



68TH BOARD OF SUPERVISORS MEETING VIA VIDEOCONFERENCE

DATE: 02 FEBRUARY 2021 09:00 - 13:30 CET

03 FEBRUARY 2021 09:00 - 14:00 CET

LOCATION: N/A

FINAL MINUTES

WELCOME AND INTRODUCTORY REMARKS BY THE EIOPA CHAIRPERSON

1. The Chairperson welcomed the attendees to the sixty eight 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

MEMBERSHIP

4. The Chairperson started his updates by informing the Members on the recent changes on the Management Board (MB) and BoS Membership and namely:
 - MB: The first term of office of Mr. Patrick Montagner as an MB Member will end on 14 May 2021. A call for candidates was launched on 4 February 2021.

FINAL MINUTES

- BoS: A number of Members left the National Supervisory Authorities: CY - Mr. Nicos Koullapis is replaced in his capacity as Alternate for Insurance Supervisory Authority by Mr. Constantinos Kalopsidiotis. Mr. Koullapis was appointed as Registrar of Occupational Retirement Benefit Funds for Cyprus Pensions Authority. On the grounds of this appointment he will represent the Pension Authority at EIOPA's BoS meetings; LU – Mr. Claude Wirion, temporarily replaced by Mr. Yves Baustert; LV – Ms. Dina Miķelsone replaced by Ms. Evija Dundure; LH – Mr. Mindaugas Šalčius left the National Bank of Lithuania and is in the process of being replaced.

FINANCIAL STABILITY ROUND TABLE, 7 JANUARY 2021

5. On 7 January 2021, the Chairperson attended the Council Economic and Financial Committee (EFC) Financial Stability Table. The meeting focused on the evolution of the COVID-19 crisis, the relief measures, and impact on the economy with an emphasis on the stability issues coming from the possible increase of non-performing loans in the banking sector.

MEETING WITH COMMISSIONER MCGUINNESS ON 22 JANUARY 2021

6. On 22 January 2021, the Chairperson attended a first meeting with Commissioner McGuinness. In this first discussion the following key points have been touched-upon: EIOPA's Solvency II Opinion, PRIIPS Delegated Regulation and the related letter sent by the Commissioner in December 2020, the Capital Market Union (CMU) Action Plan related to the pensions area, and the impact of COVID-19, both in terms of the Solvency capital liquidity of the sector but also the impact on the consumers.
7. The Chairperson informed the BoS on the good engagement with Commissioner McGuinness, her interest on consumer protection and that she accepted the invitation to attend and give a key note speech at EIOPA 10th Anniversary Conference.

BOARD OF APPEAL

8. In reference to the Board of Appeal, the Chairperson informed the BoS on two main points:
 - The relevant Call for expression of interest was published by the European Commission (COM) in the Official Journal on 8 January 2021. The Chairperson reminded the BoS Members that there are one member and two alternates to be appointed by EIOPA's Management Board. The closing date for submissions of applications is on 8 February 2021 and the BoS Members were invited to promote the call to ensure extensive applications of well qualified candidates.
 - Common work with ASF Romania on the Balance Sheet Review (BSR): In December 2020, one of the participating insurers filed an appeal at the Board of Appeal alleging that by participating in the BSR, EIOPA exceeded its mandate. EIOPA submitted its response to the Board of Appeal on 20 January 2021 arguing that the appeal is inadmissible and unfounded. The Board of Appeal has three months to deliver its decision in the case. EIOPA will keep the BoS Members informed on the developments.

INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS – IAIS

9. The Chairperson briefed the BoS Members in relation to the monitoring period on the Insurance Capital Standard (ICS). In 2020, despite the COVID-19 pandemic, there was a good representation from the European Groups. The Chairperson underlined that in 2021 it is fundamental to ensure full participation from all European International Active Insurance Groups (IAIGs), including of those that did not participate in the last year exercise. He invited BoS members to encourage IAIGs to participate.

ONGOING COLLABORATION WITH JAPAN FINANCIAL STABILITY AUTHORITY (JFSA)

10. In November 2015, COM published its decision to grant temporary equivalence to Japan in accordance with Article 172 of the Solvency II Directive (reinsurance-activities). The equivalence expired on the 31 December 2020.
11. EIOPA has been engaging with JFSA to ensure the continuation of the good and close collaboration to be formalized through the Exchange of Letters, which is currently under preparation.
12. The Chairperson also underlined the importance of keeping close alignment with the JFSA in the international discussions.

SHARED RESILIENCE SOLUTIONS

13. A second EIOPA Staff Issues Paper on shared resilience solutions for pandemics has been circulated to the BoS Members. The paper focuses on 3 main areas: (i) risk prevention – what can be done (ii) the role of capital markets in risk transfer and (iii) multi-peril pooling in light of systemic risk. The purpose of this paper is to go deeper on these three issues from a technical perspective and contribute to the ongoing discussions in Europe on finding structural insurance-based solutions to future challenges.
14. As next steps, EIOPA is waiting COM's decision and will continue engaging with the different stakeholders. EIOPA will publish this technical work as a staff paper following the end of ongoing collection of BoS written comments.

