set in SII regulation (reg) for insurance. Even under CRD, 100% bonus cap, similar to a 1:1 ratio proposed by EIOPA, can be increased to 200% with shareholder approval. Setting this new req goes beyond current reg&practice in financial sector.</p> <p>By identifying threshold of 1:1 ratio as potential trigger for supervisory measures, EIOPA exceeds limits set by Level 1&2. No comprehensive evidence that violation of this ratio would encourage excessive risk taking. Simply adopting banking req inst appropriate.</p> <p>Specific ratio 1:1 var/fixed compensation is overly prescriptive&prevents companies from applying flexible rem policy aligned with risk appetite/sound risk management (RM). Although EIOPA suggests this opinion inst intended to introduce new req, in practice NSAs are likely to introduce hard limits to comply with this opinion. High level, qualitative guidelines should inform each NSA's approach to supervising rem policy, without specific limits on var rem. Any reference at all to a preset ratio between fixed&var rem should be avoided</p> <p>EIOPA states that deferral should apply to all var component, both linked to short term & long term performance. This sentence should be deleted, it implies that deferral may be divided into separate parts subject to different deferral periods. This can't be derived from Art274-2-c, which doesnt include reference to duration of performance goals. Its not consistent with rem practice, regularly based on assumption that period for performance assessment is aligned with deferral period. Purpose of deferral can be achieved without imposing deferral mechanism on each incentive system</p>	<p>Article 275(2)c of the Delegated Regulation states that the deferral period should be flexible.</p> <p>Assessment criteria give guidance to NSAs in there assessment. Other criteria might be added.</p>
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			<p>Exceeding any preset indicator shouldn't trigger automatic action from NSAs ie engaging with undertaking & investigating policies. Any action should only be taken where NSA deems it appropriate</p> <p>3.7 indicates deferral rate should be higher than 40% in case of particularly high var, eg in case of ratio var/fixed component >1:1. This specific deferral introduces a threshold which is new to sector & also a tiered approach to applying enhanced req</p> <p>The quantitative criteria seem rather low&arbitrary. To preserve proportionality, indicators could be replaced by supervision focusing on how companies' approach align with RM. Reg should remain principles-based & encourage proactive supervision. Close monitoring of ratios should remain tool at discretion of NSAs where RM in a company has been proved unsound</p> <p>3.9 specifying consequences of performance on var, combined with 3.11 asking to document extensive list of criteria may lead to formulaic&bureaucratic approaches which dont lead to improvement in relationship between rem&risk. It should also be clarified that list of criteria for non-quantitative performance indicators set out in 3.11b is illustrative&doesnt require mandatory consideration</p> <p>PLEASE SEE ATTACHMENT FOR FULL RESPONSE"</p>	
45.	Insurance Europe	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>"Insurance Europe strongly disagrees with the requirement to award 50% of variable remuneration in shares, equivalent ownership or share-linked instruments. Unlike the banking sector regulation, the Solvency II Delegated Regulation does not provide the legal foundation to impose such a requirement. There is no regulatory rationale to adopt this banking rule in the insurance sector. It must be left to the discretion of undertakings to decide whether stock-based remuneration is deemed proportionate and feasible, in order to preserve flexibility.</p> <p>Moreover, unlike the banking sector, the insurance sector comprises numerous mutuals and cooperatives. The requirement</p>	Chapter 4 has been deleted from the Opinion, see comment 4.

			<p>to award 50% of the variable remuneration in shares “if proportionate and feasible” seems also simply copied from the rules of the banking sector, and may create an unlevel playing field between shareholder companies and mutuals/cooperatives where it cannot apply.</p> <p>The proposal in paragraph 4.1 which requires firms to provide 50% of variable remuneration in the form of shares or similar instruments, would prove impractical and limit the benefit of reward packages. This requirement is highly prescriptive and will limit firms’ ability to design appropriate and competitive remuneration policy.</p> <p>In addition, the combination of the requirements proposed in paragraph 4.1 with those in paragraph 4.2, which require a retention policy to be included in share linked instruments, could quite easily lead to confusion regarding the amount and ratio of variable remuneration deferred, as share price fluctuates. Unless clarified this could lead to an unfair and disproportionately high deferral rate for certain individuals. It is unclear whether this was EIOPA’s intention.</p> <p>Furthermore, paragraph 4.4 should be deleted as it remains unclear how, and under which rationale, undertakings should be “encouraged” to develop equivalent non-cash instruments.”</p>	
46.	Insurance Europe	Q.6: Any other comment you would like to make?	<p>"There should be no limit to the number of characters allowed to respond to a public consultation. It is crucial to adequately consider feedback provided by stakeholder.</p> <p>PLEASE REFER TO ATTACHMENT FOR FULL RESPONSE</p> <p>Insurance Europe key messages on the draft opinion: Legal basis</p>	<p>Noted. The points mentioned in the note attached have been covered in the resolutions per chapter to the feedback of Insurance Europe as stated above.</p>

			<p>Insurance Europe acknowledges that it is EIOPA's task to ensure an effective and consistent level of supervision.</p> <p>However, Insurance Europe is not aware of any detrimental effects of divergent market practices across the European Union or evidence thereof, and the convergence of market practices is not part of EIOPA's mandate.</p> <p>While for the banking sector, EBA was clearly mandated by sectoral regulation to issue guidelines on sound remuneration policies, there is no such legal basis for EIOPA to develop a detailed opinion on remuneration principles in the Solvency II Directive or Delegated Regulation.</p> <p>The Solvency II regulation follows a principle-based approach, and, unlike other financial sectors, its design was not intended to prescribe specific detailed requirements on the level of remuneration.</p> <p>With this opinion, EIOPA seeks to create additional obligations rather than interpreting requirements within the limits set by the legislator, and therefore exceeds its mandate.</p> <p>Context and objectives</p> <p>The regulatory framework should not intend to prescribe particular designs or levels of individual compensation.</p> <p>A one size fits all approach could in fact be detrimental to sound risk management.</p> <p>Despite the non-binding nature of this opinion, it is likely to result in an application of arbitrary figures across the Union.</p> <p>EIOPA's expectations on supervision of remuneration policies</p>	
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			<p>General comments on EIOPA's expectations</p> <p>EIOPA's opinion is aligned to the text of CRD IV and CRD V, which raises a question whether it has been copied across from what is deemed appropriate in the banking sector.</p> <p>Implementing banking rules without taking the specific nature of insurers' business model into account, as well as considering the specific activity undertaken by individuals within a company, is inappropriate.</p> <p>Scope of application</p> <p>EIOPA set thresholds for the application of this opinion, which are significantly lower than currently applied in some jurisdictions. Any reference at all to a preset ratio between fixed and variable remuneration should be avoided.</p> <p>A more appropriate implementation of proportionality is needed.</p> <p>Comments on specific requirements proposed by EIOPA</p> <p>Diverging practices can exist between markets regarding the average share of the variable component of the remuneration due to cultural and historical reasons.</p> <p>EIOPA's proposed ratios go beyond the scope of interpretation of level 1 and 2 regulation, and it is not in EIOPA's mandate to implement additional requirements via opinions.</p> <p>High level, qualitative guidelines should instead inform each NSA's approach to supervising remuneration policy, without setting specific limits on variable remuneration.</p> <p>Specifically:</p> <p>Establishing a specific ratio 1:1 between variable and fixed compensation is overly prescriptive and prevent companies from</p>	
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			<p>applying a flexible remuneration policy that aligns with risk appetite and sound risk management.</p> <p>SII regulation does not offer the scope of interpretation to consider that performance assessment should be informed by 20% or more of non-financial indicators.</p> <p>Considering a deferral rate of the variable remuneration higher than 40% in case of a “particularly high variable remuneration” not only introduces a new threshold, but also a tiered approach to applying enhanced requirements.</p> <p>EIOPA goes beyond interpretation of the current regulation and creates unnecessary burden by requiring an exhaustive description of downwards adjustments of the deferred part of the variable remuneration.</p> <p>Insurance Europe strongly opposes termination payments being considered a form of variable remuneration and, consequently, subject to deferral.”</p>	
47.	Kienbaum and Flick Gocke Schaumburg	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	<p>Section 2.11: In general, we support the approach that the benchmarks included in the draft Opinion on the supervision of remuneration principles shall be considered for the purposes of supervisory dialogue and not as hard targets for the practical implementation of the remuneration principles. Yet, in the interest of harmonizing the provisions of the European insurance regulation and ensuring a level playing field for European insurance companies it needs to be ensured that the national supervisory authorities use homogeneous standards applying the requirements of Art. 275 DVO. This should be explicitly stated within the Opinion. Therefore, we recommend deleting the second sentence in Section 2.11.</p>	The text has been adapted in paragraph 2.10., paragraph 2.11 has been deleted.

