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# 61<sup>TH</sup> MANAGEMENT BOARD MEETING VIA VIDEOCONFERENCE

**DATE: 9 NOVEMBER 2021** 10:00-12:42

LOCATION: VIDEOCONFERENCE

## FINAL MINUTES

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### WELCOME AND INTRODUCTORY REMARKS BY THE ACTING CHAIRPERSON

1. The Chairperson welcomed the attendees to the 61st meeting of EIOPA's Management Board (MB).

### AGENDA ITEM 1: ADOPTION OF THE AGENDA

#### DECISION

2. The MB adopted the agenda by consensus.

### CONCLUSIONS AND ACTION POINTS

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

### AGENDA ITEM 2: UPDATE BY THE CHAIRPERSON, EXECUTIVE DIRECTOR AND THE EUROPEAN COMMISSION

#### UPDATES BY THE CHAIRPERSON

4. The Chairperson updated the MB Members on the following topics:

#### MEMBERSHIP UPDATES

5. Dr. Frank Grund, Chief Executive Director for Insurance and Pension Funds Supervision at Federal Financial Supervisory Authority (BaFin) started his mandate as MB Member on 30 September 2021.

### CHAIRPERSON' STAKEHOLDER ENGAGEMENT STRATEGY

6. Already prior to the new Chairperson starting in her role, EIOPA received many requests for meetings and speeches. Hence a stakeholder engagement strategy was developed. Prior to her start the Chairperson liaised with all EIOPA Board of Supervisors (BoS) Members. Once started the goal was to accept a broad range of speaking engagements and meetings in the first three months, reflecting the diversity of stakeholders and geographic balance. The speaking engagements and meetings provided an opportunity to demonstrate areas of focus/interest.

### PUBLIC HEARING BEFORE THE ECON COMMITTEE (EUROPEAN PARLIAMENT)

7. On 14 October 2021, the ESAs Chairs had their regular public hearing in the ECON Committee of the European Parliament to discuss the authorities' experience throughout the previous year, including their role in rulemaking, supervision and coordination, as well as their expectations regarding their future development and key challenges.
8. In the introductory statement some of EIOPA's key achievements from the past year and upcoming challenges and priorities were highlighted, touching on issues related to consumer protection, the review of Solvency II, climate change and protection gaps<sup>1</sup>. Concerning the Q&A session with the ECON Members, main questions asked were on EIOPA's views on various aspects of the European Commission's (COM) proposals on the review of Solvency II review and issues concerning sustainable finance.

### INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS (IAIS) ACTIVITIES

9. The IAIS Insurance Capital Standard Task Force (ICS TF) met on 5 November 2021 to agree on a revised timeline for the public consultation on the detailed criteria for the comparability assessment between the ICS and the US-led Aggregation Method (AM). EIOPA can agree with the revised timeline as long as the timeline set for ICS will be met.

### JOINT COMMITTEE (JC) MEETING ON 8 OCTOBER

10. The European Supervisory Authorities (ESAs) Chairperson are meeting regularly and work is progressing well. The JC discussed the latest risks and vulnerabilities in the financial sector, exchanged on the packaged retail investment and insurance-based products (PRIIPs) file and welcomed the proposed European Forum for Innovation Facilitators (EFIF) cross-border testing framework.
11. As of 1 January 2022, EIOPA takes the Chairmanship of the JC and will also provide the secretariat.

### BOARD OF APPEAL

12. A new Board of Appeal has been elected by the MBs of the ESAs.

### ADDITIONAL WORK

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<sup>1</sup> You can find the full statement [HERE](#).

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13. The COM is thinking about a call for advice in the area of sustainability, particularly green washing. Discussions are ongoing as to how much ambition should be in this Call for Advice (CfA), specifically on monitoring, and where the greenwashing is taking place.
14. Discussions with COM on the use of EIOPA tools as foreseen in the EIOPA Regulation are taking place.
15. A press release on an Oversight case is expected on 9 November 2021 on " Non-compliance of the National Bank of Slovakia with EIOPA's recommendation"

## UPDATES BY THE EXECUTIVE DIRECTOR

### FINANCIAL SERVICES COMMITTEE (FSC) MEETINGS

16. At the FSC meeting on 15 September 2021, EIOPA updated Members on financial risks and vulnerabilities in the European insurance sector. Moreover, COM presented its July Sustainable Finance (SuFi) package (Renewed Sustainable Finance Strategy, legislative proposal on EU green bond standard), which was positively received by Members. The following was particularly stressed: 1) prudential framework to remain risk-based; 2) coherence and alignment across all SuFi initiatives (particularly to avoid issues with reporting work), as well as proper time for implementation; 3) proportionality approach to be taken in order to ensure all different Member States' starting points to be taken into account; 4) support for science-based taxonomy; 5) requirements shall be also applied to investment funds; 6) investor protection to be put at the core. COM also mentioned that the new EU sustainable corporate governance will be presented before the end of the year.