THE OPERATIONALISATION OF THE HOLISTIC FRAMEWORK IN EUROPE

15. The Chairperson reminded the BoS Members that as agreed at the September BoS, the project group (PG) prepared proposals on how to operationalise the Holistic Framework for Systemic Risk in Europe.
16. The two proposals prepared by the PG are:
 - (1) establishment of a Holistic Framework Implementation Forum: the Forum is intended to be a platform to exchange views on any policy, supervisory or operational issue that NCAs are confronted at European level, leading to a possible identification of best practices; and

FINAL MINUTES

- (2) using the process for the centralised extraction and submission of information to the IAIS in the context of the annual Global Monitoring Exercise, where EIOPA can benefit from and bring added value to Supervisors.
17. The Chairperson informed that the proposals have been shared with the RFSC for comments and will now be circulated to the BoS for comments and approval following this meeting.

STATEMENT OF SUPERVISORY EXPECTATIONS

18. The Chairperson reminded the Members of the statement prepared by EIOPA on COVID-19 impact on consumers. The statement mentions that EIOPA and NCAs will monitor the market practices, how the companies should assess their products in face of COVID-19 effects, and evidence of unfair treatment.
19. EIOPA will reach out to the BoS Members in the course of the month for evidence resulting from the monitoring of the practices in the respective market with the aim to have by end of Q1 a complete picture of the situation in the European Union.

UPDATES BY THE EXECUTIVE DIRECTOR

FINANCIAL SERVICES COMMITTEE - FSC

20. The ED briefed the BoS Members on his attendance to the FSC meeting which took place on 20 January, at which EIOPA presented its work on the Stress Test and the recommendation from the European Court of Auditors (ECA) in terms of enhancing the transparency of the exercise and the opinion of the Solvency II Review.
21. FSC Members overall welcomed the review, yet highlighted the need for a better understanding of the proposal. The ED highlighted that EIOPA stand ready to support the work on a technical front and also on all aspects requested by the negotiation.

COVID-19 – LATEST DEVELOPMENTS

22. EIOPA is continuing the teleworking approach following the decision of the German federal and state authorities on extending the lockdown measures until at least mid-February.
23. The ED informed the BoS Members that in this context, EIOPA is aligning its strategy with the recommendations by the German Authorities and continues the application of the 'phase 0' arrangements under which teleworking is mandatory for all staff.

REVENUE MANAGEMENT

24. The ED reminded the BoS Members that EIOPA will issue the debit notes for 2021, and for the coming years, with the request of 70% of the annual contribution in January and 30% later in the year. The approach taken in 2020, where the debit notes were issued three times a year (50%-30%-20%), was due to the exceptional circumstances of Brexit.

EUROPEAN COURT OF AUDITORS

FINAL MINUTES

25. During the last audit, ECA stated that EIOPA has an obligation to collect default interest on late payments from the NCAs according to the applicable regulations.
26. The ED informed the BoS Members that in line with ECA recommendation, EIOPA will start recovering late payment interest from 2021 onwards, if the payments are received past due date.

EIOPA SUPPORT TO DG REFORM / MEMBER STATES PROJECTS: BUDGET AMENDMENT

27. The ED briefed the BoS Members on EIOPA's collaboration with the DG Reform on several projects.
28. The projects are in line with EIOPA's supervisory objectives and help to achieve a sound system of supervision in Europe. Involvement would lead to the signature of an administrative agreement, which entitles EIOPA to additional revenue into the EIOPA budget.
29. A budget amendment to the EIOPA 2021 budget will be presented for approval later during the year with no impact on the budget contributions of NCAs of MS and EFTA states.

OMBUDSMAN CASE

30. The ED informed the Members on the developments in the EU Ombudsman's inquiry in relation to a journalist requesting access to individual votes of the BoS Members regarding the PRIIPs KID RTSs.
31. On 28 January 2021, EIOPA received the EU Ombudsman preliminary views on EIOPA's rejection to grant such access.
32. EIOPA has until 30 April 2021 to respond to the Ombudsman. EIOPA will assess the next steps in the process and will inform/involve the BoS as appropriate.

CREATION OF EXPERT NETWORK ON REINSURANCE

33. The ED informed the BoS Members that following the recommendation of the QCC Report about EIOPA's Working Group Structure, the informal reinsurance network is being transformed into a new stand-alone Expert Network (ENW8).
34. A BoS Note will be submitted for BoS approval via WP and a call for members will follow.

UPDATE BY THE EUROPEAN COMMISSION (COM)

35. The COM representative informed the BoS Members on the following business files:
 - Solvency II review: The COM representative mentioned the FSC discussions and the EGDPI discussion which took place on 1 February 2021. COM is aiming at bringing a proposal in quarter 3.
 - PEEP: the COM representative reported the good progress of the work: The Delegated Acts (DAs) on the Regulatory Technical Standards (RTS) were adopted on 18 December 2020. Adoption of the remaining package of DAs by COM is expected at the end of February as they are currently in process of translation. The Regulation is expected to enter into force at the end of Q1 2022.

