

67TH BOARD OF SUPERVISORS MEETING VIA VIDEOCONFERENCE

DATE: 26 NOVEMBER 2020 09:00 - 13:15 CET

27 NOVEMBER 2020 09:00 - 13:00 CET

LOCATION: N/A

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WELCOME AND INTRODUCTORY REMARKS BY THE EIOPA CHAIRPERSON

1. The Chairperson welcomed the attendees to the sixty seventh meeting of EIOPA's Board of Supervisors (BoS).

AGENDA ITEM 1: ADOPTION OF THE AGENDA

DECISION

2. The BoS adopted the agenda by consensus.

CONCLUSIONS AND ACTION POINTS

3. The Chairperson concluded that there is no BoS 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 BoS Members of absence of any such interests.

AGENDA ITEM 2: UPDATES BY CHAIRPERSON, EXECUTIVE DIRECTOR AND EUROPEAN COMMISSION

UPDATES BY CHAIRPERSON

THE PAN-EUROPEAN PERSONAL PENSION PRODUCT (PEPP)

4. The final Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS) have been shared with the BoS Members. The Chairperson informed the Members that forthcoming

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delegated acts on PEPP supervisory reporting will not cover procedural, yet important, elements, like reporting deadlines or the narrative 'PEPP supervisory report'. The Policy Steering Committee (PSC) Project Group (PG) is working on transforming those - publically consulted and agreed - requirements into EIOPA Guidelines supporting the implementation of Art. 40(2)(a) of the PEPP Regulation.

OCCUPATIONAL PENSIONS WORK

5. The Chairperson informed the BoS that two Calls for Advice (CfAs) are expected to be received by EIOPA in Q4 2020. The CfAs are to inform on the development of a pensions gap dashboard and on best practices regarding the national pension tracking systems. The CfAs will be included in 2021 AWP (expected deliverable to COM: Q4 2021).
6. The BoS was reminded that the COM's Action Plan on the CMU includes actions to support people in their retirement.
7. For the February BoS, EIOPA intention is to come up with a proposal for exploratory work on good practices on setting defined contribution frameworks on occupational pensions, as a possible contribute to COM's further work.

SHARED RESILIENCE SOLUTIONS

8. EIOPA continued the analysis with the involvement of the informal group of stakeholders focusing on three areas: (i) risk prevention and mitigation measures, (ii) role of capital markets in risk transfer and (iii) multi-peril pooling in light of systemic risk. The work is progressing well. EIOPA is preparing a note on the 3 areas which will be circulated to the BoS. The note will feed into the COM's work.
9. Furthermore, the Chairperson informed the Members that EIOPA joined the Commission Working Group on insurance solutions for pandemics.

EIOPA'S FOURTH SUSTAINABLE FINANCE (SUF) ROUNDTABLE

10. The Chairperson informed the BoS on EIOPA's fourth SUFI roundtable which will take place on 16 December 2020. The participation is open to the public, including supervisors, consumer representatives, representatives of the financial industry and civil society representatives.
11. Topics that will be on the agenda include a panel discussion on EIOPA's ongoing consultation on the scenario analysis in ORSA, updates on EIOPA's work on disclosure and reporting, impact underwriting, protection gap for natural catastrophes and sensitivity analysis for transition risk. EIOPA is looking forward to discussing recent and upcoming deliverables of EIOPA on integrating ESG risk assessment in the regulatory and supervisory framework for insurance and pensions. This will also mark the moment for reflecting on EIOPA's achievements and looking ahead to future priorities.

UPDATES BY THE EXECUTIVE DIRECTOR

DRAFT EIOPA SUSTAINABILITY POLICY AND COVID-19 IMPACT

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12. The ED informed that EIOPA started implementing its sustainability policy, as presented in a note to the MB Members, outlining EIOPA's ambitions regarding core business activities on sustainability as well as its environmental initiatives in the operational support areas.
13. EIOPA aims to improve its environmental performance and lower the impact of its own operations on the environment.
14. The developments and experiences in the context of the COVID-19 pandemic have provided an impetus to critically re-evaluate EIOPA's multi-annual environmental objectives. In this context, EIOPA has formulated the ambition to reduce its number of on-site meeting and missions as of 2021 by 35% compared to the pre-crisis numbers.

