

# INTRODUCTORY STATEMENT AT THE HEARING OF THE ECONOMIC AND MONETARY AFFAIRS COMMITTEE OF THE EUROPEAN PARLIAMENT

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**CHECK AGAINST DELIVERY**

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Madam Chair

Honourable Members of the Economic and Monetary Affairs Committee

Thank you for the invitation to address you today. In my hearing, I would like to highlight some of EIOPA's key achievements and challenges that closely relate to our priorities.

I will start with consumer protection as it is central to our work. This year we flagged again concerns related to unit-linked products, as not all deliver **value for money**. We are now working on a framework that sets out how to assess whether these products offer value for money, taking into account the needs, objectives and characteristics of a target market.

Also, **clear communication** is key for consumer confidence. Consumers need information that is engaging and transparent and in this area EIOPA will provide input into the Commission's planned Retail Investment Strategy (including the review of the PRIIPs Regulation).

EIOPA is at the heart of Europe's insurance and pension market and EIOPA's work in the area of supervision remains invaluable. When it comes to cross border issues, EIOPA facilitates a dialogue between home and host supervisors through our **cooperation platforms**. If discussions in a particular platform relate to broader issues, EIOPA is not only well positioned to identify and if possible address the risk, but also share the experience thereby enhancing convergence within the wider supervisory community.

The fundament on which we operate in these platforms and in general is Solvency II. At the end of last year, we submitted our Opinion on **Solvency II**, representing a balanced approach for challenging times.

We are pleased that the European Commission largely shares our approach and our objectives, including to a large extent those related to proportionality. However, we also have some concerns. Recent cases have shown unfortunately, that when businesses fail, policy holder protection may differ per Member State. We cannot overlook the need for minimum harmonisation of insurance guarantee schemes and as such EIOPA clearly misses this part in the proposals of the Commission.

Additionally, we need to consider the extent to which EIOPA has the means to act when we see that identified problems in the market are not being resolved. Without the right tools and powers to act, we risk being left in an uncomfortable position given our mission to safeguard financial stability and protect policy holders.

Finally, we see some new proposals with regard to pillar one that raise concern about the level of prudence, particularly in this time of low yield. All in all, I would like to say that the aim of a balanced approach should not only relate to capital requirements, but also the level of consumer protection.

Aside from the Solvency II review, there are other pressing issues that require our attention.

**COVID-19** is, of course, top of the list. We are emerging from the crisis, but the situation still requires careful monitoring of market developments, in particular with a view to new or emerging risks.

The most immediate challenge is **climate change**. It is clear that change is needed, adaptation required, insurers and pension funds have an important role to play. EIOPA will motivate and facilitate this role where possible.

In the last year, we published reports on how insurers can integrate climate risk in natural catastrophe underwriting and on the impact and integration of climate change-related risk in underwriting and pricing. Looking ahead, EIOPA will continue its work to ensure that (re)insurers and occupational pension funds integrate sustainability risks in their risk management, including integrating Taxonomy Regulation requirements.

Also EIOPA will continue its work on its natcat dashboard and identify possible protection gaps in the area of climate change.

And there are more **protection gaps** we will need consider going forward.

**Pensions gaps** to start with. Too many people are not saving enough for retirement.

EIOPA's work on pension dashboards and a pensions tracking system will help to raise awareness of where gaps lie. Once gaps are identified, they also need to be dealt with and so we have to be able to ensure the adequacy and sustainability of pension systems and the availability of good products. In our recent Opinions we address the supervision of long-term risk assessment, and costs and charges by IORPs. Furthermore, the first PEPPs will enter the market next year and provide consumers with new possibilities for long-term saving.

The final gap I want to mention today is **cyber risk**. EIOPA will continue to implement our cyber underwriting strategy and participate in the international supervisory dialogue on supervising cyber risks. In general, keeping the financial system safe is absolutely essential

and EIOPA welcomes the new legislative proposal on digital operational resilience act (DORA) and will focus on preparing the technical work needed for its implementation.

For all gaps one thing is true: Closing these gaps requires **good data**. Our upcoming work supports the establishment of a common financial data space. We will contribute to the Commission strategy on supervisory data as well as develop our own capacity as a data-driven organisation.

Naturally there is a lot more to say about what EIOPA will be doing going forward, but in the interest of time, I will end, however, not before mentioning that our ability to meet our challenges and fulfil our mandate relies on the dedication and commitment of our staff.

We need to ensure that EIOPA remains an **attractive place to work** and has policies in place – whether they cover gender balance, training and development, or flexibility in working hours and place – to make sure that we can attract and retain the best.

In **conclusion**, let me reiterate my thanks to you for your support in my confirmation process. As I said to you then, transition means challenges and opportunities. Today, I have set out both and I look forward to tackling them while harnessing opportunities working with you. It is in this spirit that I am looking forward to our future cooperation.

Ladies and gentlemen, thank you very much.