FINAL MINUTES

- IORP 2 review: The review is foreseen for 2023. COM is currently assessing the national transposition of IORP II. A call for advice is expected end of 2021 to assess how IORP II was implemented and whether the envisaged objectives were achieved. Also in view of the pensions dashboard and the pension tracking system further work will be done. In view of auto enrolment an external contractor has already been contracted.
- EC Roundtable on Covid-19 will take place on Friday 5 February 2021. The Roundtable is divided into two parts: (1) discussion of experiences to date with implementation and use of COVID-19 relief measures and best practices by consumers and businesses, and (2) possible new measures by industry which could be helpful to consumers and businesses, and to assess what can be improved in the access to existing relief measures.

DECISION

36. Not applicable.

CONCLUSIONS AND ACTION POINTS

37. Not applicable.

AGENDA ITEM 3: INSTITUTIONAL TOPICS

3.1. CONTRACT ADVANCEMENT EXECUTIVE DIRECTOR FOLLOWING CONTRACT EXTENSION

38. The Chairperson introduced the topic and briefly explained the process. The standard reclassification process for agency staff is not applicable for senior management of the agencies. For senior management, i.e. Chairperson and Executive Director in EIOPA's case, the practice is that upon renewal of the second mandate, based on performance, the advancement to the next grade is considered.

DECISION

- 39. The BoS approved by simple majority the proposed advancement of the Executive Director to the next grade at the start of his 2nd mandate on 1 April 2021.
- 40. The BoS approved by simple majority the proposed signature of the amendment of the Executive Director's contract by EIOPA Chairperson on behalf of the BoS.

CONCLUSIONS AND ACTION POINTS

41. To finalise the amendment of the Executive Director's contract accordingly.

3.2. MANDATES 2021

42. The Head of Corporate Affairs Department presented the draft Mandates for 2021 and summarised the main deliverables and the organisational changes in the mandates. The BoS Members broadly welcomed the mandates.

3.2.1. Committee for Consumer Protection and Financial Innovation

DECISION

43. BoS adopted by consensus the CCPFI Mandate for 2021 (EIOPA-BoS-20-778, 12 January 2021).

CONCLUSIONS AND ACTION POINTS

44. Not applicable.

3.2.2. Policy Steering Committee

DECISION

45. BoS adopted by consensus the PSC Mandate for 2021 (EIOPA-BoS-20/154, 2 February 2021).

CONCLUSIONS AND ACTION POINTS

46. Not applicable.

3.2.3. Risk and Financial Stability Steering Committee

DECISION

47. BoS approval will take place via written procedure. .

CONCLUSIONS AND ACTION POINTS

48. BoS supported the deliverables included in the RFSC Mandate 2021. The mandate to be circulated for comments to the RFSC followed by BoS approval via written procedure.

3.2.4. Supervisory Steering Committee

DECISION

49. BoS adopted by consensus the Supervisory Steering Committee Mandate for 2021 (EIOPA-BoS-21/003, 14 January 2021).

CONCLUSIONS AND ACTION POINTS

50. Not applicable.

3.2.5. Insurtech Task Force

DECISION

51. BoS adopted by consensus the ITF Mandate for 2021 (EIOPA-BoS-21/007, 6 January 2021).

CONCLUSIONS AND ACTION POINTS

52. In view of the European Digital Finance Strategy, EIOPA would work on a concrete mapping of which EIOPA working group is working on which topic and bring it back to the BoS.

3.2.6. IT and Data Committee

DECISION

53. BoS adopted by consensus the ITDC Mandate for 2021 (EIOPA-BoS-21/004, 5 January 2021).

CONCLUSIONS AND ACTION POINTS

54. In the future, the mandate should further clarify ITDC deliverables and areas of EIOPA developments for which ITDC is to be kept involved and informed.

AGENDA ITEM 4: SUPERVISORY CONVERGENCE PLAN 2021

55. The Head of Supervisory Convergence Unit presented the Supervisory Convergence Plan for 2021 and highlighted that the main planning assumption was to concentrate on the projects initiated last year and not completed yet. At the same time, three new priorities were added in the plan: Environment, Social and Governance, IORPs and third country reinsurance.

56. EIOPA will be taking step-by-step approach for integrating the supervision of ESG risks (from both prudential and conduct of business supervision point of view) and regarding the IORPs will assess the recent market development of multi-employer IORP providers (i.e. IORPs established by service providers).

57. The BoS supported the plan with the suggestion to further clarify the reference to the platform mentioned on SupTech (point 1)f) and stand ready to re-discuss the priorities identified in the plan in case of new needs will emerge in 2021 (as it was the case for 2020).

58. The Chairperson clarified that the work on proportionality is to be considered as preparatory work to support discussions if needed and it does not pre-empt the final framework on the Solvency II review currently under discussion.

59. Furthermore, some operational, not controversial, aspects will be introduced in the 2021 amendments of the ITS on supervisory reporting and disclosure.

DECISION

60. BoS adopted by consensus the Supervisory Convergence Plan for 2021 (EIOPA-BoS-21-037), subject the clarification of the platform mentioned on SupTech (point 1)f) and slight amendment to the drafting on proportionality work on Solvency II to accommodate the status of the discussions on Solvency II Review.

