



53rd MANAGEMENT BOARD MEETING

DATE: 11 MARCH 2020 9:00-14:30

LOCATION: FRANKFURT

FINAL MINUTES

WELCOME AND INTRODUCTORY REMARKS BY THE EIOPA CHAIRMAN

1. The Chairman welcomed the participants to the fifty-third meeting of EIOPA's Management Board (MB) held by video-conferencing.
2. The Chairman ascertained that the meeting was duly called and that the requested quorum for taking decisions was reached.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

DECISION

3. MB adopted the agenda by consensus.

CONCLUSIONS AND ACTION POINTS

4. Not applicable.

AGENDA ITEM 2: UPDATE BY CHAIRMAN, EXECUTIVE DIRECTOR AND EU COMMISSION

5. In his update, the Executive Director reported on the different measures already put in place and those envisaged towards staff, visitors and Board members to slow down the spread of the COVID-19 epidemic and to ensure business continuity. His further briefing was shared by writing with the MB.
6. The Chairman informed the MB of the suggestion to hold the Board of Supervisors (BoS) Meeting of March by telephone conference (telco) as a precautionary measure to the COVID-19. To allow for two morning sessions, the agenda would be limited to discussions where BoS' steering is required. No closed session will be held and approval of decisions will be organised by written procedure.

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7. The Head of Department Financial Stability further reported on the various initiatives to assess the COVID-19 impact on the market at EIOPA, by insurance industry as well as by some national competent authorities. He informed the MB on the preparation of an upcoming public communication by EIOPA covering information on the ongoing monitoring of the market and the possible tools to ensure market stability and consumer protection.
8. The MB welcomed EIOPA's approach towards the staff and the Boards, endorsing the proposal for the two BoS telcos sessions and the written approval procedures. MB members reported briefly on national initiatives to assess the situation.
9. The Chairman stressed the importance of a public communication and of the coordination at EU level of the necessary supervisory measures.

CONCLUSIONS AND ACTION POINTS

10. EIOPA is closely monitoring the situation with regard to COVID-19 in order to remain operational.
11. The Board of Supervisors' ('BoS') meeting of 30-31 March 2020 will be organised as a teleconference (two half days) with a reduced agenda. A number of Decisions points previously included in the BoS agenda will be organised by written procedure instead.
12. Regarding the impact on financial markets, MB was informed of the main developments as well as an initial assessment of the impact on the European insurance sector. An extraordinary telco of the Risk and Financial Stability Committee ('RFSC') is scheduled as part of the EIOPA crisis management process. An extraordinary BoS telco is scheduled as well in order to allow discussion of adverse market developments and possible supervisory responses.

AGENDA ITEM 3: EIOPA FINANCIAL CIRCUITS

13. The Head of the Corporate Support Department presented the revised Financial Circuits. Main changes include alignment of the financial transaction authorisation thresholds with the new procurement thresholds, reflection of the new structure and name of the Finance Unit, expansion of the combined operational and financial initiation role to the areas of events and corporate services, and inclusion of the Budget Officer as Authorising Officer for missions.

The MB welcomed the revised Financial Circuits.

DECISION

14. MB adopted, by consensus, the 'EIOPA's revised Financial Circuits' (EIOPA-MB-19/059-rev1, 11 March 2020).

CONCLUSIONS AND ACTION POINTS

15. Not applicable

AGENDA ITEM 4: DRAFT QCC REPORT ON THE REVIEW OF EIOPA'S WORKING GROUP STRUCTURE

16. The Chair of the EIOPA Quality Control Committee ('QCC') presented the draft QCC report on the review of EIOPA's working group structure. The purpose of the review is to assess the extent to which EIOPA's working group structure meets the envisaged objectives and to identify possible areas for improvements. The MB welcomed the report and discussed some of the areas for improvement. The QCC Chair was invited to circulate the draft report to the MB and BoS Members for their comments and suggestions.

CONCLUSIONS AND ACTION POINTS

17. MB welcomed the draft report of the EIOPA Quality Control Committee ('QCC') on the review of EIOPA's working group structure (EIOPA-MB-20/012, 24 February 2020) with minor comments.
18. The QCC Chairman to circulate the draft report to the BoS for their feedback. The QCC Chairman to present the final report to the June MB and BoS meetings.

