



EXTRAORDINARY 59TH BOARD OF SUPERVISORS MEETING VIA TELECONFERENCE

DATE: 7 APRIL 2020 11:00-13:00 CET

LOCATION: N/A

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WELCOME AND INTRODUCTORY REMARKS BY THE EIOPA CHAIRMAN

1. The Chairman welcomed the attendees to the fifty-ninth meeting of EIOPA's Board of Supervisors (BoS).
2. PRA (UK) was invited to participate in the discussion on all agenda items.

AGENDA ITEM 1: Adoption of the agenda

3. The Chairman introduced the agenda and proposed, in addition, to reflect on COVID-19's impact on credit insurance under agenda item 4.

DECISION

4. BoS adopted its agenda for the today's meeting, including the proposed new subject, by consensus.

CONCLUSIONS AND ACTION POINTS

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

AGENDA ITEM 2: Update by the Chair of the Risk and Financial Stability Committee (RFSC)

6. The Chair of the RFSC updated on the discussion and outcomes of the RFSC meeting organized on 3 April 2020. The unfolding coronavirus epidemic has significantly worsened the outlook for

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the global economy. The market impact of the ongoing COVID19 crisis could lead to a situation where a large share of corporate and government bonds could be downgraded. EIOPA conducted an analysis assessing possible effects on the portfolio of European insurers if corporate and government bonds currently rated BBB would be downgraded to non-investment grade. The results suggested that such a situation would lead to losses of about 1.6% of total investments at EEA and UK level. The last RFSC meeting further discussed the situation at member state level, in particular in Norway and Portugal. Moreover, RFSC agreed that EIOPA would further refine the methodology for the top-down tool based on the interaction with national competent authorities (NCAs) to assess the impact on the solvency positions. Moreover, the agenda of the last RFSC meeting covered the discussion on loans and mortgage within SII framework in the context of potential payment moratorium, potential new reporting on liquidity risk assessment and risk for pension sectors including potential actions.

7. Furthermore, EIOPA's Chairman updated the BoS on last Friday's call of the Financial Stability Table of the Economic and Financial Committee, in particular on the presentations given by the ESRB and the Joint Committee of the European Supervisory Authorities (ESA) (ESA JC) with regard to their latest assessment and activities in the crisis situation. A draft ECOFIN statement was prepared supporting measures taken by the ESAs and EIOPA in particular.

DECISION

8. Not applicable

CONCLUSIONS AND ACTION POINTS

9. EIOPA to take into account comments received on proposal on monitoring of liquidity and bring the revised version of the proposal to the next RFSC telco on 17 April 2020 for further discussion.
10. BoS Members were informed that EIOPA intends to participate in two newly planned Covid-19 ESRB workstreams on implications for asset managers and insurers of market illiquidity and on the impact in the financial sector of procyclical credit downgrades.

AGENDA ITEM 3.1: Clarification on the application of Solvency II in light of COVID-19 measures in relation to loans and mortgage loans issued by insurers and reinsurers

11. EIOPA staff introduced the note and explained the treatment of payment moratoria and state guarantees on loans for the valuation and SCR calculation of loans and mortgage loans according to Solvency II.
12. BoS Members welcomed the clarifications to understand the implications of the different measures introduced following the COVID-19 pandemic. Members mentioned that they would like to check the figures referring to the loans in the illustrations provided.

DECISION

13. Not applicable

CONCLUSIONS AND ACTION POINTS

14. BoS supported the note to ensure a consistent approach amongst National Competent Authorities in relation to COVID-19 measures, such as debt payment moratoria, forbearance and (partial) state guarantees, regarding loans and mortgage loans according to Solvency II.
15. BoS agreed with the clarifications provided and found the document helpful to support internal and external discussions with stakeholders.
16. EIOPA to look into the treatment of indirect exposures to loans through funds and, after receiving input from Members, to check the presented data.

AGENDA ITEM 3.2: Considerations on supervisory attention and measures in the occupational pension sector in light of COVID-19

17. The Chairman introduced the draft statement, proposing to use the meeting to discuss and subsequently to approve a revised statement through written procedure. The Head of Policy Department added that occupational pensions can be a source of stability, but that IORPs are also impacted by the coronavirus developments. The draft statement aims to provide direction to NCAs, rather than prescription, to help mitigate the impact on occupational pensions.
18. BoS welcomed the draft statement. Members suggested to further emphasize the potential stabilising role of IORPs and the need to clarify that the principles should be applied in a proportionate way, taking into account national specificities. Members commented that the statement should avoid too much detail, like the envisaged wage support measures, while other Members thought this was an important element in relation to the collection of contributions. Members proposed to add the increased risk exposure to cyber security and data protection. Members argued that plan members should not only be afforded flexibility with respect to mandatory annuitisation but also lump sum payments; while others commented that IORPs should also be expected to provide information to sponsors. Some Members were of the view that communications to members and beneficiaries should be reserved to DC schemes while others asked to be more concrete on the timing of the communication. COM, supported by the Chairman, stressed that members of all types of schemes would be concerned about the impact of COVID-19 and eager to be informed on their pensions.