CONCLUSIONS AND ACTION POINTS

61. EIOPA to publish the plan on EIOPA's website after the referred amendments and to work on a more professional layout.

AGENDA ITEM 5: QUALITY CONTROL COMMITTEE

5.1. QCC REPORT ON 2020 WORK

62. The Head of the Corporate support Department presented on behalf of the QCC Chairperson the report on the work of the QCC in 2020. The QCC program has been implemented according to the QCC Mandate 2020. Important deliverables have been the assessment of the EIOPA 2019 Annual Activity Report, the finalisation of the review of the implementation of EIOPA's Professional Secrecy Rules and the review of the EIOPA Working Group Structure. Currently, the review of the functionality of EIOPA's website is ongoing.

DECISION

63. Not applicable.

CONCLUSIONS AND ACTION POINTS

64. The BoS welcomed the report on the QCC 2020 work, with a suggestion for providing regular updates on changes to the working groups' structure.

5.2. QCC MANDATE 2021

65. The Head of the Corporate support Department presented on behalf of the QCC Chairman the draft mandate for the QCC for 2021. The BoS agreed to discuss the final mandate, including the QCC review theme for 2021, during the upcoming BoS meeting of March 2021.

DECISION

66. Not applicable.

CONCLUSIONS AND ACTION POINTS

67. The BoS agreed that the finalization of the QCC Mandate 2021 will be done during the March 2021 MB and BoS meetings.

AGENDA ITEM 6: BREXIT - POST-IMPLEMENTATION PERIOD ISSUES

68. The Head of Policy Department presented the developments following the end of the transitional period and particularly the conclusion of an EU-UK agreement. In addition, he presented EIOPA's work on Brexit, and invited Members to express interest in a new High Level dialogue with the UK authorities.
69. COM added that it is currently negotiating a MoU with the UK authorities that will set up a dialogue similar to the one held with the US. This dialogue would be compatible with the current EIOPA dialogues with the UK, as well as with the proposed new High Level dialogue including Members, although close cooperation would be necessary.
70. Members reported no new issues in relation to insurance and pensions arising from the end of the transitional period. Regarding remaining business from UK and Gibraltar undertakings, Members have observed progress.

FINAL MINUTES

DECISION

- 71. Not applicable

CONCLUSIONS AND ACTION POINTS

- 72.

- 73. Members expressed interest in participating in the proposed High-Level dialogue with the UK authorities.

- 74. EIOPA to prepare a proposal for a High-Level dialogue, including format and potential dates.

AGENDA ITEM 7: ASSESSING THE INDEPENDENCE OF SUPERVISORY AUTHORITIES – 1ST STRATEGIC APPROACH

- 75. BoS Members expressed their support for the way forward to develop criteria for the assessment of the independence of supervisory authorities. Because many Members are integrated supervisory authorities, they underlined the importance to keep close contact with the other European Supervisory Authorities (ESAs) to evade designing different sectoral requirements for supervisory independence in one organization.

DECISION

- 76. Not applicable

CONCLUSIONS AND ACTION POINTS

- 77. BoS agreed to the development of independence criteria as required under the EIOPA Regulation and to coordinate the proposals for criteria with the other ESAs in order to develop comparable criteria for all supervisory authorities in the financial sector.

- 78. EIOPA to continue reaching out to the other ESAs and to prepare a draft note with the criteria for March SSC meeting in order to come back with a proposal for a set of criteria to March BoS.

AGENDA ITEM 8: EIOPA'S CONTRIBUTION TO A NEW APPROACH TO CONSUMER DISCLOSURES

- 79. EIOPA staff presented the note on contributing to a new approach to consumer disclosures. It was highlighted that a paradigm shift should be aimed for given experiences with current disclosures, and that this is a timely juncture to reassess the approach given current EU regulatory initiatives, such as the COM study of the retail investment market.

- 80. The Chairperson further highlighted the aim to develop a holistic approach that would replace existing disclosures, rather than introducing an additional layer of information, and avoiding the case of making incremental changes to different legislative files.

- 81. Overall, BoS welcomed the strategic aims set out in the paper and the importance of doing things differently in the future. Some suggestions were made regarding the approach and areas

FINAL MINUTES

of focus. This included, in particular, the importance of building on behavioral research and simplifying current disclosures. Several Members also highlighted that disclosure and transparency cannot solve the issues, given the increasing complexity of products, and that it needs to be combined with effective product oversight and governance. The COM also indicated alignment with their objectives and the timing of their upcoming work.

82. The Chairperson welcomed the support from Members and confirmed the aim to combine improved disclosure with enhanced supervision. He stated that the feedback will be taken into account before initiating a dialogue with stakeholders and then coming back to the Board with a more concrete proposal for the work. He also stressed the importance of taking the opportunity to input into the COM agenda.

DECISION

83. Not applicable

CONCLUSIONS AND ACTION POINTS

84. The BoS welcomed the initiative for EIOPA to contribute to a new approach on disclosures and the strategic aims set out in the paper.
85. EIOPA to initiate a dialogue with stakeholders, before reverting back to the BoS in an upcoming meeting with a more detailed strategic note and work plan.

