

EXTRAORDINARY 55th BOARD OF SUPERVISORS MEETING

DATE: 28 FEBRUARY 2020 10:00-12:00

LOCATION: FRANKFURT

FINAL MINUTES

WELCOME AND INTRODUCTORY REMARKS BY THE CHAIRMAN

1. The Chairman welcomed the attendees to the fifty-fifth meeting of EIOPA's Board of Supervisors ('BoS').

AGENDA ITEM 1: ADOPTION OF THE AGENDA

DECISION

2. BoS adopted the agenda by consensus.

CONCLUSIONS AND ACTION POINTS

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

AGENDA ITEM 2: 2020 SOLVENCY II REVIEW

2.1: HOLISTIC IMPACT ASSESSMENT

4. EIOPA presented the information request which includes the balanced package components, and highlighted the key changes introduced since the discussion in the January BoS meeting.
5. Most Members supported the content of the information request and appreciated the general balance of the proposals.

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6. Several Members expressed general concerns regarding the burden of the information request for undertakings, taking into account the short timeframe in which the exercise needs to be completed.
7. On Interest Rate Risk, in particular, several Members raised concerns regarding the added burden created by the two additional calibration scenarios, whereas the impact is expected to be low for the EURO currency. Some Members highlighted the importance of those scenarios for non-EURO currencies.
8. Concerning the Volatility Adjustment, some Members stressed that certain components of the specification should be revisited following the exercise. The elements identified were the definition of the illiquidity buckets for application ratio 5, the specification of application ratio 4, the risk correction for government bonds and the general application ratio.
9. Several Members objected to the inclusion of the Dynamic Volatility Adjustment for standard formula users in the information request.
10. The European Commission ('COM') appreciated the work done so far and strongly supported the holistic impact assessment as a key element of EIOPA's Advice. On the burden of the exercise, the COM understands the concerns but holds the view that this should not lead to the exclusion of components from the impact assessment. The COM highlighted that the information request concerns solo undertakings and asked how it was being considered to extend the impact assessment also to Groups.

DECISION

11. BoS adopted, by consensus, the 'Information request for the Holistic Impact Assessment on the 2020 review of Solvency II' (EIOPA-BoS-20-107, of 17 February 2020, and EIOPA-BoS-20/115, of 24 February 2020), subject to a change concerning the two additional alternative interest rate risk calibrations (consideration of a floor and first smoothing point-specific calibration), which should not be mandatory but voluntary calculations.

CONCLUSIONS AND ACTION POINTS

12. BoS generally supported the content of the information request which includes the balanced package and appreciated the work done by EIOPA and the Project Groups ('PGs') in a challenging timeline.
13. Notwithstanding this, some Members highlighted the fact that the positions tested are not final and identified concerns on specific items which would require further attention before the final EIOPA advice can be agreed, also taking into account the outcome of the impact assessment.
14. Several Members expressed concerns regarding the burden and feasibility of the information request, in particular concerning the two additional alternative interest rate risk calibrations.
15. EIOPA and the PGs to finalize the Technical Specifications and Reporting Template, taking into account the impact of the BoS decision as well as the specific requests for clarifications made by Members in their interventions.

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16. The information request is to be launched on 2 March 2020 and run until 31 March 2020, followed by two weeks of validations by the competent authorities, in accordance with the timetable previously agreed by BoS.

2.2: UPDATE ON OTHER ISSUES

17. EIOPA presented the proposals with regard to the simplification for captive undertakings, two group issues and an update on the treatment of composite undertakings, which were generally supported by the BoS.
18. On the treatment of captives, Members recognized that this was an application of the proportionality principle and highlighted the importance of being consistent with the proportionality measures proposed in other areas. Some Members raised some comments on the drafting of the legal texts.
19. Concerning the two group issues, some Members noted the importance to appreciate the impact of the own fund items discussed at group level and raised some concern on the availability of transitional measures at group level, which should be different from the availability of Expected Profits in Future Premiums as well as consistency with the treatment of own funds' availability for financial conglomerates.
20. With regard to the further work on composites, BoS supported the proposed way forward discussed at the PSC and highlighted the importance of avoiding solutions that would increase the divergence between Member States.