AGENDA ITEM 5: EIOPA STRATEGY DAY 2020

19. The Chairman presented the proposals for the three alternative items to be discussed in the Strategy Day 2020. MB welcomed the proposals and exchanged on preferences of those having two items to be selected.

CONCLUSIONS AND ACTION POINTS

20. MB endorsed the topics 'Strategic Supervisory Priorities' as well as the 'Role of occupational pensions in reducing society's pensions gap and fostering the CMU' for discussion in the EIOPA Strategy Day 2020.
21. Regarding the theme 'Future direction on product disclosures to consumers', it was agreed to bring it to a strategic discussion in a BoS meeting in the second half of 2020.

AGENDA ITEM 6: PEER REVIEW UPDATE

22. The Head of Oversight Department presented the work plan with potential topics for peer reviews for 2020 and 2021. The Chairman advised that the contractual boundaries and Product Oversight and Governance are important issues however the timing to conduct these peer reviews should take place after the respective benchmarks have been set. MB members requested for a clarification regarding the difference between supervisory convergence work and peer reviews. The Chairman clarified that supervisory convergence work aims to create benchmarks and peer reviews are the tool used to analyse and assess how supervisory authorities implement against this benchmark and to issue recommended actions where

needed. It is also clarified that the follow-up peer reviews are smaller exercises. It was proposed to consider a peer review on outsourcing.

CONCLUSIONS AND ACTION POINTS

23. MB had no comments on the proposals regarding the follow up to past peer reviews.
24. EIOPA to clarify the role of EIOPA's convergence work and role of EIOPA's upcoming peer reviews and to prepare subsequently a list of topics fit for a peer review.
25. MB members to inform EIOPA on any other potential topics for future peer reviews by 20 March 2020.
26. EIOPA to present for approval to MB a final proposal for the two-year workplan on peer reviews.

AGENDA ITEM 7: BOS PREPARATIONS

7.1: SOLVENCY II 2020 REVIEW

27. On macroprudential policy in insurance, MB Members discussed three main issues. First, whether the capital surcharge for systemic risk should be a stand-alone tool or be integrated as part of the current capital add-on. There were some concerns expressed on potential legal and operational implications of integrating the capital surcharge into the capital add-on. EIOPA would assess those concerns ahead of the BoS meeting. Secondly, MB Members emphasized the need to leave flexibility to Member States in the determination of the exact scope of undertakings subject to liquidity risk management plans (LRMP). This flexibility is already included in the advice. However, the relevance of a wide scope of undertakings subject to LRMP was also mentioned, given that liquidity risk management is included in Solvency II and, therefore, that a proper planning is a prudent practice. Thirdly, on systemic risk management plans (SRMP), while the MB supported that the advice no longer includes the requirement for SRMP, it was also mentioned that the rationale for this change should be clearly explained.
28. On recovery and resolution, the need for a wide scope of undertakings subject to recovery planning was stressed. Regarding resolution planning, it was also restated that the scope of undertakings should be smaller than the one for recovery planning. MB Members also mentioned that NSAs should have the flexibility to decide on the exact scope of recovery and resolution planning and there was a discussion on the appropriateness of "opting-in" versus "opting-out" approach.
29. The flexibility at national level is already included in the advice, but it was mentioned that the decision on the final scope should be taken based on a set of harmonised criteria. Furthermore, the principle of covering, respectively, a very significant share of the market (for recovery planning) and a significant share of the market (for resolution planning) was mentioned as a way to strike a balance between leaving flexibility to NSAs, while ensuring certain harmonisation across countries.
30. On insurance guarantee schemes, MB focused on three main issues. First, it was mentioned that the issue of IGS should not be regarded in isolation. Instead, it was seen as a fundamental

element, together with the quality and convergence of supervision and the implementation of a recovery and resolution framework. Secondly, MB stressed the importance of operationalising the home principle approach to solve potential cross-border issues. Several options were considered. The Chairman clarified that a minimum level of coverage for agreed business lines across the EU would be a significant improvement. This was supported by COM, who insisted that it was better to achieve an improvement in the current situation of EU policyholders than pursuing the best solution, which may in the end not materialise. Thirdly, a discussion took place on the coverage level. The need to have a certain coverage level, together with some deductibles was supported by the majority MB Members.