TRAINING AND EVENTS PROGRAMME 2021

15. In regards to the EIOPA Trainings and Events Programme for 2021, EIOPA is currently developing it and aims to inform the Board of Supervisors (BoS) in writing latest by mid-December. The programme will require the adaptation of seminars with an increased focus on digital formats and the final programme intends to encompass 20-25 events, including two high-level conferences (Global Insurance Supervision (GIS) and EIOPA Anniversary Conferences).
16. In addition, in the framework of the Structural Reform Agreement between EIOPA and DG REFORM, targeted trainings on insurance supervision will be delivered. In total 17 NCA's will benefit from the insurance training on Solvency II. The first training started already this year.

RESIGNATION OF CCPFI VICE-CHAIR

17. The Vice-Chair of the CCPFI (Mr. Karel De Bondt – FSMA, BE) resigned on 16 November 2020. EIOPA will launch a call for candidates for this position and intends to elect a new Vice-Chair in the CCPFI meeting on 10-11 February 2021.

SUPERVISORY STATEMENT ON ORSA

18. On the Supervisory Statement on ORSA, the ED informed the BoS that the Supervisory Steering Committee (SSC) is finalising the statement in the context of COVID19. A written procedure for consultation to be launched after the BoS meeting.

UPDATE BY THE EUROPEAN COMMISSION (COM)

19. The COM representative informed the BoS on the following business files:
 - Solvency II review: The Solvency II open public consultation has finished, with 73 responses. A general discussion on the key orientations of the review and on the outcome of the consultation took place at the EGPPI meeting, on 10 November. Once EIOPA's advice is approved, further consultations will follow, as early as, January 2021.
 - PEPP level 2: the inter-service consultation was completed including the legal service revision of the file. The work on the file is well on track, with an adoption in the first stage of the RTS, followed in second stage by the ITS and delegated acts. The two-stage adoption sequence will not impact on the envisaged application date of the acts in 2022.

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- Pensions issues: a call for tender for Best practices and performance of auto-enrolment mechanisms for pension savings was published. Currently, the COM is analysing the offers received.
- Pandemic risk insurance gap: the COM representative mentioned the internal Working Group on insurance solutions for pandemics and the work of EIOPA. Consultations with the Members States took place in the context of the EGBPI meeting on 10 November with stakeholders and international associations on 23 November. COM is working on a report to be presented for the attention of the Commissioner for Financial Stability, Financial Services and the Capital Markets Union at the beginning of 2021.

DECISION

20. Not applicable

CONCLUSIONS AND ACTION POINTS

21. Not applicable

AGENDA ITEM 3i: SELECTION OF EIOPA CHAIRPERSON

22. The Vice-Chairperson introduced the item and explained that the previous selection procedure was closed, as well as the files of the candidates. A new procedure needed to be launched.
23. To that end, a call for interest for members of the Pre-Selection Committee was launched on the Friday before this meeting, with a deadline for sending their interest by 7 December 2020. The vote on the establishment of the Pre-Selection Committee will be done by written procedure to keep on track with the timeline.
24. The vacancy notice will be the same except for changing the recruitment reference number and the dates of publication and deadline for applications.
25. The note on the selection process also needed to have minor updates to capture the number of candidates to be invited at each stage of the process as per the vacancy notice, already circulated to the BoS members. To ensure consistency, one additional modification was proposed.

DECISION

26. BoS adopted by consensus the revised documents regarding the selection of EIOPA Chairperson, the vacancy notice and the note on the selection process, subject to updating the note on the selection process with the final changes introduced during the meeting.

CONCLUSIONS AND ACTION POINTS

27. EIOPA to update the note on the selection process as discussed.
28. EIOPA to relaunch the selection procedure for EIOPA Chairperson on 10 December 2020.

AGENDA ITEM 3ii: SELECTION OF EIOPA VICE-CHAIRPERSON

29. The Chairperson introduced the subject and clarified that following a call for candidates, EIOPA received one application from the current Vice-Chairperson of EIOPA. Following a short presentation by the candidate, the Chairperson initiated a successful voting for the renewal of his term of office as EIOPA's Vice-Chairperson.

DECISION

30. The BoS decided, by consensus, to elect Mr Peter Braumüller - Managing Director of Insurance and Pension Supervision at Austrian Financial Market Authority - as Vice-Chairperson of EIOPA for a period of four years starting from 28.01.2020.

CONCLUSIONS AND ACTION POINTS

31. Not applicable.

AGENDA ITEM 4: SELECTION OF EIOPA TWO MANAGEMENT BOARD MEMBERS

32. The Chairperson introduced the subject and clarified that following a call for candidates, EIOPA received three applications for the two vacant Management Board member positions. Following a short presentation by all three candidates, the Chairperson initiated a successful voting for the election of two Members of MB.