CONCLUSIONS AND ACTION POINTS

21. BoS generally supported the directions of the draft Advice with regard to the three topics.
22. In particular, on the treatment of captives, while most intervening BoS Members supported the new simplifications, there were comments highlighting the importance of being consistent in general with the proportionality measures proposed in other areas and questions on the application to reinsurance captives.
23. Concerning the two group issues, while BoS overall supported the proposed way forward, some Members raised some concern on the availability at group level of transitional measures which should be different from the availability of Expected Profits in Future Premiums.
24. With regard to the further work on composites, BoS supported the proposed way forward and highlighted the importance of avoiding solutions that would increase the divergence between Member States.

AGENDA ITEM 3: AOB

CONCLUSIONS AND ACTION POINTS

25. Not applicable

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ANNEX: LIST OF DECISIONS ADOPTED BY WRITTEN PROCEDURE FROM 01.02.2020 TO 28.02.2020

BoS-2020-06

26. Decision adopting the Peer Review Governance by simple majority voting.

BoS-2020-07

27. Decision adopting the Revised Implementing Technical Standards on the allocation of External Credit Assessment Institutions to credit quality steps under Solvency II by simple majority voting.

BoS-2020-09

28. Decision adopting the Consultation Paper on Pan-European Personal Pensions Regulation Implementing Technical Standards: supervisory reporting and cooperation by simple majority voting.

BoS-2020-10

29. Decision adopting the Update of the representative portfolios – fix in the country corporate bond portfolio weights by simple majority voting.

BoS-2020-11

30. Decision adopting the procedure to select Members of EIOPA's Stakeholder Groups by simple majority voting.

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Participants at the Board of Supervisors meeting**28 February 2020****Chairperson:** Gabriel Bernardino

<u>Country</u>	<u>Voting member/ Alternate</u>	<u>Accompanying Experts</u>
Austria	Peter Braumueller (by teleconference)	
Belgium	Jean Hilgers/ Dieter Hendrickx	
Bulgaria	Nikolay Petkov (PoA) (by teleconference)	
Croatia	Ljiljana Marić (PoA) (by teleconference)	
Cyprus	Nicos Koullapis (by teleconference)	
Czech Republic	Jiří Kalivoda	Hana Marčíková
Denmark	Carsten Brogaard	
Estonia	Andres Kurgpõld	
Finland	Teija Korpiaho	
France	Patrick Montagner	Mary-Cécile Duchon
Germany	Frank Grund/ Thomas Schmitz-Lippert (by teleconference)	Petra Faber-Graw
Greece	Ioannis Chatzivasiloglou	
Hungary	Ferenc Szebelédi (by teleconference)	
Ireland	Domhnall Cullinan	Zita Culliton
Italy	Alberto Corinti	
Latvia	Dina Mikelsone	
Lithuania	Marius Dumbauskas	
Luxembourg	Annick Felten	Yves Baustert
Malta	Ray Schembri	
Netherlands	Sarah Liebing (PoA)	
Poland	Damian Jaworski	
Portugal	Hugo Borginho	
Romania	Cristian Rosu (by teleconference)	
Slovakia	Andrea Gondová (PoA)	Zuzana Kardosova
Slovenia	Goraz Čibej/ Mojca Rome	
Spain	Sergio Alvarez (by teleconference)/ Francisco Carrasco (by teleconference)	
Sweden	Åsa Larson	

<u>Country</u>	<u>Permanent Representative/ Alternate</u>	<u>Accompanying Experts</u>
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Belgium	Henk Becquaert	
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<u>EEA EFTA Country</u>	<u>Non-Voting Member/ Alternate</u>	<u>Accompanying Experts</u>
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Iceland	Rúnar Guðmundsson (by teleconference)	
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Lichtenstein	Alexander Imhof	
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Norway	Ann Viljugrein	
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<u>Institution</u>	<u>Non-Voting Member/ Alternate</u>	<u>Accompanying Experts</u>
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European Commission	Didier Millerot	
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EIOPA Staff

Executive Director	Fausto Parente
Head of Policy Department	Justin Wray
Head of Supervisory Processes Department	Ana Teresa Moutinho