



Business model sustainability and adequate product design identified as new strategic supervisory priorities for national supervisors

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The European Insurance and Occupational Pensions Authority (EIOPA) identified business model sustainability and adequate product design as two Union-wide strategic supervisory priorities relevant for national competent authorities (NCAs).

Following the revised EIOPA Regulation, NCAs shall take those priorities into account when drawing up their work programmes and shall notify EIOPA accordingly. EIOPA will coordinate the supervisory actions with the NCAs on specific topics with the aim to provide a structured and consistent response to the key risks the European Union and the individual insurance markets are exposed to.

NCAAs will focus their supervisory activities on monitoring the impact of the prolonged low-yield environment as well as of the COVID-19 crisis on the business model sustainability and development of insurers and institutions for occupational retirement provision (IORPs).

Furthermore, the NCAAs will monitor the impact of the COVID-19 crisis on products and will ensure that product and oversight governance (POG) requirements and other relevant consumer protection and conduct of business related requirements are adequately implemented to address the deficiencies which emerged in the crisis.

Gabriel Bernardino, EIOPA Chair, said: *The new powers that EIOPA got with the revised regulation represent an important part of the new supervisory convergence toolkit to address risks that require specific attention and concerted supervisory action in the European Union.*

“The selection of the analysis of business model sustainability and adequate product design in the context of the COVID-19 crisis and the prolonged low-yield environment, will ensure that risks and supervisory concerns in these two areas are addressed simultaneously by NCAAs across the European Union and thereby ensuring greater protection for all policyholders and beneficiaries as well as and the orderly functioning of the insurance and occupational pensions markets.”

The supervisory priorities for 2021 draw on an assessment of the key risks and vulnerabilities in the insurance and occupational pensions sectors.

[Download the supervisory priorities](#)

Background

Under its revised Regulation (Art. 29 (a)), EIOPA is responsible to identify up to two priorities of Union-wide relevance which shall reflect future developments and trends. When defining these priorities, EIOPA takes into consideration the contributions received NCAAs, existing work performed by the European institutions, as well as analysis, warnings and recommendations published by the European Systemic Risk Board.

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