DECISION

33. The BoS decided, by simple majority, to extend Ms. Zuzana Silberová (CNB) as a Member of EIOPA's Management Board for a period of two and a half years starting from 03.12.2020, and to elect Mr. Alberto Corinti (IVASS) as a Member of EIOPA's Management Board for a period of two and a half years starting from 03.12.2020.

CONCLUSIONS AND ACTION POINTS

34. Not applicable.

AGENDA ITEM 5: ADVISORY COMMITTEE ON PROPORTIONALITY – ADVICE ON PROPORTIONALITY FOR EIOPA 2021 ACTIVITIES

35. BoS received well the Advice and encouraged the Advisory Committee on Proportionality (ACP) to continue the good work. In particular, it was highlighted the alignment with the Supervisory Convergence Plan, the relevance of the areas identified and the need to think from the perspective of communication regarding proportionality aspects.
36. It was also highlighted the importance to consider the proportionality principle regarding the small IORPS.

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DECISION

37. Not applicable.

CONCLUSIONS AND ACTION POINTS

38. The advice on proportionality for EIOPA 2021 activities was well received and the BoS encouraged the ACP to continue the good work.
39. The advice of the ACP to be shared with relevant Steering Committees.

AGENDA ITEM 6: SUPERVISORY STRATEGIC PRIORITIES 2021

40. The Chairperson introduced the topic mentioning the discussions in the Joint BoS and Stakeholder Group meeting of 25 November 2020. The Head of the Oversight Department highlighted the main suggestions and takeaways from the Joint meeting as well as the expected next steps.
41. Some Members highlighted the need to better embrace the occupational pension sector and the pension supervision in EIOPA's strategic supervisory priorities. The strategic supervisory priorities should be defined in a timely manner in order to allow the National Competent Authorities (NCAs) to capture them in their specific national priorities. Furthermore, some Members invited EIOPA to consider rather a strategic view than a detailed definition of the Union-wide supervisory priorities. In addition, some Members suggested that a proper narrative should be given to the proposed priorities as well as expected ways for implementation.

DECISION

42. Not applicable.

CONCLUSIONS AND ACTION POINTS

43. The BoS overall supported the supervisory strategic priorities for 2021, subject to some adjustments to incorporate the suggestions presented during the meeting.
44. The strategic priorities for 2021-2023 will be subject to the BoS approval via a written procedure.
45. The implementation of the strategic priorities will be discussed in the SSC. Following such discussions, the SSC should start a process to develop the strategic priorities in detail for 2022 in a timely manner. The outcome of the discussions in the SSC will be presented to the BoS.

AGENDA ITEM 7: STRATEGIC DIRECTION FOR THE SINGLE PROGRAMMING DOCUMENT 2022-2024

46. The ED introduced the main strategic drivers expected to influence EIOPA's work in 2022-2024. These include, amongst others, the Strategy on Digital Transformation. In addition, the ED presented the envisaged draft budget 2022. The proposal is in line with the draft EU Multi-

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Financial Framework (MFF) budgetary figures and includes the financial resources proposed for digital operational resilience (DORA).

47. Overall, BoS welcomed EIOPA's strategic direction for the period 2022-2024 and stressed, inter alia, the continuous need for EIOPA to prioritise its activities including those related to digital transformation and sustainability. BoS invited EIOPA to consider the impact of the activities included in the AWP 2022 on the NCAs resources.

DECISION

48. Not applicable.

CONCLUSIONS AND ACTION POINTS

49. The BoS overall welcomed the suggested strategic direction for the period 2022-2024.
50. The BoS stressed the importance for EIOPA to continue prioritising its activities while considering the impact on resources from EIOPA as well as NCAs.
51. EIOPA to prepare the Draft Single Programming Document 2022-2024 reflecting the outcome of the discussions in the MB and BoS November meetings. The document will be submitted to MB for discussion and to BoS for adoption via written procedure in January 2021.