### ECON SCRUTINY SESSION ON PRIIPS REGULATORY TECHNICAL STANDARDS (RTS)

17. EIOPA represented the ESAs at the ECON scrutiny session on PRIIPS RTS on 26 October 2021. The outcome of the exchange of views was positive and constructive. Most of the questions raised by the Members of the European Parliament (EP) focused on Annexes in the RTS, alignment between level 1 and level 2, the advice on PRIIPS and differences in EU-US legislation affecting cross-border provisions of investment products. The ESAs, the COM and ECON Members who intervened shared similar views, thus showing that a consensus has been somewhat reached on the topic.

### COVID-19 UPDATES

18. EIOPA will host the BoS meeting on 24-25 November 2021 EIOPA has put in place a dedicated safety concept and specific meeting arrangements of which the Members have been informed in the invitation email.
19. Moreover, EIOPA will start an obligatory office presence for all staff members (Return Phase 2) as of 15 November 2021. In the Return Phase 2, EIOPA will employ a hybrid approach, combining a fixed shift system for mandatory presence days with the possibility for staff to book desks flexibly on other days of the week.

## BUDGET 2021

20. Further to EIOPA's latest forecast of the budget implementation for 2021 a surplus of the staff pension budget of approximately 300,000 EUR has been identified. The main reasons for this excess are unfilled positions in 2020 resulting from unsuccessful recruitment campaigns, rejections of offers and delays in the starting date of new recruits, which occurred throughout 2021. Therefore a budget amendment is planned in November 2021. The surplus funded by the national competent authorities (NCAs) and EFTA countries will be deducted from their respective 2022 contributions. The pensions contributions are exclusively financed by the NCA's and EFTA countries and will not affect the COM contribution.

## EIOPA QUARTERLY ACTIVITY REPORT

21. The report will soon be circulated to MB Members. Questions are welcomed from Members.

## UPDATE BY THE EUROPEAN COMMISSION (COM)

22. The COM representative informed the BoS Members on the following business files:

### SOLVENCY 2 – LEVEL 1

23. Overall positive reception of the package adopted on 22 September 2021.

## SLOVENIAN PRESIDENCY

24. A very ambitious and active mandate of the presidency which has already organised two Council working parties (CWP) on Solvency II in October 2021: first allowed the COM to present the package in detail and for the Member States (MSs) to ask for clarifications. The second focused on the proportionality topics on which the Presidency would like to conclude preliminary discussions.
25. In terms of next steps planned on Solvency II: the third CWP on 15 November 2021 on reporting and disclosure/quality of supervision and supervision of cross-border activities. Also, two more working parties to be organised end November and mid-December 2021, with agendas still to be defined. Long Term Guarantee Measures (LTGM), macro related aspects, group supervision will most probably be left to future Presidencies.
26. On Insurance Recovery and Resolution Directive (IRRD) the Slovenian Presidency organised one meeting, and two more will follow by the end of the year.

### SOLVENCY 2 – LEVEL 2:

27. A first expert group took place on 8 November, based on a note that largely followed the Communication issued with the proposal. MSs appreciated starting the discussions on level 2, although only limited preliminary views were expressed during the meeting.

## INTERNATIONAL FRONT:

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28. Joint Committee EU-US covered agreement meeting took place on 28 October 2021. The US highlighted the commitment of its administration to implement the Covered agreement in time and described progress made (21 states completed the revisions, all working on the implementation). EU highlighted its readiness.

DECISION

29. Not applicable.

CONCLUSIONS AND ACTION POINTS

30. Not applicable.

AGENDA ITEM 3: EIOPA CLOUD STRATEGY

31. The Head of IT Unit presented an overview of EIOPA's draft Cloud Strategy.
32. Some MB Members confirmed their organisation was on a similar cloud journey and supported EIOPA's initiative.
33. Questions were asked on the difference between the principles of "Secure and Private" and "Data Protection and Risk Assessments". While the former refers to mitigation techniques such as strong encryption and the setup of a Security Operations Centre, the latter was singled out to give special focus on the importance of privacy and security assessments when choosing the right controls.
34. With regard to encryption and possible access by US government agencies, the strategy proposes controls such as solid key management, data storage in Europe and strong contractual frameworks negotiated by the European Commission. However, some residual risks will likely have to be accepted.
35. Concerning the availability of a European Public Cloud, it was clarified that EU initiatives were maturing, but that there were currently no strong contenders that benefit from the same network effects and service maturity as the large US vendors (e.g. Microsoft, Amazon Web Services).