AGENDA ITEM 9: UPDATE ON JOINT ESAS RTS ON TAXONOMY-RELATED PRODUCT DISCLOSURES

86. The Chair of the Joint Committee Sub-Committee on Consumer Protection and Financial Innovation (JC SC CPFI) presented the progress made on draft RTS on Taxonomy-related product disclosures.
87. It was discussed that, under the EU Taxonomy framework, a financial market participant can still claim to make environmentally sustainable investments while resorting to other criteria than those of the Taxonomy to justify the sustainable character of such investments, thus creating the risk of regulatory arbitrage. To create a level playing field, financial market participants should be required to disclose information when they choose to resort to alternative criteria (whether their own criteria, or third country taxonomies, or private taxonomies, etc.) than the EU Taxonomy.
88. Further point of discussion referred to aligning the Key Performance Indicator currently in use to the ESAs' advice to the Commission regarding Article 8 of the Taxonomy Regulation, highlighting the risks of the self-declaration approach for ensuring Taxonomy-alignment as this could be open to potential abuse.

DECISION

89. Not applicable.

CONCLUSIONS AND ACTION POINTS

90. The BoS welcomed the progress made on draft RTS on Taxonomy-related product disclosures. JC SC CPFI to take into account BoS Members comments particularly regarding risk of regulatory arbitrage, in their work on developing the draft Consultation Paper on the Taxonomy-related product disclosures.

AGENDA ITEM 10: EIOPA'S STRATEGY ON DIGITAL TRANSFORMATION

91. The Head of Conduct of Business Oversight Unit presented EIOPA's Digital Transformation Strategy, stating the pace and breath of activities on digitalization justifies to step back so to identify main strategic longer term goals.
92. The BoS welcomed the paper. Some Members supported the steps to focus more on both opportunities and risks and one Member proposed to explain further the logic for references to 'standardised products'.
93. The COM proposed to look further at potential obstacles for cross-border business in the digital Single Market and to further look at new products and services and new ways of using data and its implications for regulation and supervision.
94. The BoS also suggested to engage with relevant EIOPA working groups.

DECISION

95. Not applicable.

CONCLUSIONS AND ACTION POINTS

96. The BoS welcomed the paper, supporting steps to focus more on both opportunities and risks; to look further at potential obstacles for cross border business in the digital Single Market; to explain further the logic for references to 'standardised products'; and to further look at new products and services and new ways of using data and its implications for regulation and supervision. The BoS also suggested to engage with relevant EIOPA working groups.
97. EIOPA to develop the paper along those lines and come back to the BoS with a more detailed note.

AGENDA ITEM 11: CLOSED SESSION – CONFIDENTIAL EXCHANGE OF INFORMATION

AGENDA ITEM (i.)12: FINAL REPORT AND DRAFT RTS AND PRIIPs FOLLOWING REQUEST FROM THE COMMISSION

98. The Chairperson introduced the discussion explaining that the regulatory technical standards (RTS) have not been changed since the previous BoS vote, but that following the request from the COM in December 2020, exchanges had taken place, in particular with those BoS members that had expressed concerns previously and with the COM. Following these exchanges, the COM

FINAL MINUTES

wrote to EIOPA (letter from Director General DG FISMA) providing further detail on the issues they intend to address during the upcoming review of the PRIIPs Level 1 Regulation.

99. The COM explained the contents of their COM letter, including:
- The fact that the Level 1 review is a priority for the COM;
 - The firm commitment of the COM to assess comprehensively the issues that have been raised, such as on scope and the extent to which the current KID is too long or complex and to improve the existing rules;
 - The importance of having a solid evidence basis, which should be provided by the cross-sectoral study that will include consumer testing and behavioral analysis;
 - The planned timing to have the results from the study by the end of the year and to then announce legislative changes early in 2022.
100. Several Members stated that they continue to have some reservations on the ESA proposal, but, now, they were able to support the draft RTS taking into account the strong commitment received from the COM, and as a way to close this “chapter” of the work and move forwards to a new “chapter”. In particular, it was welcomed to have a shared commitment to find good solutions to the current issues with the KID during the upcoming Level 1 review.
101. The Chairperson acknowledged the different views on the substance of the RTS, but welcomed the willingness of Members to look again at the proposal in light of the further information from the COM.

DECISION

102. BoS adopted, by qualified majority voting, the ‘Final Report and draft RTS on PRIIPs (EIOPA-BoS-21-071, 26 January 2021).

CONCLUSIONS AND ACTION POINTS

103. Based on the further details provided by the COM on their approach to the broader review of PRIIPs Regulation, the BoS was able to support the proposal.
104. The ESAs will respond to the letter from the COM dated 18 December 2020 by submitting the draft RTS for adoption by the COM, following the previous approval of the draft RTS by the EBA and ESMA BoSs in July 2020.