AGENDA ITEM 8: EIOPA'S OPINION ON SOLVENCY II 2020 REVIEW

52. EIOPA introduced the topic presenting the remaining points open for discussion.
53. The Chairperson added that the 2020 review, as a whole, achieved its objectives and sent the right signals regarding the direction of insurance regulation. He acknowledged that not all members would agree on every specific proposal but highlighted the need for a spirit of compromise in the assessment of such large and complex package of proposals.
54. BoS expressed overall support for the Opinion amidst some comments on several specific topics.
55. On the risk-free rate extrapolation methodology, some members expressed concerns with the proposal to disclose the solvency position excluding the impact of the new mechanism. Some Members supported a shorter phasing-in period. There was also a very limited concern that the new mechanism introduces further deviation from a market-based approach, a view that the proposed corridor adds complexity, a request to better justify the introduction of the mechanism, some advocacy for a clearer statement of the safeguards, and a request to specifically mention that the mechanism would not be appropriate as a permanent feature of Solvency II. Regarding own funds one Member suggested that the work on the calculation of the EPIFP should continue creating more detailed guidelines.
56. On Solvency Capital Requirement (SCR), one Member requested that the opinion clearly states that the introduction of the floor for interest rate risk has no impact for internal model users. Another Member asked that a minimum negative shock is kept even after the introduction of

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- the floor. Another Member expressed lack of support for the approach chosen for the symmetric adjustment.
57. On Long term equity (LTE) some Members supported the approach whereas some other Members requested the introduction of the 50% cap in relation to the amount of long term equity which could benefit.
 58. One Member requested additional clarity on the criteria for recognition of adverse development contracts in the SCR calculation. On macroprudential policy in insurance (chapter 11), two main comments were made by some Members. First, the need to clarify that the measures to reinforce the insurers' financial position should be guided by macroprudential concerns, and that if they are not implemented to all companies, it should result from the supervisory process (e.g. from stress tests). Secondly, it was requested that all references to liquidity buffers are removed from the documents.
 59. With regards to Insurance Guarantee Schemes (IGS) (chapter 13), some Members referred to the compromise Option 5, either requesting that no preference is made explicit or highlighting the challenges if it is implemented. Some Members also expressed different views regarding the inclusion of the possibility for a pure ex-post funding model for non-life if specific safeguards are in place. It was agreed that an example where such model can be used should be added (e.g. in case of very high concentrated markets). Some remarks were also made regarding the need for additional flexibility after the transition period and EIOPA's assessment role. Some remarks were also made on the great importance to the cross-border cooperation between the home and host country in managing the settlement procedure.
 60. On Reporting and Disclosure (chapter 7) members supported the proposal for the Single Regular Supervisory Reporting (RSR).
 61. On Proportionality (chapter 8), regarding categorization of Low Risk profile undertakings members agreed that the proposal made a major progress and supported the proposed criteria. One concern was raised regarding composite insurers expressing preference to require both parts of the composite to apply the criteria as ignoring one part might have a material impact.
 62. On Proportionality measures regarding Pillar III, the majority of the Members supported to keep a "may" in article 35 of Solvency II Directive while promoting an increased use and convergent approach.
 63. Regarding the advice on cross-border insurance some Members raised concerns about EIOPA issuing recommendations in relation to collaboration platforms. The Chair explained that such recommendations are in accordance with Article 16 of the EIOPA Regulation.

DECISION

64. Not applicable.

CONCLUSIONS AND ACTION POINTS

65. BoS members unanimously expressed overall support for the Opinion. In relation to some specific items of the Opinion different positions were expressed by Members. While

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maintaining all the key components of the Opinion, minor adjustments will be introduced to clarify and make more specific some items.

66. On Article 35 of the Solvency II Directive the majority of Members supported the option to keep it a “may” provision while promoting an increased use and convergent approach.
67. EIOPA to circulate a revised version of the Opinion for BoS members to comment on and, in a second round, to approve.

AGENDA ITEM 9: BREXIT – IMPLICATIONS OF END OF TRANSITION PERIOD

68. The Head of Policy Department presented EIOPA's work on Brexit, the follow-up of 7th information request on contingency planning, and a proposal for further work on Brexit after the transitional period. In addition, he encouraged members to join the Brexit cooperation platform to discuss issues related to the end of the transition period.
69. Members agreed that the two scenarios presented in the BoS note could be materialised in a number of member states. Legislative work is needed to ensure the timely establishment of national regimes.
70. BoS agreed with the proposed next steps, highlighting the importance of cooperation via the Brexit platform.
71. COM mentioned that run-offs are a practical solution for the remaining liabilities, however this should be limited in time.

DECISION

72. Not applicable.

CONCLUSIONS AND ACTION POINTS

73. BoS agreed that the risk scenarios identified by EIOPA may materialize and supported the recommended actions, relating to supervision, communication, plan changes, and the Brexit cooperation platform.
74. NCAs and EIOPA to pursue 2021 activities on Brexit as proposed.
75. To continue the work of the Brexit cooperation platform, the supervisory dialogues and monitoring regulatory changes in the UK after the end of 2020.
76. NCAs with potentially affected policyholders are encouraged to join the Brexit cooperation platform.
77. BoS supported the proposal to inform the Financial Services Committee (FSC) regarding the preparations ahead of the end of the UK transition period.