48.	Kienbaum and Flick Gocke Schaumburg	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>Section 3.1: We support the introduction of a EU-wide consistent threshold below which the requirements of Art. 275 para. 2 of the Delegated Regulation (EU) 2015/35 of 10 October 2014 (hereinafter: the "Delegated Regulation") do not apply in order to ensure the principle of proportionality as well as an EU-wide Level playing field.</p> <p>Sections 3.3, 3.4: In contrast to banking regulation, Art. 275 of the Delegated Regulation does not provide for a maximum ratio of 1:1 between the fixed and the variable remuneration. Art. 275 para. 2 lit. a of the Delegated Regulation merely stipulates that – where remuneration schemes include both fixed and variable components – such components shall be balanced so that the fixed or guaranteed component represents a sufficiently high proportion of the total remuneration to avoid employees being overly dependent on the variable components and to allow the undertaking to operate a fully flexible bonus policy, including the possibility of paying no variable component. These conditions can be generally met with a higher ratio than 1:1 between the fixed and the variable remuneration. Within the insurance regulation the legislator has intentionally abstained from establishing a maximum ratio of 1:1 between the fixed and the variable remuneration. Therefore we recommend deleting Sections 3.3, 3.4 of the draft Opinion on the supervision of remuneration principles.</p> <p>In the banking sector the maximum Ratio between the fixed and the variable remuneration can be raised to 1:2 by the institution's shareholders. Thus a maximum ratio of 1:2 between the fixed and the variable remuneration does generally not appear inappropriate in the insurance sector. If the ratio between the fixed and the variable remuneration shall be assessed, it would be expedient to point out that generally the contractually agreed variable remuneration at a 100 percent target-fulfilment in the single case is</p>	<p>See comment 1.</p> <p>Noted</p> <p>Noted</p>
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		<p>relevant.</p> <p>Section 3.5: We suggest pointing out in the Opinion on the supervision of remuneration principles that – depending on the business model – a consistent use of 3-year deferral periods can be appropriate – in our view it is generally appropriate with regard to the market conditions in Germany. It needs to be avoided to further increase the complexity of remuneration systems by further differentiating between the deferral periods.</p> <p>Section 3.6: We generally support the implementation of consistent requirements regarding the “substantial portion” of the variable remuneration component that needs to be deferred pursuant to Art. 275 para. 2 lit. c of the Delegated Regulation to ensure a level playing field for European insurance companies. However, the objective of ensuring a level playing field is likely to be undermined, if the national supervisory authorities are requested to use their supervisory judgement to consider the need for a deferral rate higher than 40% and/or a longer deferral period. Therefore, we recommend deleting Section 3.6 sentence 2 of the draft Opinion on the supervision of remuneration principles.</p> <p>Section 3.7: In order to align the variable remuneration with the insurance company’s risk profile a deferred component of the variable remuneration of 40 % appears sufficient in any case. Against this background, we recommend deleting section 3.7 of the draft Opinion on the supervision of remuneration principles. In the event that section 3.7 is retained, we recommend that a maximum Ratio of 1:2 between the fixed and the variable component of the remuneration should be applied in this context (in accordance with our comments on sections 3.3. and 3.4).</p>	<p>Noted</p> <p>As the remuneration policies of undertakings need to be aligned with the risk assessment framework of the undertaking it will often be a multiyear assessment by nature; not all the effects of the tasks set and their corresponding performance goals achieved will occur in the a timeframe of just one year.</p>
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			<p>Section 3.11: Art. 275 para. 2 of the Delegated Regulation does not stipulate a multi-year framework to assess the performance. Against this background, we recommend deleting this requirement in the Opinion on the supervision of remuneration principles. If this requirement is retained, we recommend clarifying that Art. 275 para. 2 of the Delegated Regulation does not generally stipulate multi-year targets, but that embedding annual targets in a multi-year framework is adequate.</p> <p>Section 3.12: From our point of view, a value of 20% of non-financial criteria seems to be adequate to ensure an appropriate balance between financial and non-financial criteria. This applies especially with regard to the particular challenges of developing adequate non-financial criteria and applying and measuring them in a transparent way.</p> <p>Section 3.17 et seq.: We recommend to explicitly point out in the Opinion that it does not affect the particularities of each Member State's national labor law. In particular, it Needs to be ensured that a severance payment in connection with the termination of an employment relationship is always permissible if it serves to terminate an employment relationship on a legally secure basis (which is regularly the case in Germany due to the provisions of the local labor law) and to avoid a lawsuit with unce</p>	<p>Paragraph 3.18 refers to mandatory payments under national (labour) law.</p>
49.	Kienbaum and Flick Gocke Schaumburg	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>Sections 4.1-4.4: Art. 275 of the Delegated Regulation does not contain a legal basis for the requirement to award variable remuneration in shares, equivalent ownership or share-linked instruments. In contrast to the intention of the Opinion, this adds new requirements and creates additional administrative burden for the insurance companies. Particularly with regard to the German insurance market it needs to</p>	<p>Chapter 4 has been deleted from the Opinion, see comment 4.</p>