CONCLUSIONS AND ACTION POINTS

31. Macroprudential policy in insurance: Members raised legal and operational concerns regarding the integration of the capital surcharge for systemic risk into the current capital add-on. MB agreed to change the original advice regarding systemic risk management plan and no longer promote the tool.
32. Recovery and resolution in insurance: MB restated the need to leave flexibility to the National Competent Authorities ('NCAs') regarding the exact scope of undertakings subject to recovery and resolution planning, based on a set of harmonised criteria, and as long as the principle of covering, respectively, a very significant and a significant share of the market is met.
33. Insurance guarantee schemes ('IGS'): MB agreed on the need to emphasise further the need to see the issue of IGS in conjunction with the quality of supervision and supervisory convergence, as well as the recovery and resolution framework. MB also supported the idea of further developing the draft advice in specific areas, in particular, regarding the operationalisation of the home principle.
34. Solvency and financial condition report: MB suggested to discuss also the audit of the report at the BoS.
35. MB did not raise any issues on the proposals on group solvency and the transitional on government bonds.

7.2: PEER REVIEW REPORT ON REGULAR SUPERVISORY REPORT

36. The Management welcomed the report, and the fact that feedback from the NCAs was taken on board in the final version.

CONCLUSIONS AND ACTION POINTS

37. EIOPA to send the peer review report on the Regular Supervisory Report to the BoS for approval by written procedure.

7.3: SECOND EIOPA REPORT ON COSTS AND PAST PERFORMANCE

FINAL MINUTES

38. MB Members appreciated the presentation on the second report on costs and past performance.
39. Two MB Members, while highlighting the significant improvements made, underlined that given some issues still remain in the methodology (e.g., market coverage for single Member States, comparability) caveats in relation to data interpretation should be added.
40. One MB Member highlighted that the fact that undertakings from the relevant market not able to provide accurate data on costs has been addressed by sending a letter to the market.
41. Finally, MB Members commended the improvements and encouraged EIOPA to further work on improving the methodology for future reports.

CONCLUSIONS AND ACTION POINTS

42. EIOPA to include some more caveats in the Report, explaining that certain type of analysis are not fully comparable because of different market coverage/products.

7.4: IMPACT OF LOW YIELDS – DISCUSSION ON DRAFT REPORT

43. EIOPA presented the main elements of the draft report and proposed postponing the publication in order to be able to incorporate some preliminary analysis of the COVID-19 impact, within the context of a low yield environment.

CONCLUSIONS AND ACTION POINTS

44. MB welcomed the draft report. EIOPA to update the report with inclusion of a reference to the potential impact of the COVID-19 and launch a BoS written procedure.

AGENDA ITEM 8: AOB

Election of the CCPFI Chair

45. The Chairman informed the MB Members about the three applications received for the CCPFI Chair position and suggested to have a written procedure for the election of the CCPFI Chair by the BoS. In order to ensure confidentiality of each vote, the BoS Members will send their vote for a candidate via email only to EIOPA staff, not using the “reply to all”.
46. The MB agreed with the proposed approach for the election of the CCPFI Chair.

CONCLUSIONS AND ACTION POINTS

47. EIOPA to initiate a written procedure for the election of the Committee on Consumer Protection and financial Innovation (‘CCPFI’) Chair by the BoS.
48. BoS to elect the new CCPFI Chair.

ANNEX: LIST OF DECISIONS ADOPTED BY WRITTEN PROCEDURE FROM 01.01.2020 TO 11.03.2020

MB-2020-01

49. Decision adopting the Revised Rules of Procedure of the Management Board.

MB-2020-02

50. Decision adopting the Quality Control Committee Mandate 2020.

Participants at the Management Board's meeting

11 March 2020

Chairperson: Gabriel Bernardino

Alternate Chairperson: Peter Braumueller (by teleconference)

<u>Country</u>	<u>Member/ Alternate</u>
Czech Republic	Zuzana Silberová (by video conference)
France	Patrick Montagner (by teleconference)
Germany	Frank Grund (by video conference)
Spain	Sergio Alvarez (by video conference)
Sweden	Åsa Larson (by video conference)

<u>Institution</u>	<u>Non-Voting Member/ Alternate</u>
European Commission	Steve Ryan (PoA) (by video conference)

EIOPA Staff

Executive Director	Fausto Parente (by video conference)
Head of Corporate Support Department	Danny Janssen
Head of Oversight Department	Patrick Hoedjes
Head of Policy Department	Justin Wray
Head of Risk & Financial Stability Department	Dimitris Zafeiris
Head of Supervisory Processes Department	Ana Teresa Moutinho