AGENDA ITEM 12: COVID-19 UPDATE AND IMPLEMENTATION OF DIVIDENDS

RECOMMENDATIONS

105. The Head of Risks and Financial Stability Department presented the feedback received from the national competent authorities (NCAs) on the criteria to assess dividend distributions.
106. The Chair proposed that based on the information received, EIOPA staff would draft a note with qualitative and, if possible, quantitative indicators to ensure a common approach by supervisors.

FINAL MINUTES

107. NCAs expressed overall support to the follow-up and the need to explore some type of quantitative conservative thresholds. They further expressed the need for a prudent and consistent approach reflecting also on the issue of internal dividend distribution for groups.

DECISION

108. Not applicable

CONCLUSIONS AND ACTION POINTS

109. BoS agreed that EIOPA staff will prepare an internal note that would be discussed at the Risk and Financial Stability Steering Committee in its February meeting.
110. NCAs should send any relevant inputs to EIOPA.

AGENDA ITEM 13: VALUE FOR MONEY IN THE UNIT-LINKED MARKET - UPDATE

111. The Head of the Conduct of Business Oversight Unit introduced the item. Regarding the opinion on a planned local product intervention, it was highlighted that significant consumer protection issues exist in the respective unit-linked market. However, doubts remain as to whether sufficient actions to address the detriment have been taken and whether other measures, rather than product intervention, should have been used.
112. On the value for money work, the aim is to develop a broad tool-kit starting by issuing a framework for public consultation to be followed by more concrete tools.
113. Overall, BoS Members expressed support for the work carried and for the proposed approach to have a balanced opinion. The need to safeguard that both the opinion and the framework ensure that supervisors do not take over the duties of insurance product manufacturers to ensure that their products lead to good consumer outcomes was discussed.
114. The need for the current value for money work to take a 'living approach' was also discussed. In fact, when the tool-kit is developed and even if some issues may be tackled with the review of the regulatory framework, it is important to ensure that new and emerging issues are captured as new products or products with different features are brought to the market. It was also highlighted that problems are not isolated to unit-linked and hybrid products.
115. Finally, the importance of taking into account enforceability when identifying the tools to be used to tackle value for money related risks was also discussed.

DECISION

116. Not applicable.

CONCLUSIONS AND ACTION POINTS

117. Overall, the BoS welcomed the update, and supported the proposed aim to find a balanced opinion on the proposed product intervention. The BoS also supported the framework and the proposed timeline to issue the framework for public consultation.
118. The thematic platform and CCPFI to finalise a draft opinion and launch a BoS written procedure on 10 March 2021.

FINAL MINUTES

119. The thematic platform and CCPFI to prepare a public consultation package on the core elements of the framework to be shared with the BoS for a written procedure on 10 March 2021.

AGENDA ITEM 14: INSURANCE STRESS TEST 2021

120. The Head of the EIOPA Risks and Financial Stability Department presented the structure of the technical specifications of the 2021 Stress Test Exercise reporting also the main feedbacks received by the stakeholders during the planned interaction. Then he introduced to the Members the escalation process on the calibration of the Ultimate Forward Rate in the adverse scenario describing the options at stake.
121. Members, while recognising the merit of scrutinising the effect of a significant drop of the Ultimate Forward Rate, agreed to proceed with the adoption of a UFR in line with the current Solvency II value and methodology. However, some members thought that it was still important to find ways to understand the impact of a stressed UFR.
122. In the second part, the Chair of the ESRB Task Force on Stress Tests, presented the preliminary vintage of the narrative and of the market shocks.
123. The EIOPA Chair highlighted the importance of the shocks to sovereign bonds and to swap rates for the insurance industry.

DECISION

124. Not applicable

CONCLUSIONS AND ACTION POINTS

125. On the escalation process about the treatment of the UFR, BoS agreed to proceed with “Option 1” – constrained reduction of the level according to the in-force framework. The Project Group could explore way to capture the potential impact of a pronounced reduction of the UFR beyond regulatory prescription.
126. On the preliminary vintage of the market scenario, Members can provide written comments to EIOPA to be discussed in the planned ESRB Task Force on Stress Test meeting.

AGENDA ITEM 15: PENSIONS ISSUES:

15.1. OPINION ON IORP COSTS AND CHARGES AND ON DC RISKS

127. The Head of Policy Department provided an update of the work on the opinions on DC risk management and transparent cost reporting of IORPs and presented three highlighted issues. These relate to whether NCAs have sufficient powers to require IORPs to report regular cost data, NCAs should have discretion in exempting certain DB IORPs from the cost reporting and whether DC risk management from the perspective of members and beneficiaries should necessarily consider pension projections.
128. Most Members indicated that their NCAs have sufficient powers to require IORPs to report cost data. There were diverging views on the other two issues. Some Members advocated discretion

FINAL MINUTES

for NCAs to fully exempt DB IORPs from cost reporting because costs tend to be borne by the sponsors. Other Members favoured some minimum level of reporting for all IORPs, e.g. citing experience that cost transparency encourages IORPs to manage cost levels. Similarly, some Members put forward that DC risk management does not necessarily need to involve pension projection. For example, only during the design phase of investment strategies but not on an ongoing basis. Other Members were of the view that DC risk management should consider pension projections on a regular basis, e.g. also because DC IORPs need to communicate risks to their plan members.