			<p>be noted that only very few publicly listed insurance companies exist. For the majority of non-listed insurance companies, however, the requirement can hardly be met.</p> <p>A comparable requirement exists in the banking sector, where it is – in contrast to Solvency II – explicitly part of the European Banking Directives CRD IV and CRD V. Nevertheless, the regulatory practice in the banking sector shows that this requirement adds significant administrative burden to non-listed institutions. Therefore, we recommend deleting Section 4.1-4.4 of the Opinion.</p>	
50.	Muenchener Rueckversicherungs-Gesellschaft Aktiengesellschaft in Muenchen	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	Although we appreciate the objective of the Opinion to enhance supervisory convergence across the European Union and not to add requirements or to create administrative burden to the undertakings concerned, we have got the impression that, on the contrary, according to several parts of the Opinion, additional remuneration requirements are introduced and the administrative burden is significantly increased (see in detail answers to sections 3 and 4).	Noted
51.	Muenchener Rueckversicherungs-Gesellschaft Aktiengesellschaft in Muenchen	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	--> Please take note of our comments on this question in the appendix.	<p>3.1. The total annual remuneration included all components of the remuneration. The ¼ of the total annual Remuneration has been changed to 1/3.</p> <p>3.3. This paragraph has to be read in conjunction with paragraph 3.2 and 3.3. – employees should not become overly dependant on variable remuneration. The word</p>

				<p>'percentage' will be added to 3.4.</p> <p>3.6 A group wide risk based approach includedes insight in risks at solo level, where possibly a different analyses could be made, see also article 275(2) (c) of the Delegated Regulation.</p> <p>As to balanced target setting: only balanced targets can prevent staff from engaging in excesssive risk taking or mis-selling of products, see also article 275(1) b of the Delegated Regulation. The percentages are mentioned as a trigger to challenge the balance of criteria and how the undertaking assured effective risk adjusted remuneration policies.</p> <p>3.8 the document published for public consultation is an Opinion and not a Regulation.</p> <p>3.10 It is the supervisory authorities task to look</p>
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				<p>into the non-financial criteria, reducing personal targets to preventing risks for policy holders might raise concerns as to the companies' overall risk management framework.</p> <p>3.12 According to article 275(2) (d) of the Delegated Regulation financial and non-financial criteria shall be taken into account.</p> <p>3.16 Article 275(1) (e) requests clear, transparent and effective governance with regards to remuneration.</p> <p>3.19 Termination payments are considered as a part of remuneration (Article 275(2) (f) of the Delegated Regulation.</p> <p>3.22 The paragraphs on termination payments have been reviewed.</p>
52.	Muenchener Rueckversicherungs-	Q.4: Do you have any comments on section 4 of	In our understanding of Art. 275 of the Delegated Regulation, we do not see the need for awarding 50% of variable remuneration in shares, equivalent ownership or share-linked instruments. Although	Chapter 4 has been deleted from the Opinion, see comment 4.

	Gesellschaft Aktiengesellschaft in Muenchen	the opinion: Composition of variable remuneration?	this requirement has only to be met “if proportionate and feasible”, it still applies to many undertakings and creates significant administrative burden for those undertakings that do not yet award a part of the variable remuneration in shares, equivalent ownership or share-linked instruments. There are other options than those mentioned in section 4.1 and the undertakings should have the flexibility to decide if and how they award a share-linked variable remuneration.	
53.	Muenchener Rueckversicherungsgesellschaft Aktiengesellschaft in Muenchen	Q.6: Any other comment you would like to make?	In sum, EIOPA establishes several new requirements which, in our opinion, go far beyond the requirements as stipulated in Art. 275 of the Delegated Regulation and which considerably increase the administrative burden for the undertakings. It further reduces the remaining flexibility of the undertakings which are already subject to the strict requirements of Art. 275 of the Delegated Regulation. We therefore hope and request that EIOPA keeps to its own intention not to add new requirements or to create administrative burden.	The Opinion does not state requirements, see also comment 1.
54.	PIU - Polish Chamber of Insurance	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	<p>The Polish Chamber of Insurance welcomes the opportunity to Comment on EIOPA draft opinion on supervision of remuneration principles.</p> <p>PIU is concerned about the EIOPA choice of the legal instrument to express its opinion on the remuneration principles. In our view principle-based approach set in the Solvency II Directive and Article 275 of the Delegated Regulation – which is different from the CRD approach - appropriately address the differences between the insurance and banking business models. The regulation was established based on the impact assessment which is not the case for the EIOPA Opinion. In PIU opinion despite the non-binding nature of the EIOPA opinions, it will result in an application of arbitrary figures across the EU.</p> <p>PIU acknowledges the EIOPA’s role in ensuring an effective and consistent level of supervision across the EU. However, the EIOPA</p>	See comment 1.

			<p>opinion seems to go beyond to what was established at the EU level which will result in establishment indirectly the additional requirements not envisaged in the law.</p> <p>Comparing to banking sector the CRD IV Directive has clearly mandated EBA to issue guidelines on sound remuneration policies. PIU has a difficulty to find the equivalent legal hook in the Solvency II Directive.</p>	
55.	PIU - Polish Chamber of Insurance	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	<p>PIU supports EIOPA intention to ensure convergent supervision of remuneration policies within the EU as well as inclusion of the proportionality principle introduced in a reduced scope of staff identified as potential higher profile risk-takers.</p> <p>However, PIU believes that establishing a one size fits all approach may contradict the a sound and prudent risk management framework of the insurers. The Opinion, in a form presented by EIOPA, prevents the insurers from applying a remuneration policy which is consistent with risk appetite and sound risk management. The local market practices should be recognised and the national competent authorities should investigate any significantly diverging practices.</p>	See comment 1.
56.	PIU - Polish Chamber of Insurance	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>It is not clear how EIOPA took into account sectoral differences while developing its Opinion. Some parts of the opinion seems to be similar to the text of the Capital Requirements Directive which raises a question whether it has been properly justified.</p> <p>In PIU opinion the local specificities which exist due to cultural and historical reasons place the local supervisors in the best role i.a. to interpret the Article 275 of the Solvency II directive and set the appropriate implementation of proportionality, set the expected average share of variable component or set the appropriate ratio as potential trigger for supervisory measures.</p>	See comment 1.

			<p>In PIU in order to achieve the EIOPA goals, EIOPA could consider issuing rather high level and qualitative guidelines to be considered by the local supervisors and to contribute to their approach to supervising remuneration policy.</p> <p>It is not clear why insurers should set a multi-year framework for performance assessments as the long-term perspective is already embedded in mandatory deferral and possible downwards adjustment of the variable remuneration. Clarification is also needed that criteria provided in Paragraph 3.11b serve as an example.</p> <p>The requirement that measurement of performance has to include a downwards adjustment for exposure to current and future risks seems to go beyond the Article 275 (2) (e) of the Delegated Regulation which require the insurer to set one method.</p> <p>PIU is also concerned about the proposal that termination payments have to be related to performance achieved over the whole period of activity and be designed in a way that does not reward failure. Termination payments should not be considered as variable remuneration and should not be subject to deferral.</p>	<p>The remuneration policies of the undertakings are aligned with the multi- year objectives and risk management framework. Long-term interests and performance are explicitly mentioned in Article 275(1) (a) of the Delegated Regulation.</p> <p>Termination payments are part of the remuneration as stated in paragraph 275(2) (f) of the Delegated Regulation and should be related to the performance achieved.</p>
57.	PIU - Polish Chamber of Insurance	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>PIU does not support the introduction of the requirement to award 50% of variable remuneration in shares, equivalent ownership or share-linked instruments. This banking requirement does not find a legal base provided by the Solvency II Delegated Regulation. The insurers should be able to decide on the form of remuneration that is relevant, proportionate and feasible.</p> <p>Moreover setting the requirement to award 50% of the variable remuneration in shares “if proportionate and feasible” may also</p>	Chapter 4 has been deleted from the Opinion, see comment 4.