DECISION

36. Not applicable.

CONCLUSIONS AND ACTION POINTS

37. The MB welcomed the Draft Cloud Strategy and showed interest in the draft strategy.
38. EIOPA to further discuss and finalise the Cloud Strategy with the IT & Data Committee and submit the Cloud Strategy for MB approval in due course.

## **AGENDA ITEM 4: BOS PREPARATION**

### **4.1 PENSIONS TOPICS - CALL FOR ADVICE**

#### **4.1.1. Pensions Tracking System**

39. The Head of the Policy Department introduced the advice. The growth of defined contribution pensions and demographic changes increases the importance of members knowing their expected pension and at national level of measuring adequacy and sustainability. He noted that respondents to consultation on the pensions tracking service had been supportive. In discussion members broadly supported the advice though mentioned concerns in areas such as the extent of data collection. The Commission was supportive of the advice.

#### **DECISION**

40. Not applicable.

#### **CONCLUSIONS AND ACTION POINTS**

41. The MB supported the Draft Technical Advice on Pension Tracking Systems to be submitted to the BoS meeting of 24 November for approval.

#### **4.1.2. Pensions Dashboard**

42. The Head of Policy Department introduced the advice, summarising the outcomes of the public consultation and the subsequent changes made to the advice. There is one highlighted issue on whether the advice should suggest that EIOPA is well-placed to collect the additional pensions data from private pension providers or whether the advice should be silent on this.

43. The MB Members expressed concerns about the advice in general and on the role for EIOPA on data collection in particular. It was argued that the data collection would not be within EIOPA's remit, and that the role COM envisages for EIOPA is uncertain. Still, Members also indicated that if additional data is collected, EIOPA should do it, but that EIOPA should not have a role in collecting data from non-supervised pension providers, because such data would be hard to validate. Moreover, Members proposed to emphasise that collecting data involves costs and that in some MSs the reported data is not covered by supervisory confidentiality without an appropriate mandate.

44. COM welcomed the advice and was of the view that EIOPA is best placed to resolve the main data gaps identified in the advice in relation to occupational and personal pensions.

45. The Chairperson stressed that the data to be collected refer to basic financial information of private pension providers, most notably insurance undertakings, whereas IORPs would only have to report breakdowns by age and gender. She expressed concern in other EU entities collecting occupational and personal pensions data from insurance undertakings and IORPs

already reporting to EIOPA (via NCA'). Nonetheless, EIOPA will explore an intermediate view for the highlighted issue, limiting EIOPA's role to the pension providers under its remit.

#### DECISION

46. Not applicable.

#### CONCLUSIONS AND ACTION POINTS

47. The MB supported the Technical Advice on pension dashboards to be submitted to the BoS meeting of 24 November for approval, subject to some amendments.

48. Based on MB proposals, EIOPA to further clarify in the advice the constraints in terms of EIOPA's mandate and the importance of cost and benefit analysis, supervisory confidentiality and data quality.

#### 4.2 INSURANCE STRESS TEST 2021

49. EIOPA introduced the topic. The MB Members were provided with a presentation on the main outcomes of the validation process and with an overview of the preliminary results which were not reflecting the late resubmission received on 5 November 2021. They were also informed on the next steps, including the timeline of the approval process of the report and of the note on the validation and the planned high level meeting with participants.

50. Members welcomed the information provided, highlighting the need for signalling in the report the impact of the LTG and transitional measures on the post stress position of the participants. Additionally, it was suggested to evaluate the impact of the proposed amendments to the Solvency II framework on the post stress positions and asked for clarifications on the status of the envisaged recommendations.

51. It was clarified that the impact of LTG and transitionals is part of the report and that the impact of the Solvency II review will be potentially included in follow-up analyses. The Project Group is now focused on the analysis of the results and recommendation will follow at a later stage.