DECISION

129. Not applicable.

CONCLUSIONS AND ACTION POINTS

130. The BoS agreed that NCAs have sufficient powers to collect cost data from IORPs, in line with EIOPA's legal interpretation of Article 50 of the IORP II Directive.

131. The BoS agreed to leave the other two highlighted issues open for the time being, also in view of the coming public consultation. The BoS emphasised the need to set out the objectives to be achieved and for a proportionate approach to cost reporting and the use of pension projections in DC risk management.

132. The Project Group to set out the objectives and further consider proportionality, also through other means – e.g. time dimension, and finalise the consultation papers on the draft opinions for the March BoS.

15.2. GOOD PRACTICES IN DEFINED CONTRIBUTION PENSIONS

133. The Head of Policy Department presented the proposal to develop principles and good practices for the design of sustainable DC pensions, taking a building block approach that leaves flexibility to Member States.

DECISION

134. Not applicable

CONCLUSIONS AND ACTION POINTS

135. The BoS supported the proposal with a suggestion to review later in the year the timing for project initiation in light of progress made to finalise on-going high priority pensions work.

AGENDA ITEM 16: SUPTECH – REGISTER: BUSINESS CASE

136. The Head of Supervisory Process Department presented the EIOPA staff proposal aiming to clarify the objectives of the project and seeking support to develop a two-steps approach which should enable an informed BoS decision to undertake a proof of concept for improving the Insurance Registers by using innovative solutions. A feasibility study is proposed as a first step

FINAL MINUTES

to assess the costs and benefits of the Blockchain solution and other potential initiatives solutions.

137. ITDC Chair welcomed the note and the discussions with the ITDC members whose concerns and points are fairly reflected in the note.
138. The Chairperson stressed the need to explore innovative solutions and that the two step approach allows for a sufficiently cautious process to avoid excessive risk taking. That message was underlined by some members.
139. The BoS Members were encouraged to present in the next weeks of February alternative innovative options to blockchain to be included in the feasibility study.
140. Members highlighted the need for an analysis of adequate solutions, to keep the project team and ITDC informed of the feasibility study, and that the feasibility study address the impact on NCAs resources and implementation costs. The development of a proof of concept will be decided by the BoS on the basis of the outcome of the feasibility study.

DECISION

141. BoS supported the need to improve the registers and the need to explore the use of innovative technologies.
142. BoS supported the 2-step approach including a feasibility analysis for the innovative solutions including the blockchain and those possibly to be presented by the technical team. The feasibility study should assess the impact on NCAs resources and implementation costs. Its conclusions should be presented to the BoS to substantiate the decision of undertaking the proof of concept as the next step.

CONCLUSIONS AND ACTION POINTS

143. EIOPA to start the assessment of the feasibility analysis and contact the NCAs for assessing the impact on resources and implementation costs and to keep ITDC informed of the analysis.
144. Re-Launch the call for volunteers to reinforce the technical team resources and representativeness.

AGENDA ITEM 17 AND 18: HAVE BEEN TAKEN OUT OF THE FINAL AGENDA

AGENDA ITEM 19: UPDATE ON EIOPA'S 10TH YEAR ANNIVERSARY EVENT

DECISION

145. Not applicable

CONCLUSIONS AND ACTION POINTS

146. The ED reminded the BoS Members that the livestream of the 10th Anniversary Conference, taking place on 4 February 2021 would be available on EIOPA's website.

AGENDA ITEM 20: AOB

DECISION

147. Not applicable

CONCLUSIONS AND ACTION POINTS

148. In view of Mr. Gabriel Bernardino's end of term, Mr. Frank Grund, on behalf of the Board Members, gave a laudation speech congratulating the Chairperson for his outstanding achievements and his pivotal and decisive role in bringing EIOPA at the heart of insurance and pensions supervision in Europe by enhancing supervisory convergence, strengthening consumer protection and preserving financial stability for the benefit of economies, business and EU citizens.
149. Also, the ED thanked the Chairperson for his outstanding contribution to EIOPA over the last decade.
150. The Chairperson concluded the 68th BoS meeting thanking the EIOPA staff for their work and commitment over the years and all the BoS Members for their long-lasting and fruitful collaboration during his 10 years mandate.

ANNEX: LIST OF DECISIONS ADOPTED BY WRITTEN PROCEDURE FROM 28.11.2020 TO 03.02.2021

BOS-2020-83

151. Decision adopting by consensus EIOPA's Response to IAIS Stock-take questionnaire on Infrastructure and Strategic equity.

BOS-2020-84

152. Decision adopting by consensus the LTG report 2020.

BOS-2020-85

153. Decision adopting by consensus the Peer Review on EIOPA's Decision on the collaboration of the insurance supervisory authorities Report

BOS-2020-86

154. Decision adopting by consensus the composition of ad hoc peer review committee (PRC) for the Follow-up on the supervisory practices for the application of the proportionality principle in governance requirements regarding key functions Peer Review.

BOS-2020-87

155. Decision adopting by consensus the Report on the sensitivity analysis of climate-change related transition risks

BOS-2020-88

156. Decision adopting by consensus the update of the technical documentation with the results of the Deep Liquid and Transparent (DLT) assessment for 2020.