			create an unlevel playing field between shareholder companies and mutual companies where it cannot apply.	
58.	PIU - Polish Chamber of Insurance	Q.5: Do you have any comments on section 5 of the opinion: Reporting requirements?	PIU is concerned about the proposed additional data requests with regard to remuneration as the information about the remuneration policy is already available to the EU supervisors via RSR and SFCR and any additional reporting burden on insurers does not seem to be justified.	Additional information might be needed on top of the mentioned reports.
59.	Provinzial Nordwest Holding AG (PNW)	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	<p>PNW welcomes the approach to enhance supervisory convergence by focussing on a set of remuneration principles identified in the Delegated Regulation. We also appreciate the statement that it is not EIOPA'S intention to add requirements or to create administrative burden.</p> <p>Against this background, PNW wonders why EIOPA allows and encourages national authorities to apply stricter rules (2.11). This is in contrast to the intended objective to harmonise supervisory practices. We would appreciate if there were a recommendation that national supervisory authorities should not impose stricter standards.</p> <p>Unfortunately, some of EIOPA's interpretation in section 3/4 conflict with the goal not to add new requirements on the insurance sector. We will enlarge on these topics later on.</p> <p>Unfortunately, EIOPA pursues a rather rules-based approach and a considerable level of detailed guidance. As a result, the draft opinion often not only expands the scope of interpretation offered by the remuneration principles set out in Article 275. Though not legally binding, it will be factually perceived as mandatory by competent authorities and therefore contribute to considerable additional cost and administrative burden.</p> <p>Thus, we request EIOPA to reconsider whether an extensive</p>	<p>The text has been further clarified in paragraph 2.10 clarified.</p> <p>Noted</p>

			<p>opinion on remuneration regulation is necessary at all. Q&As would offer an alternative opportunity to provide a focused and more nuanced assessment on selected remuneration principles only. At least, the opinion should follow a principles-based approach.</p> <p>2.9: The second sentence should be deleted. Competent authorities must not be encouraged to apply the opinion – and consequently Article 275 of the Delegated Regulation – to remuneration agreements with staff members outside the scope of section 3.1. Such an interpretation has no legal basis in Article 275. This would clearly contradict the effort to adopt a proportionate and more flexible approach as stated in sentence one.</p>	<p>The Opinion is directed to Supervisory authorities; please refer comment 1 and Article 275(1) (c) of the Delegated Regulation.</p>
60.	Provinzial Nordwest Holding AG (PNW)	<p>Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?</p>	<p>3.1. For us is not clear, what EIOPA considers as staff member's "total annual remuneration". This interpretation is crucial to define the scope of application – as the Opinion applies for the remuneration of special staff members, whose annual variable remuneration exceeds EUR 50.000 and represents more than ¼ of that staff member's total annual remuneration. In order to reduce administrative burden total annual remuneration can only contain cash related parts of the remuneration. Non-cash benefits like pension commitments, car allowance or health promotion could not be taken into consideration. Another definition would extensively increase the administrative effort of determining the relevant remuneration components.</p> <p>3.2. We appreciate that this section suggests that an exclusively fixed remuneration meets supervisory requirements.</p> <p>3.3. By identifying the threshold of a 1:1 ratio between fixed and variable components as potential trigger for supervisory measures, EIOPA</p>	<p>3.1. The total annual remuneration contains all elements of the remuneration.</p> <p>Noted</p> <p>See comment 1. Supervisory authorities</p>