AGENDA ITEM 10: CONSULTATION PAPER ON INSURANCE KPI RELATED TO NON-FINANCIAL REPORTING

78. EIOPA introduced the draft consultation paper and asked for approval to publically consult from 30 November 2020 to 12 January 2021. It was highlighted that the final EIOPA advice will benefit from the close cooperation of the three European Supervisory Authorities (ESAs) and sharing of the stakeholder feedback received. This approach will ensure cross-sectoral consistency of the final advices to be delivered by the individual ESAs in February 2021.
79. The BoS supported the consultation paper and asked to extend the questions for stakeholders to suggest additional Key Performance Indicators reflecting the extent to which the insurance or reinsurance undertaking makes an effort in engaging more in environmentally sustainable activities.
80. Further, it was mentioned that ESMA consults on the eligibility of sovereign bonds as financial instruments funding environmentally sustainable economic activities. The EIOPA draft consultation paper does not discuss this issue, so it was agreed to consider the feedback that ESMA will receive on this question when finalising EIOPA's advice.

DECISION

81. BoS adopted, by consensus, the consultation paper, subject to adding a question to stakeholders on potential, additional key performance indicators to measure the extent to which the undertaking makes an effort in engaging more in environmentally sustainable activities.

CONCLUSIONS AND ACTION POINTS

82. BoS agreed to publish the consultation paper, as adopted.
83. EIOPA to consult with EBA and ESMA on the outcome of their stakeholder outreach and public consultation, in particular regarding the eligibility of sovereign bonds in the assessment of investments funding environmentally sustainable activities.
84. EIOPA to launch the public consultation on 30 November 2020 and to ask for responses by 12 January 2021.

AGENDA ITEM 11: UPDATE ON WORK ON ESG DISCLOSURES

85. The Chair of the Joint Committee Sub-Committee on Consumer Protection and Financial Innovation (JC SC CPF) presented the progress made on the draft Regulatory Technical Standards, following the feedback received from stakeholders to the Consultation Paper.
86. The Chairperson pointed out that the empowerments given to develop one set of product disclosures that supplement different types of disclosures are a challenging task that should not result in pre-contractual information including information that is not applicable for certain products. The draft RTS should ensure that consumers differentiate between products that fall under Article 8 ("light green") and Article 9 ("dark green") of the Sustainable Finance Disclosure

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Regulation (SFDR). The Chairperson supported the inclusion of the information in an Annex to the underlying documents as a compromise solution.

87. The BoS supported inserting the product disclosures in the Annex to existing sectoral disclosure documents, but called on the JC SC CPFI to continue to work on finding solutions to simplify the product disclosures in the draft Regulatory Technical Standards under the Sustainable Finance Disclosure Regulation, to make them more consumer-friendly, namely shorter and less complex, as the appropriate balance has not yet been reached.
88. The question was posed to the COM whether it was possible to have differentiated product disclosure templates according to the type of product and target audience, to which the COM replied that it expected one set of product disclosures for all products in the scope of the SFDR and assessed the current proposals as a balanced and a good compromise. Furthermore, the COM supported the inclusion of the templates in an Annex to the underlying documents.

DECISION

89. Not applicable.

CONCLUSIONS AND ACTION POINTS

90. BoS supported inserting the product disclosures in the Annex to existing sectoral disclosure documents, but called on the JC SC CPFI to continue to work on finding solutions to simplify the product disclosures in the draft Regulatory Technical Standards under the Sustainable Finance Disclosure Regulation, to make them more consumer-friendly as the appropriate balance has not yet been reached.
91. BoS supported the proposal for the JC SC CPFI to work on a simple supervisory statement to address the interim period between the application date of Level 1 and Level 2.

AGENDA ITEM 12: CLOSED SESSION – CONFIDENTIAL EXCHANGE OF INFORMATION

AGENDA ITEM 13: VALUE FOR MONEY IN UNIT LINKED

92. EIOPA summarized the work being carried out, highlighting that material issues relating to excessive costs, product complexity coupled with poor target market definition have been confirmed. Future analysis will maintain focus on mainstream products and include a detailed analysis of cost structures and of POG.
93. Opening the discussion, the Chairperson pointed out that it is key to agree on how to assess value for money.
94. During the subsequent discussion, Members and COM expressed strong support but highlighted that it may be challenging in practice to follow the POG approach to assess fairness and value for money, and some questioned whether assessing the costs is the right approach. Members also indicated that it is important to ensure a consistent approach vis-à-vis biometric risk costs, highlighted that a deeper analysis of underlying assets could be carried and that it is important to consider other IBIPs, in particular hybrid products.