DECISION

19. Not applicable

CONCLUSIONS AND ACTION POINTS

20. BoS welcomed the draft statement with principles to mitigate the impact of coronavirus/COVID-19 on the occupational pensions sector.
21. Members to send concrete drafting suggestions by 8 April 2020, bearing in mind the aim of the statement to put forward high-level principles within a maximum of two pages.

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22. EIOPA to revise the draft statement taking into account the BoS discussion and written suggestions and to initiate a BoS written procedure with the aim of publishing it latest by 17 April 2020.

AGENDA ITEM 4: AOB

23. EIOPA presented a note with preliminary assessment of COVID-19 outbreak on the solvency of the credit insurance business and on the underwriting capacity of private insurers in Europe. The recent European Commission initiatives on introducing some flexibility on State aid and supporting export credit insurance as well as the call with the International Credit Insurance & Surety Association (ICISA) asking for a coordinated public support scheme were discussed.

DECISION

24. Not applicable

CONCLUSIONS AND ACTION POINTS

25. BoS agreed with preliminary assessment of the impact of COVID-19 on credit insurance business and stressed the importance to keep on working on the topic, namely: NCAs to share information on the national initiatives to support credit insurance, EIOPA to facilitate the sharing of data on the credit insurance undertakings operating cross-borders, EIOPA and NCAs to monitor the estimated losses and the capital position of the larger players (considering to have bilateral contacts), to consider the treatment of the State aid under SII.
26. BoS noted that the next Extraordinary BoS meeting via teleconference will take place on 29 April 2020 and will include discussions concerning: (a) adjustment of EIOPA's work programme; (b) next steps and timelines regarding the Solvency II 2020 review; (c) update on the top-down analysis that EIOPA is currently doing; and (d) overall update on the COVID-19 crisis and crisis measures already discussed and being subject to staggered implementation.
27. If crisis developments dictate it, EIOPA will arrange for another extraordinary BoS meeting via teleconference in-between.

Participants at the Board of Supervisor's Meeting via teleconference

7 April 2020

Chairperson: Gabriel Bernardino

<u>Country</u>	<u>Voting member/ Alternate</u>	<u>Accompanying Experts</u>
Austria	Peter Braumüller	Gerlinde Taurer
Belgium	Jean Hilgers/ Dieter Hendrickx Henk	
Bulgaria	Dimitar Koychev (PoA)	
Croatia	[-]/Ilijana Jeleč	
Cyprus	Tonia Tsangaris	
Czech Republic	Zuzana Silberová	
Denmark	Carsten Brogaard	
Estonia	Siim Tammer	
Finland	[-]/Teija Korpiaho	
France	Patrick Montagner	
Germany	Frank Grund	Petra Faber-Graw
Greece	Ioanna siliotaki/Ioannis Chatzivasiloglou	
Hungary	[-]/Ferenc Szebelédi	
Ireland	Domhnall Cullinan	Zita Culliton
Italy	Alberto Corinti/ Alessia Angelilli	
Latvia	[-] /Dina Mikelsone	
Lithuania	Mindaugas Salcius	
Luxembourg	Claude Wirion	
Malta	Ray Schembri	
Netherlands	Else Bos/Petra Hielkema	
Poland	Damian Jaworski/ Mariusz Smętek	
Portugal	Margarida Corrêa de Aguiar/Hugo Borginho	Ana Byrne
Romania	Valentin Ionescu (PoA)	
Slovakia	Júlia Cillíková	Zuzana Kardosova
Slovenia	[-]/ Mojca Rome	
Spain	[-]/Francisco Carrasco Bahamonde	
Sweden	Åsa Larson /Bertil Sjöo	

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<u>Country</u>	<u>Permanent Representative/ Alternate</u>	<u>Accompanying Experts</u>
Belgium	Henk Becquaert	
Cyprus	Constantinos Stavrakis	
Ireland	Andrew Nugent	
Italy	Ambrogio Rinaldi	

<u>EEA EFTA Country</u>	<u>Non-Voting Member/ Alternate</u>	<u>Accompanying Experts</u>
Iceland	Rúnar Guðmundsson	
Liechtenstein	Alexander Imhof	
Norway	Ann Viljugrein	

<u>Institution</u>	<u>Non-Voting Member/ Alternate</u>	<u>Accompanying Experts</u>
European Commission	Didier Millerot	
ESMA	Tomas Borovsky	
EBA	Tijmen Swank	
ESRB	Francesco Mazzaferro	
EFTA	Marco Uccelli	

<u>Observers</u>	<u>Representative</u>	<u>Accompanying Experts</u>
UK	Anna Sweeney	

EIOPA staff

Executive Director	Fausto Parente
Head of Policy Department	Justin Wray
Head of Risk and Financial Stability Department	Dimitris Zafeiris
Head of Oversight Department	Patrick Hoedjes
Head of Supervisory Processes Department	Ana Teresa Moutinho