			<p>exceeds the limits set by Level 1-requirements. Article 275 (2) (a) only requires a “balanced” proportion between fixed and variable components. Moreover, there is no comprehensive evidence that this ratio would constitute a red line for encouraging excessive risk taking. It is apparently derived from Article 94 (2) (g) of Directive 2013/36/EU. Simply adopting this requirement from the banking sector is not appropriate, as the insurance sector is neither prone nor known for excessive variable remuneration.</p> <p>Instead, it should be clarified that, if any, only an excess of variable remuneration components may deserve increased supervisory attention (see relation to 3.7).</p> <p>If EIOPA maintains this interpretation, it should be clarified that competent authorities shall grant undertakings the time necessary to adapt their remuneration agreements.</p> <p>3.5. In our opinion, the requirement, that the undertakings` remuneration policies should “come hell or high water” contain different deferral periods depending upon the risks they enter into, is misguided.</p> <p>Instead, it should be clarified that the remuneration policies can consistently define one deferral period for each hierarchy level (e.g. members of the board, key function holders) in the group regardless which legal entity the employees belong to. In addition, there should be no general expectation to determine different periods if the undertaking or group can demonstrate the appropriateness of a highly standardized remuneration policy.</p> <p>3.6. EIOPA states that the deferral should apply to the entire variable component, both linked to short term and long-term performance horizons. This sentence should be deleted, as it implies that the deferral may be divided into separate parts subject to different</p>	<p>could have lower triggers to start discussions, paragraph 2.10 has been adapted.</p> <p>Examples have been added to paragraph 3.3.</p> <p>Noted</p> <p>Noted; The elements mentioned in point 3.5, 3.6 and 3.9 – 3.24 are guidance to the supervisory authority on how to challenge the application of certain principles and triggers to start a discussion with the undertaking.</p> <p>The deferral policy should be in line with the nature of the business (see also Article 275 (2) (c) of</p>
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			<p>deferral periods. This is not a common compensation practice. It would increase administrative burden. This interpretation cannot be read out from Article 274 (2) (c), which does not include a reference to the duration of performance goals. It is not consistent with the common remuneration practices in the undertakings. Usually the performance assessment aligns with the deferral period.</p> <p>3.8. PNW would appreciate if EIOPA stated that the requirements of Article 275 (2) b are also met if the variable remuneration is only based on the overall result of the undertaking or group to which the undertaking belongs or if it is based on the performance of the business unit concerned and the overall result of the undertaking or group to which the undertaking belongs. Article 275 (2) b could give the impression that personal targets are a mandatory part of the variable remuneration.</p> <p>Nowadays hierarchical structures are more and more replaced by agile Organizations. Against this background, personal targets are not usually any more an essential component of the variable remuneration. More and more undertakings find that personal targets don't have a benefit as the intrinsic motivation is more relevant for high individual performance. Moreover, it is great effort for the management to define personal targets, which meet the requirements of being reasonable and ambitious and which do not create false incentives. Since EIOPA suggests that there is no need to implement variable remuneration at all and that fixed compensation meets supervisory requirements, logically the waiving of personal targets should also apply with Article 275 (2) b. The waiving of personal targets ensures that variable remuneration cannot create false incentives. Such a clarification would be helpful.</p> <p>3.9. Article 275 (2) (d) only requires that the performance is measured against both financial and non-financial indicators. The impact of</p>	<p>the Delegated Regulation.</p> <p>The elements mentioned are triggers for discussion, the individual performance is a required element as stated in article 275(2) (d) of the Delegated Regulation.</p> <p>Noted</p>
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			<p>failure can only reliably be assessed on an ex-post basis, taking into account the reasons for missing the performance targets. EIOPA’s comments on an “ex-ante assessment” are therefore not comprehensible</p> <p>3.11. Article 275 does not require undertakings to set a multi-year framework for performance assessments. The long-term perspective of performance assessments is already guaranteed by the mandatory deferral and possible downward adjustment of the variable remuneration. In addition, it should be clarified that the list of criteria for non-quantitative performance indicators set out in section 3.11b is just illustrative and does not require mandatory consideration.</p> <p>3.12. In our opinion, the specific statements of EIOPA concerning the relation between financial and non-financial criteria are not reasonable as they reduce the flexibility of undertakings in balancing financial and non-financial criteria. For instance, holders of key functions often are not subject to financial targets except adherence to budget discipline.</p> <p>3.13. PNW appreciates the flexible approach that downward adjustment embraces all kind of adjustments (malus, clawback, in year adjustment etc.). This ensures greater freedom in the contractual arrangements.</p> <p>3.14. It should be clarified that the attribution of shares or share-linked instruments would comply with the requirement to impose a downward adjustment for the failure of meeting non-personal, business related objectives.</p>	<p>The remuneration policies of the undertakings are aligned with the multi-year objectives and risk management framework. Long-term interests and performance are explicitly mentioned in Article 275(1) (a) of the Delegated Regulation.</p> <p>Noted</p> <p>Noted</p>
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			<p>3.16. PNW does not see a benefit by describing the downwards adjustment(s) from undertakings. Undertakings need to be prepared to demonstrate to the supervisor that the remuneration agreements include a mechanism for downward adjustment. Supervisors may challenge the effectiveness of this mechanism. Requiring undertakings to produce extensive, ex-ante analysis and documentation is disproportionate and only adds to burdensome bureaucracy.</p> <p>3.17. There are many appropriate reasons for paying termination payments to employees. Depending on the cause of the termination agreement, the duration of employment and the age of the employee the possible payment may differ. Therefore, it makes no sense to include a maximum payment in the remuneration policies.</p> <p>3.19. Article 275 (2) (f) requires undertakings to make sure that termination payments do not reward failure. This requirement is comprehensible.</p> <p>However, this regulation does not stipulate or indicate that termination payments are comparable with variable remuneration. Termination payments are usually not related to the past performance, but serve to reconcile the interests between employer and employee due to the premature cancellation of the contract. Normally the duration of employment as well as the age of the employee have decisive influence on termination payments. These criteria have nothing to do with “reward failure”.</p> <p>Therefore, it is completely inappropriate to consider termination payments when determining the balanced ratio between fixed and variable remuneration components and to apply the regulatory deferral on these payments (section 3.22).</p>	<p>The governance for remuneration policies is set out in article 275(1) (e) of the Delegated Regulation, transparency is an element of these requirements.</p> <p>The paragraph on termination payments has been edited.</p>
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			<p>In addition, according to Article 275 (2) (c) the deferral period needs to be determined in alignment with the activities of the employee in question. However, this criterion is not compatible with termination payments since the employee is no longer active for the undertaking.</p> <p>3.20.-3.24 The extent of requirements, interpreted by EIOPA in this section is not comprehensible. Moreover, it is questionable from a legal perspective as a “one-sentence requirement” as Article 275 (2) (f) hardly offers leeway for that level of concrete interpretation. It neglects the national labor law challenges when trying to terminate the employment agreement with low performing employees or such, who have been on long-term sick leave. Considering the high level of labor law protection in a lot of member states, undertakings often have to negotiate termination agreements as ordinary terminations are not likely to be successful in court.</p> <p>From the undertaking’s perspective, termination agreements and resulting payments are a compromise between their vital interest to protect their reputation and maintain continuity of operations on the one hand and constraints dictated by labor law on the other hand. They very rarely, if at all, collide with regulatory objectives as set out in Article 275 (2) (f). If the undertaking would actually gratify failure or mismanagement, the responsible persons would likely even face criminal charges due to breach of trust.</p> <p>For this very reason, it is important that EIOPA does not prematurely classify termination payments as potential reward for failure and assigns the burden of proof to the undertakings. Instead, the general assumption should be that termination payments are justified to protect the interest of the undertaking and its policyholders.</p>	
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			That is why we supports section 3.25, which says that undertakings (to our understanding upon request by competent authorities) should be able to demonstrate the reasons for the termination payment, the appropriateness of the amount awarded and the criteria used to determine the amount for us.	
61.	Provinzial Nordwest Holding AG (PNW)	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>We strongly disagree with the requirement to award 50% of variable remuneration in shares, equivalent ownership or share-linked instruments, if proportionate and feasible. Unlike Article 94 (1) (l) of Directive 2013/36/EU, the Delegated Regulation does not provide the legal foundation to impose such a requirement. It is EIOPA's mission to ensure a convergent application of existing rules. It is not within EIOPA's remit to compensate for supposed regulatory. That is the sole jurisdiction of the European legislator.</p> <p>Apart from that, there is also not a regulatory rationale to adopt banking rules in the insurance sector. Undertakings must decide whether stock-based or equivalent long-term remuneration are proportionate and feasible. It is also unclear how undertakings should be "encouraged" to develop equivalent non-cash instruments (section 4.4). In addition, it would generate considerable cost and require tremendous effort for undertakings not constituted as (listed) stock corporations.</p>	Chapter 4 has been deleted from the Opinion, see comment 4.
62.	QBE	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	QBE is in alignment with the view of the ABI regarding EIOPA's legal basis. That is, we acknowledge EIOPA's intention to ensure consistency across the EU, however, are concerned that this opinion on Remuneration will create additional obligations over and above the existing requirements already in effect by the legislator.	See comment 1.
63.	QBE	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	QBE considers it important to highlight the differences in the risk profile of the general insurance industry versus the banking sector and recommends EIOPA consider a segmented approach to proposed changes to remuneration structures.	Noted