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95. The Chairperson clarified that the proposed approach goes beyond an analysis of costs alone and considers the benefits provided by products and the target market. In this regard, POG is the appropriate starting point. EIOPA added that the points raised will be followed up at the technical level and that EIOPA is considering the development of a supervisory package including range of supervisory tools to help in practice in identifying risks and in supervising the application of POG requirements.
96. By way of concluding, the Chairperson indicated that the current work will also be relevant to assess whether additional regulatory tools are needed or whether current ones need to be adjusted.

DECISION

97. Not applicable.

CONCLUSIONS AND ACTION POINTS

98. BoS took note of the progress of the platform's work on assessing value for money in the unit-linked market and agreed that material issues have emerged, that might also include other insurance-based investment products.
99. BoS supported the ongoing work and its development, encouraging the platform to begin thinking about concrete tools and combinations of them to address the issues.
100. EIOPA staff and the platform to further refine the analysis also in view of the opinion EIOPA is mandated to adopt.

AGENDA ITEM 14: INSURANCE STRESS TEST 2021: DISCUSSION ON CORE ELEMENTS OF THE EXERCISE

101. The Head of the Risks and Financial Stability Department introduced the topic highlighting the decision points: i) structure of the exercise; ii) definition of the scope; iii) interaction with stakeholders.
102. BoS agreed with the proposals on the three elements. Specifically, the exercise will include both the liquidity and the capital component; it will target European groups and the final list will be identified with the cooperation of involved NCAs based on the criteria defined by EIOPA; the interactions with stakeholders are postponed to 2021.
103. On the definition of the scope for the liquidity component, while supporting the EIOPA proposal of assessing the risk at group or solo level according to the liquidity management practices adopted by the participating groups, Members expressed different views on the approach to the potential identification of the solo entities (bottom up vs top down). The proposed solutions will be consulted with stakeholders in order to identify the most suitable.

DECISION

104. Not applicable.

CONCLUSIONS AND ACTION POINTS

105. The BoS supported the proposal on the scope, on the structure of the exercise and on the proposed next steps.
106. The BoS supported the proposal on the two-fold structure – capital, liquidity – of the exercise.
107. The BoS welcomed the proposed approach to the definition of the scope.
108. EIOPA to circulate the list of the groups obtained through the proposed approach to collect suggestions for amendments from NCAs.
109. The approach to the selection of the solo entities to be included in the liquidity assessment (i.e. top-down, bottom-up) will be consulted with the participants in the first interaction.

AGENDA ITEM 15: EIOPA REPORT ON THE SENSITIVITY ANALYSIS OF CLIMATE-CHANGE RELATED TRANSITION RISKS

110. The Head of the Risks and Financial Stability Department presented the key findings of the report on the sensitivity analysis for climate-change related transition risks. The report is a learning exercise that aims to quantify and assess possible sources of transition risks in the portfolio of European insurers.
111. The report is subject to a written procedure with the BOS and the comments received during the comments phase were presented. Most comments received were of editorial nature and would be taken on-board. The issue of scaling to excess of assets over liabilities was discussed and it was highlighted that country-comparison using eAOL as a base would also reflect non-climate relevant aspects. The consideration would be brought into the report before launching the second round of the written procedure.
112. The report will be published after approval by BoS.

DECISION

113. Not applicable.

CONCLUSIONS AND ACTION POINTS

114. BoS welcomed the report. It was highlighted that it was a learning exercise, but still a very important first step.
115. BoS considered that communication would be key and should make reference to the fact that it is a learning exercise, and be clear on the context. EIOPA to share the communication with NCAs before publication.
116. Report to be sent to BoS for approval (second leg of the written procedure) after taking BoS comments on-board.

AGENDA ITEM 16: PILOT DASHBOARD ON INSURANCE PROTECTION GAP FOR NATURAL CATASTROPHES

117. The Head of Policy Department introduced the pilot dashboard. In the context of climate change, EIOPA is concerned that natural catastrophe insurance may become unaffordable or

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catastrophe risks uninsurable. EIOPA has developed a pilot dashboard on the insurance protection gap for natural catastrophes. The main goal of the dashboard is to monitor risks related to the insurance protection gap for natural catastrophes in Europe.

118. The BoS expressed their support for the dashboard and the accompanying documents (The pilot dashboard on insurance protection gap for natural catastrophes in a nutshell and the technical description). One BoS member emphasised the need to clearly communicate that the dashboard will be as good as the data behind.