#### DECISION

52. Not applicable.

#### CONCLUSIONS AND ACTION POINTS

53. The MB welcomed the update on the activities, the overview on the preliminary results and the next steps.

54. EIOPA to inform the NCAs on the participants registered to the high level meeting planned on 19 November 2021, a week before the meeting.

55. On the individual disclosure, potential next-steps to be discussed after the meeting on 19 November 2021.

### 4.3 VALUE FOR MONEY IN THE UNIT-LINKED MARKET

56. The Head of EIOPA's Conduct Oversight Unit presented the approach taken following the public consultation on a framework to address value for money risks. In particular, he highlighted that given the feedback the framework has been turned into a Supervisory Statement on value for money in the unit-linked market (the Statement), which will be accompanied by further work on a toolkit to assess value for money from a practical implementation perspective.
57. Members expressed their support for the work being done and stressed the importance of also pointing out the positive aspects of unit-linked products. EIOPA confirmed positive aspects will also be included in the communication.
58. Members expressed some concern that the Statement is directed to Competent Authorities whereas the responsibility to deliver value for money products rests with the manufacturers. EIOPA agreed that this responsibility rests with the industry and this will be further clarified.
59. The Members agreed that some language of the Statement will be clarified and that further work on the toolkit will be carried out.

### DECISION

60. Not applicable

### CONCLUSIONS AND ACTION POINTS

61. The MB broadly supported the proposed approach towards addressing value for money risks in the unit-linked market;
62. The proposed approach to be carefully assessed in view of some MB Members' comments to ensure it is clear that it is primarily the manufacturers' responsibility to comply with the proposed expectations and avoid disturbances in the market.

### 4.4 DIGITAL TRANSFORMATION STRATEGY

63. The Head of EIOPA's Conduct Oversight Unit presented the draft Digital Transformation Strategy, highlighting that the objective was to set out in a structured manner how EIOPA can contribute best to the sound digital transformation of the insurance and pension markets, focusing in those areas where EIOPA can add value with its European perspective and taking into account both the benefits and challenges raised by digitalisation. The strategy is aligned with EIOPA's union-wide strategic supervisory priorities and other relevant strategies, and does not aim to duplicate EIOPA's normal work planning process.
64. During the discussion it was suggested that NCAs should continue to follow a technology neutral approach to the digitalisation of the insurance and pensions markets, and that the strategy document should reflect this approach. At the same time the benefits of innovation for all

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stakeholders and the fact that innovation can be used as a tool to achieve the objectives pursued by supervisors were acknowledged.

**DECISION**

65. Not applicable.

**CONCLUSIONS AND ACTION POINTS**

66. The MB broadly supported the proposed strategy and recommended that it should follow a technology neutral approach while recognising the benefits of innovation.

67. EIOPA to review the wording of the document and use a more neutral language where relevant.

**AGENDA ITEM 5. AOB**

**DECISION**

68. Not applicable.

**CONCLUSIONS AND ACTION POINTS**

69. Not applicable.

**ANNEX: LIST OF DECISIONS ADOPTED BY WRITTEN PROCEDURE FROM 15.09.2021 TO 09.11.2021**

**MB-2021-07**

70. Decision adopting by consensus the report 'QCC Quality Review on the Functionality of EIOPA's Website'.

**MB-2021-08**

71. Decision adopting by consensus the Draft Minutes of the 60th Management Board Meeting.

**MB-2021-09**

72. Decision adopting by consensus the Decision of the Management Board concerning public access to documents.

**MB-2021-10**

73. Decision adopting by consensus the Election of a QCC Member.

## Participants at the Management Board's meeting via videoconference

9 November 2021

**Chairperson:** Petra Hielkema

**Vice-Chairperson:** Peter Braumüller

<b><u>Country</u></b>	<b><u>Member/ Alternate</u></b>
<b>Czech Republic</b>	Zuzana Silberová /[-]
<b>France</b>	Patrick Montagner /[-]
<b>Germany</b>	Frank Grund /[-]
<b>Italy</b>	Alberto Corinti /[-]
<b>Netherlands</b>	[-]/Armand Schouten
<b>Sweden</b>	Åsa Larson /[-]

<b><u>Institution</u></b>	<b><u>Non-Voting Member/ Alternate</u></b>
<b>European Commission</b>	Larisa Dragomir

### **EIOPA Staff**

<b>Executive Director</b>	Fausto Parente
<b>Head of Corporate Affairs Department</b>	Susanne Rosenbaum
<b>Head of Corporate Support Department</b>	Danny Janssen
<b>Head of Policy Department</b>	Justin Wray