64.	QBE	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>QBE consider EIOPA's opinion on Remuneration as being most applicable to banking regulation. The existing regulation for insurers under Solvency II is well-established, well-governed and in our view is working effectively.</p> <p>The requirement to defer at least 40% of an individual's incentive if it is > €50,000 is an unnecessarily low threshold compared with thresholds used in other jurisdictions. QBE agrees with the ABI that an appropriate proportionality threshold should be set to ensure significant deferral amounts are only applied when meaningful and able to drive the desired effect on risk management and behaviour.</p> <p>QBE does not agree with EIOPA's opinion that incentives should be capped at 1:1. Experience of such caps in the banking sector (which can be 2:1 with shareholder approval) have shown an unintended consequence of driving up fixed remuneration. The nature of Insurance as a risk transfer business is very different to banking and having more remuneration at risk is often more prudent than higher base salaries, particularly to help manage solvency in years of extreme claims which aligns with shareholder and customer interests.</p> <p>The consequences of increasing fixed pay are numerous. Commercially this element of Reward is used in calculating pension contributions, termination payments and employee insurances. All of which would clearly increase in a situation where fixed pay increases. This is neither intended by regulation or the best interests of customers or shareholders.</p> <p>Clarity is needed from EIOPA to determine how it intends annual remuneration to be calculated and whether EIOPA views Long Term Incentive arrangements differently to short term arrangements.</p> <p>Clarity is required on section 3.11 as regards a multiyear</p>	<p>See comment 1. Supervisory authorities could have lower triggers to start discussions, see also paragraph 2.10. Examples has been added to paragraph 3.3.</p> <p>The remuneration policies need to be aligned with the risk management strategy of the undertaking which is also set in a multy year framework.</p>
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			<p>framework? For example, is this proposing that the incentives should have greater than a one-year performance period?</p> <p>The use of adjustments (either upwards or downwards) in cases where individuals have demonstrated exceptional behaviors and performance against risk goals would be a positive development by EIOPA.</p>	
65.	QBE	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>Clarity is requested on the interpretation of Section 4 as it appears to be contradictory when compared with the earlier opinion on deferral. Please confirm how the 50% referred to in section 4.1 relates to the 40% deferral recommended in 3.6? Our assumption is that it is referring to 50% of the deferral amount that needs to be in shares or a share-related instrument, rather than 50% of the total incentive.</p> <p>QBE considers specific instructions to defer variable remuneration in share-based instruments is unnecessarily restrictive and outside of the scope of Solvency II regulation.</p>	Chapter 4 has been deleted from the Opinion, see comment 4.
66.	QBE	Q.5: Do you have any comments on section 5 of the opinion: Reporting requirements?	QBE has no specific comments on section 5.	
67.	QBE	Q.6: Any other comment you would like to make?	<p>Given the nature of Insurance as a risk transfer/management business, it is a very different business model than other financial services firms in terms of the role that 'risk takers' perform. The nature of claims and long-tail exposures means that the result of underwriting decisions in any given year can impact performance (and as a result incentive outcomes) in subsequent years.</p> <p>Therefore, whilst it is acknowledged that a framework on variable remuneration is required, it is important that entities have flexibility in designing incentives in a way that enables the business to drive performance for all stakeholders.</p>	See comment 1.

			Many of the proposals in the EIOPA Opinion are restrictive and over and above the existing Solvency II legislation.	
68.	The European Federation of Financial Advisers and Financial Intermediaries (FECIF)	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>If a deferral period of at least 3 years is called for in 3.5., particular attention should be paid here to employment legislation and it should be examined in advance to what extent a deferral of this nature is at all possible and to what extent employment legislation governing those employees affected by the desired regulations is covered by employment legislation governing executives.</p> <p>FECIF is, in principle, against further deferral periods.</p> <p>From the point of view of the supervisory authorities, in case of a deferral rate of less than 40% and short-term variable salary components, a list must be available on a daily basis of whether the right to a bonus exists or not, in order to be able to implement the desired regulations. This is also practically impossible.</p> <p>The dependence on group objectives should not be overstretched in the combination of achievable objectives because incentives must also continue to exist for one's own performance to be rewarded instead of forfeiting variable salary components due to poor group results.</p> <p>The non-financial criteria may not be overstretched. Under the criteria listed in 3.11 only some but not all may be used as alternatives at the same time for this purpose.</p> <p>The downward adjustments may not be used as leverage against the affected employees as the undertakings can decide alone and unilaterally on the bonus payments by lowering the overall bonus pool. For example, in the case of those employees who – as salaried employees - fall under the Austrian Employee Act and do not have special employment contracts, it is necessary to determine</p>	<p>Noted</p> <p>Noted</p> <p>Deferring the pay-out of (parts of) variable remuneration aim at taking into account long term risks of the undertaking.</p> <p>The text on termination payments has been edited and makes an explicit reference to national legislation in paragraph 3.18.</p>

			<p>in individual cases whether it is legally possible at all to “downgrade” acquired bonuses due to in-house requirements. This will probably only be possible on a very limited basis.</p> <p>With regard to acquired rights, there must be an explicit guarantee concerning the deferral periods in the financial statements that these rights remain in separate accounting entities in the form of special assets and even in the event of insolvency of the undertaking remain special assets and are passed to the beneficiaries. This administration of special assets is cost-intensive and may not be at the expense of the respective employees. For this reason, FECIF also dislikes downward adjustments.</p> <p>For example, in the case of termination payments in Austria, a distinction must be made whether it is a statutory severance payment or not. Statutory severance payments can never be part of variable remuneration. Each employee is entitled to the full extent of the severance payment, as defined by law or agreed to contractually, on termination of his/her employment relationship,</p> <p>The terms listed in 3.23. e.g. fitness and propriety requirements are too vague. The doors would be wide open to abuse on the part of the undertakings.</p>	
69.	The European Federation of Financial Advisers and Financial Intermediaries (FECIF)	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	The consultation process foresees that 50% of the variable salary components should be satisfied in company shares. This raises the question of the extent to which the market value of publicly listed companies would have a negative effect and for what period of time the company shares would have to be held.	Chapter 4 has been deleted from the Opinion see comment 4.
70.	UNI Europa Finance	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	While UNI Europa Finance (UEF) agrees with EIOPA’s intention to provide recommendations for the principles of remuneration for employees of the insurance sector, we think the scope of the exercise is too narrow. The principles in question address the	Noted

		<p>amounts of salary that should be fixed or variable, yet they do not address the massive and increasing salary disparities between different categories of employees in companies in many countries. One of UEF member unions has recently conducted a study of the banking and insurance sector, in which one of the main conclusions was that an employee of a banking or insurance company should work for 140 years to earn as much as a CEO earns in just one year.²</p> <p>In the aforementioned study it emerges that, in 2018, the remuneration of the Managing Directors and / or General Managers and the Presidents of the main banks of Italy, has remained overall unchanged compared to 2017, confirming the tendency that most of the CEO's remuneration is fixed (80% in 2018, 83% in 2017). The ratio between the average compensation of a CEO and the average salary of a worker (€ 28,000 gross salary) is 51 times in 2018, as is the case in 2017.</p> <p>Young workers, on the other hand, are now increasingly seeing larger and larger parts of their salaries being changed from fixed to variable, fundamentally increasing the risk of "aggressive" sales policies.</p> <p>Although Article 275 of the Delegated Regulation (EU) 2015/35 of the European Commission provides guidelines, these appear in some ways generic, leaving a strong discretion to companies. This generates divergent practices throughout the European Union with considerable discrimination in the treatment of workers not only from country to country, but also from company to company and from region to region.</p> <p>It is therefore UEFs opinion, that first off, the salaries of management bodies should be proportional to the company mission</p>	<p>Noted</p>
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² https://www.uilca.it/pdf/news/19_04_17_0916_ritorno_cs_stipendi_manager.pdf