119. The Chairperson recognised that developing a dashboard on the insurance protection gap is not without challenges, and emphasised the need to continue the work done so far to improve the understanding of the protection gap.

DECISION

120. The BoS adopted by consensus the dashboard and the accompanying documents for public consultation.

CONCLUSIONS AND ACTION POINTS

121. BoS agreed to publish the dashboard and the accompanying documents (The pilot dashboard on insurance protection gap for natural catastrophes in a nutshell and the technical description).

122. EIOPA to launch the public consultation on 10 December 2020 and to ask for responses by 31 March 2021.

AGENDA ITEM 17: DISCUSSION PAPER - METHODOLOGY ON POTENTIAL INCLUSION OF CLIMATE CHANGE IN THE NATCAT STANDARD FORMULA

123. The Head of Policy Department introduced the discussion paper. This Discussion Paper constitutes a follow-up to EIOPA's Opinion on Sustainability within Solvency II, which considered that further work is needed to investigate whether additional climate change-related perils such as droughts and wildfire could be better captured in the Solvency II framework under the natural catastrophe risk submodule. The Opinion also mentioned that a regular recalibration of the standard parameters for the natural catastrophe risk module of the standard formula should take into account future developments, as well as the potential effect of climate change. The Discussion Paper aims at discussing if and how to include climate change in the Nat Cat SCR calibration in the standard formula by presenting possible methodological steps and process changes to include climate change in the Nat Cat SCR calibration.

124. The BoS expressed their support for the discussion paper– methodology on potential inclusion of climate change in the nat cat standard formula for public consultation.

125. The Chairperson stressed the need to ensure that the solvency capital requirements for the standard formula for natural catastrophe underwriting risk is still appropriate in light of climate change.

DECISION

126. BoS adopted by consensus the discussion paper – Methodology on potential inclusion of climate change in the NAT CAT standard formula, for public consultation.

CONCLUSIONS AND ACTION POINTS

127. BoS agreed to publish the discussion paper.

128. EIOPA to launch the public consultation on 2 December 2020 and to ask for responses by 26 February 2021.

AGENDA ITEM 18: DISCUSSION PAPER – NON-LIFE UNDERWRITING AND PRICING IN LIGHT OF CLIMATE CHANGE

129. The Head of Policy Department introduced the discussion paper. This paper is a follow-up work from the opinion on sustainability within Solvency II, where EIOPA noted that a very common argument for non-life undertakings not to include climate change-related risks in their pricing methodology is the fact that many non-life insurance business have short-term duration of contracts (typically 12-month contracts), which allow them to re-price annually. The discussion paper aims at highlighting the challenges associated with short-term non-life contracts and annual re-pricing using past Nat Cat events, and the impact of climate change on the premium, affordability and protection gap. The discussion paper also identifies how insurers could address the protection gap issues in the context of climate change and contribute to climate change mitigation and adaptation.

130. The BoS expressed their support for the discussion paper – non-life underwriting and pricing in light of climate change for public consultation. One BoS member mentioned that it is important to note that risk-based approaches are not the only way to promote mitigation or adaptation measures.

131. The Chairperson emphasized the role of the (re)insurers to contribute to climate change mitigation and adaptation.

DECISION

132. The BoS adopted by consensus the discussion paper – Non-life underwriting and pricing in light of climate change, for public consultation.

CONCLUSIONS AND ACTION POINTS

133. BoS agreed to publish the discussion paper.

134. EIOPA to launch the public consultation on 4 December 2020 and to ask for responses by 26 February 2021.

AGENDA ITEM 19: EIOPA 2020 CONSUMER TRENDS REPORT

135. The Head of the Conduct Oversight Unit presented the Report, highlighting that this year – given the focus on COVID-19 – it was deemed appropriate to have a discussion at the BoS level, even though two minor parts are still missing and hence a written procedure will follow.
136. The Head of the Conduct Oversight Unit summarized some of the main conclusions, noting both positive and negative aspects emerged in the initial phase of COVID-19, leading to some clear concerns on product complexity. Finally, a proposed approach using a heat-map towards better presenting and visualizing the findings of the Report was also presented.
137. Prior to opening the floor for discussion, the Chairperson highlighted both the importance of providing a status update on the COVID-19 situation via the 2020 Consumer Trends Report and in publishing a heat-map to better summarize findings in an easy to understand manner.
138. BoS strongly supported approach taken for the 2020 Consumer Trends Report and the proposed approach to publish a heat-map to better present the findings from the Report.