			and should not be increased more than the salaries of the rest of the employees of the company, both in absolute and relative terms; and secondly, that the amount of variable remuneration of top managers, match that of the newly hired employees, who currently are being unfairly kept on insecure salaries, leading to problems of income stability and increased performance pressure. For the Top Managers, the salary should be more linked to the performance of the company. Especially to avoid situations in which even though the company is facing negative trends in terms of revenue and employees are laid off, while managers keep receiving bonuses and increases in salary.	
71.	UNI Europa Finance	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	<p>Linking with several of the points raised in the previous question, UEF would like to see more attention being put on the concept of equity. The guidelines of the remuneration policy adopted by banking and insurance companies do not seem to take due account of the principle of fairness and, more specifically, of:</p> <ul style="list-style-type: none"> • Principle of internal equity, ie the relationship between the remuneration of people who perform different tasks but within the same organizational structure. This is a very important aspect for workers, which greatly influences the company climate. Not only should all employees in companies that are doing well receive parts of the benefit, but likewise when things are going less well, must certain categories of employees not be made to bear a heavier burden or pay a higher price than others. This is an especially important factor to emphasize in this investment climate, where shareholder returns are promoted above all other considerations. • Principle of individual equity, that is, the level of pay assigned to the individual according to his or her abilities. In this category it is especially important to highlight to continued bias that many employees still face when it comes to salary, due to their gender, sexuality, religion, age, etc. Having clearly defined criteria based on which salary is paid, both fixed and variable, is hence very 	Noted

			<p>important.</p> <p>It is therefore UEFs opinion, that the rules on the application of the principle of equity should become the point of reference in the application of the remuneration policies of companies in the insurance and reinsurance sector.</p>	
72.	UNI Europa Finance	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>UEF supports the point 3.4, that very low fixed remuneration should be strongly monitored and as much as possible be eliminated as a solution. Not only can a salary largely based on variable remuneration increase stress for the individual employee, but can also more easily incentivize unhealthy behavior toward customers and is unfortunately increasingly used as a tool to keep predominantly younger employees in companies constantly on their toes and willing to work unhealthy hours and in worse conditions, just to hopefully receive their full salary.</p>	Article 275 of the Delegated Regulation requests an adequate and well motivated balance between fixed and variable remuneration.
73.	UNI Europa Finance	Q.6: Any other comment you would like to make?	<p>As the trade union federation representing employees in the insurance sector, we would like to bring attention to the lack of consideration given to collective agreements in this document. In many countries, especially in Scandinavia, remuneration policy is agreed through collective bargaining, be it sectoral or company based. This procedure has been in effect for a long time and tends to serve as a good example of how to structure these issues. It is therefore of great importance for UEF that the freedom of the social partners is not limited in setting up these rules, but enough leeway is left to conclude bargaining in countries where this has been the norm so far. UEF thus supports the fact that these rules are to be used as suggestions by national authorities and do not impose limits that could conflict with national negotiations.</p> <p>UNI Europa Finance is part of UNI Europa and European trade union federation for all finance and insurance workers represents 1.5 million employees in 108 trade unions in Europe.</p>	Noted
74.	Unipol Gruppo S.p.A.	Q.2: Do you have any comments on section 2 of the	Unipol Gruppo ("Unipol") welcomes EIOPA's initiative to provide guidance on the practical application of the remuneration principles	

		Opinion: Context and objectives?	<p>identified in the Delegated Regulation 2015/35.</p> <p>From a general standpoint, Unipol notes that even though EIOPA does not intend to add requirements or to create administrative burdens, the quantitative criteria and parameters might cause excessive burdens for insurance undertakings, mainly because the supervisory authorities could request the mechanical application of the mentioned thresholds, which would unduly restrict the undertakings' flexibility to make their entrepreneurial choices related to the remuneration policies.</p> <p>Besides, paragraph. 2.11 provides that “the indicative thresholds mentioned in this Opinion do not preclude the supervisory authorities to have stricter requirements if it is deemed appropriate” and does not even envisage the possibility that the supervisory authorities may adopt a more lenient approach, which could be well appropriate on the basis of a proportional and risk-based approach.</p> <p>Therefore, in order to avoid introducing unduly regulatory burdens, which would be incompatible with the proportionality principle and with EIOPA's intent of not creating new requirements or hard targets, Unipol suggests a rewording of paragraph 2.11 specifying that the supervisory authorities may have either stricter or more flexible/less burdensome requirements if it is deemed appropriate.</p>	Paragraph 2.11 has been deleted and paragraph 2.10 has been adapted.
75.	Unipol Gruppo S.p.A.	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	For the answer to question 3 please refer to the document attached as the form does not allow any text longer than 5000 characters.	See comment 68. 3.1 scope of application: the principles for remuneration apply to all staff mentioned in Article 275(1) (c) and (d) of the Degated Regulation. Supervision on the remuneration policies

				<p>for other staff are therefore not excluded.</p> <p>See comment 68.</p> <p>3:12 The Decision states that in case of 80/20% for financial and non-financial an example and not as a rule.</p> <p>3:14 The Solvency II Directive refers to non-compliance with the solvency Capital Requirement (Article 138 of the Solvency II Directive).</p> <p>Current arrangements come under Article 275 of the Delegated Regulation and are part of the discussion with the supervisory authority about the adequacy of the general remuneration policy.</p> <p>3:17 – 3.25 The text on termination arrangements has been reviewed.</p>
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76.	Unipol Gruppo S.p.A.	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>A general requirement to award 50% of the variable remuneration in shares, equivalent ownership or share-linked instruments seems incompatible with the proportionality principle considering that it does not take into account the differences in terms of size and complexity between insurance undertakings.</p> <p>It is worth noting that the European Commission – in its assessment of the remuneration rules under CRD/CRR and on the basis of EBA’s estimates – pointed out that: “In the case of small and non-complex institutions and staff with non-material amounts of variable remuneration, it can be concluded that the application of the rules on deferral and pay-out in instruments is not efficient if consideration is given to the particular costs and burdens triggered by the rules on the one hand and the absence of clear beneficial effects on the other”.</p> <p>Furthermore, the European Commission noted that the application of the rules on deferral and pay-out instruments within small and non-complex firms “would lead to the disappearance of variable remuneration in many cases, and thus of the link between pay and performance”. Such considerations should be taken into account before introducing quantitative benchmarks and burdensome requirements that may fail to achieve the regulatory purpose and lead to unintended consequences.</p> <p>Importing to the insurance sector rules that have been proven to be ineffective and unduly burdening for banks seems inappropriate, also considering that the banking regulation on remuneration is based on the provisions of CRDIV/CRR that in this matter are much</p>	<p>Chapter 4 has been deleted from the Opinion, see comment 4.</p> <p>Deferral is a requirement according to Article 275(2) c of the Delegated Regulation. A proportional approach to the requirement of deferral is being discussed as part of EIOPA’s Opinion to the EU COM in the context of the 2020 Review.</p>

			<p>more prescriptive than those of Solvency II. Given that the European legislator have chosen not introducing general quantitative thresholds for remuneration in the primary legislation applicable to insurance undertakings, importing such threshold from the banking sector through this Opinion seems inappropriate. In this respect, Unipol suggests a more proportionate approach, such as that adopted by IVASS, which already requests to award 50% of the variable remuneration in shares or share-linked instruments only to the biggest and/or more complex insurance undertakings, whilst exonerating the others from such requirement (see IVASS – Letter to the market, dated 5 July 2018).</p> <p>In light of the above, suggestion is to not introduce such general requirement for every insurance undertaking, but instead letting the supervisory authorities decide - using a risk-based approach - whether to apply it only in specific circumstances.</p> <p>With reference to paragraph 4.2, applying the retention policy to the portion of the variable remuneration component that is deferred in time (long term incentives) seems unnecessarily burdensome. In fact, the objective of aligning incentives with the longer-term interests of the undertaking is already achieved by the deferral. Besides, with reference to the portion of the variable remuneration component that is not deferred in time (short term incentives), applying the retention policy to the whole amount seems not appropriate, considering that despite the retention policy, the members of staff are not exempted from paying immediately the taxes related to the shares and financial instruments that they cannot sell. Therefore, suggestion is to exclude from the retention duty (1) the portion of variable remuneration component that is deferred in time (long term incentives) and (2) the portion of variable remuneration non-deferred in time (short term incentives) and awarded in shares that need to be sold for covering the related tax duties.. Thus, Unipol suggests rewording paragraph 4.2 as follows: “[...]. This applies to the portion of the variable</p>	
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			remuneration component that is not deferred in time, excluding the amount that needs to be sold for fulfilling the related tax duties”.	
77.	Unipol Gruppo S.p.A.	Q.5: Do you have any comments on section 5 of the opinion: Reporting requirements?	<p>The data collection duties of the supervisory authorities should not be translated into additional burdensome and/or complex reporting requirements for the insurance undertakings, also considering that most of the data is already available and published in the remuneration policies.</p> <p>Should EIOPA deem necessary the introduction of additional reporting requirements for the insurance undertakings – notwithstanding the above reasoning –, we suggest collecting the data through the regular supervisory reporting rather than through specific requests.</p>	Noted.
78.	Vienna Insurance Group AG	Q.1: Do you have any comments on section 1 of the Opinion: Legal basis	<p>.) Insurance is not banking: While there is a detailed legal basis for rules on variable remuneration in the banking sector (Directive 2013/36/EU, Art 94), the European co-legislators - Parliament and Council - did not provide for comparable provisions in the insurance sector. Instead there is a general requirement for a system of governance (Directive 2009/138/EC, Art 41).</p> <p>.) Principle-based vs. rule-based approach: The Delegated Regulation (Art 275) follows expressis verbis a principle-based approach, i.e. the European Commission didn't mean to enter into any further detail. Any attempt to introduce a rule-based approach e.g. through concrete amounts, thresholds or ratios would undermine this approach.</p>	See comment 1.
79.	Vienna Insurance Group AG	Q.2: Do you have any comments on section 2 of the Opinion: Context and objectives?	.) Section 2.9: The introduction of amounts and thresholds will most likely fail to accommodate the economic disparities across Member States, in particular between Western and Eastern Europe. Therefore, we propose to abstain from mentioning amounts and thresholds.	Noted

			<p>) The main objective of insurance regulation and supervision is the adequate protection of policyholders and beneficiaries (Directive 2009/138/EC, Rec 16 and Art 27). Introducing elements of shareholder protection e.g. through share-options for variable remuneration could result in a conflict of objectives. Moreover, Union law already provides for shareholder protection, in particular through the Shareholder Rights Directive (EU) 2017/828. Therefore, we propose to abstain from requesting share-options or similar instruments.</p>	Chapter 4 had been deleted, see also comment 4.
80.	Vienna Insurance Group AG	Q.3: Do you have any comments on section 3 of the opinion: EIOPA's expectations on supervision of remuneration policies?	<p>) Section 3.4 – context of national remuneration practices: Any harmonization or “one-size-fits all”-approach to remuneration practices within one Member State would seriously contradict the overall risk-based approach of Solvency II (Directive 2009/138/EC, Art 29). Therefore, we propose to clarify that the “context of national remuneration practices” refers to potential differences to other Member States, but does not suggest to harmonize or benchmark the remuneration practices of insurance undertakings within one national market irrespective of their nature, scale and complexity.</p> <p>) Sections 3.5 – 3.7 - deferral periods: Different deferral periods for different groups of persons within one and the same insurance undertaking would result in disproportionate administrative burden. Therefore, we propose to introduce a clarification that a uniform deferral period applied to all relevant persons of the individual insurance undertaking should reflect the risk and nature of this insurance undertaking.</p> <p>) Section 3.10 - direct influence of the individual staff member: the draft opinion refers to objectives on which the staff member has some “direct influence.” The Delegated Regulation stipulates that “the total amount of the variable remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall result of the undertaking or the group to which this undertaking belongs” (Art 275 para 2 lit b). Considering the four dimensions of (1) the</p>	<p>Noted.</p> <p>The text has been clarified.</p> <p>The section on termination payments will be reviewed considering the aim of the Opinion.</p>

			<p>individual, (2) the business unit, (3) the undertaking or (4) the group, there are various degrees of influence of the individual staff member. Therefore, in order to avoid any further complexity and administrative burden we propose to abstain from mentioning the direct influence of the individual staff member.</p> <p>.) Sections 3.17 – 3.25 - termination payments: These are no form of variable remuneration as they are typically not linked to targets fixed ex ante (as this is the case for variable remuneration). The Delegated Regulation requires that termination payments “shall be related to performance achieved over the whole period” (Art 275 para 2 lit f). However, the term “performance” does not translate termination payments into variable remuneration – similar to an increase of the fixed salary which will also be based on “performance achieved” without turning the increased fixed salary into variable remuneration. Therefore, we propose to abstain from introducing any new or more detailed rules on termination payments going beyond the Delegated Regulation.</p>	
81.	Vienna Insurance Group AG	Q.4: Do you have any comments on section 4 of the opinion: Composition of variable remuneration?	<p>.) Section 4.1 – 4.4 - share-options: The draft opinion requests supervisory authorities to ensure that 50 % of the variable remuneration are awarded in shares, equivalent ownership or share-linked instruments. The Delegated Regulation (Art 275 para 2 lit c) explicitly leaves the form of the variable remuneration up to the insurance undertaking. Therefore, in line with the Delegated Regulation we propose to abstain from requesting share-options or similar instruments. (Please see also answer to Question 2).</p>	Chapter 4 will be deleted from the Opinion. See comment 4.
82.	Vienna Insurance Group AG	Q.5: Do you have any comments on section 5 of the opinion: Reporting requirements?	New reporting requirements should reuse and simplify existing requirements to the largest extent possible in order to reduce the significant administrative burden resulting from Solvency II.	Noted.