DECISION

139. Not applicable.

CONCLUSIONS AND ACTION POINTS

140. BoS supported the approach taken and the draft 2020 Consumer Trends Report.
141. BoS supported the proposed approach to present in a more visual manner (i.e., via a heat-map) the findings from the Report.
142. EIOPA to finalize the 2020 Consumer Trends Report and share it for approval in December 2020.

AGENDA ITEM 20: AOB

DECISION

143. Not applicable.

CONCLUSIONS AND ACTION POINTS

144. The Chairperson informed the Members on the next BoS meeting taking place on 2-3 February and the 10 years anniversary of EIOPA event taking place on 4 February 2021 via videoconference. EIOPA is finalising the programme and the initiatives for this event.

ANNEX: LIST OF DECISIONS ADOPTED BY WRITTEN PROCEDURE FROM 30.09.2020 TO 27.11.2020

BOS-2020-76

145. Decision adopting by simple majority the pilot dashboard on insurance protection gap.

BOS-2020-78

146. Decision adopting by consensus the Final Minutes of the 64th Board of Supervisors Meeting.

BOS-2020-81

147. Decision adopting by consensus the Final Minutes of the 65th Board of Supervisors Meeting.

BOS-2020-82

148. Decision adopting by consensus the Final Report on draft RTS on EMIR bilateral margining requirements.

Participants at the Board of Supervisor's Meeting via videoconference**26 –27 November 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	
Bulgaria	Vladimir Savov/[-]	
Croatia	Ante Žigman/Ilijana Jeleč	
Cyprus	Antonia Tsangaris /Nicos Koullapis(Day 1)	
Czech Republic	Zuzana Silberová / Jiří Kalivoda	Hana Marčíková
Denmark	Carsten Brogaard/ [-]	
Estonia	Siim Tammer /[-]	
Finland	[-]/Teija Korpiaho	
France	Patrick Montagner/Frederic Hervo	Mary-Cécile Duchon
Germany	Frank Grund/ Thomas Schmitz-Lippert	Petra Faber-Graw
Greece	Ioanna Seliniotaki/Ioannis Chatzivasiloglou	
Hungary	Koppany Nagy/[-]	
Ireland	Domhnall Cullinan/[-]	Zita Culliton
Italy	Alberto Corinti/ Alessia Angelilli	
Latvia	[-]/Dina Mikelsone	
Lithuania	Renata Bagdonienė/[-]	
Luxembourg	Claude Wirion/Yves Baustert	Valerie Scheepers
Malta	Ray Schembri /Luciano Micallef	
Netherlands	Else Bos/Petra Hielkema	Véronique Hijl
Poland	Damian Jaworski/ Mariusz Smętek	
Portugal	Margarida Corrêa de Aguiar/Hugo Borginho	Ana Byrne
Romania	Valentin Ionescu (PoA)/[-]	Beatrice Verdes
Slovakia	Júlia Cillíková/Lucia Štefunková	Zuzana Kardošová
Slovenia	Goraz Čibej/ Mojca Rome	
Spain	Sergio Alvarez /Francisco Carrasco Bahamonde (Day 1)	
Sweden	Åsa Larson/Bertil Sjöo	

FINAL MINUTES

<u>Country</u>	<u>Permanent Representative/ Alternate</u>	<u>Accompanying Experts</u>
Belgium	Henk Becquaert	
Ireland	[-]/Andrew Nugent	
Italy	[-]/Ambrogio Rinaldi	

<u>EEA EFTA Country</u>	<u>Non-Voting Member/ Alternate</u>	<u>Accompanying Experts</u>
Iceland	Unnur Gunnarsdóttir /[-]	Sara Sigurðardóttir
Liechtenstein	Alexandre Imhof/[-]	
Norway	Ann Viljugrein/[-]	Brita Hrenovica

<u>Institution</u>	<u>Non-Voting Member/ Alternate</u>	<u>Accompanying Experts</u>
European Commission	Didier Millerot	
ESMA	[-]	Tomas Borovsky
EBA	François-Louis Michaud	Roxana De Carvalho (Day 1) / Anne Tiedemann (Day 2)
ESRB	Francesco Mazzaferro	
EFTA	[-]	Marta Margret Runarsdottir

<u>Observers</u>	<u>Representative</u>	<u>Accompanying Experts</u>
N/A	[-]	

EIOPA Staff

Executive Director	Fausto Parente
Head of Corporate Affairs Department	Susanne Rosenbaum
Head of Corporate Support Department	Danny Janssen
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