BOS-2020-89

157. Decision adopting by consensus the EIOPA Crisis Prevention and Management Handbook (Updated).

BOS-2020-90

158. Decision adopting by consensus the Discussion Paper on open insurance: accessing and sharing insurance-related data.

BOS-2020-91

159. Decision adopting by consensus the proposal to update the representative portfolios for the calculation of the volatility adjustments.

FINAL MINUTES

[BOS-2020-92](#)

160. Decision adopting by consensus the EIOPA 1st Annual Report on administrative sanctions and other measures under the Insurance Distribution Directive (IDD).

[BOS-2020-93](#)

161. Decision adopting by consensus the Financial Stability Report December 2020.

[BOS-2020-94](#)

162. Decision adopting by consensus the Supervisory Statement on ORSA in the context of COVID-19.

[BOS-2020-95](#)

163. Decision adopting by consensus the on EIOPA Opinion on the 2020 review of Solvency II.

[BOS-2020-96](#)

164. Decision adopting by consensus the List of Identified Financial Conglomerates 2020.

[BOS-2020-97](#)

165. Decision adopting by consensus the UK Professional Secrecy Assessment.

[BOS-2020-98](#)

166. Decision adopting by consensus the EIOPA Budget 2021.

[BOS-2020-99](#)

167. Decision adopting by consensus the liquidity component of the second discussion paper on methodological principles of insurance stress testing.

[BOS-2020-100](#)

168. Decision adopting by consensus the 67th Board of Supervisors Meeting held via videoconference on 26-27 November 2020.

[BOS-2020-101](#)

169. Decision adopting by consensus the Brexit Consumer Guide.

[BOS-2020-102](#)

170. Decision adopting by consensus the draft ITS for Conglomerates reporting templates for IGT and RC.

[BOS-2020-103](#)

171. Decision adopting by consensus the Report on Capital Add-ons during 2019.

FINAL MINUTES

BOS-2020-104

172. Decision adopting by consensus the Adoption of the scope of the 2021 Insurance Stress Test exercise.

BOS-2020-105

173. Decision adopting by consensus the 2020 Consumer Trends Report.

BOS-2021-01

174. Decision adopting by simple majority the EIOPA's letter to EFRAG regarding its draft endorsement advice on IFRS 17.

BOS-2021-02

175. Decision adopting by consensus the EIOPA reply to the IAIS Application Paper on resolution powers and resolution planning.

BOS-2021-04

176. Decision adopting by qualified majority the SPD 2021-2023 incl. adopted Budget 2021, SPD 2022-2024 incl. draft Budget 2022.

BOS-2021-06

177. Decision adopting by consensus the Consultation Papers on revised draft ITS on ECAIs mapping under CRR and SII.

Participants at the Board of Supervisor’s Meeting via videoconference**02 – 03 February 2021****Chairperson:** Gabriel Bernardino

<u>Country</u>	<u>Voting member/ Alternate</u>	<u>Accompanying Experts</u>
Austria	Gerlinde Taurer (PoA)/Katharina Muther-Pradler (Day 1)	
Belgium	Jean Hilgers/ Dieter Hendrickx	
Bulgaria	Vladimir Savov/[-]	
Croatia	Ante Žigman/Ilijana Jeleč	
Cyprus	Antonia Tsangaris /Constantinos Kalopsidiotis	
Czech Republic	Zuzana Silberová / [-]	Hana Marčíková
Denmark	Carsten Brogaard/ [-]	
Estonia	Siim Tammer /[-]	
Finland	Anneli Tuominen/Teija Korpiaho	
France	Patrick Montagner/[-]	Mary-Cécile Duchon
Germany	Frank Grund/ Thomas Schmitz-Lippert	Petra Faber-Graw
Greece	Ioanna Seliniotaki/Ioannis Chatzivasiloglou	
Hungary	Koppány Nagy/Ferenc Szebelédi (Day 2)	
Ireland	Domhnall Cullinan/[-]	Zita Culliton/Christopher Joyce/ Andrew Candland
Italy	Alberto Corinti/ Alessia Angelilli	
Latvia	[-]/ Evija Dundure	
Lithuania	Renata Bagdonienė/[-]	
Luxembourg	Yves Baustert /[-]	Thierry Flamand/Valerie Scheepers
Malta	Ray Schembri /Luciano Micallef	
Netherlands	Else Bos/Petra Hielkema	Véronique Hijn
Poland	Damian Jaworski/ Mariusz Smętek	
Portugal	Margarida Corrêa de Aguiar/Hugo Borginho	Ana Byrne
Romania	Valentin Ionescu (PoA)/[-]	Beatrice Verdes
Slovakia	Júlia Cillíková/Andrea Gondova (PoA)	Zuzana Kardošová
Slovenia	Goraz Čibej/ Mojca Rome	
Spain	Sergio Alvarez /Francisco Carrasco Bahamonde	
Sweden	Åsa Larson/Bertil Sjö	

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	[-]/Rúnar Guðmundsson	
Liechtenstein	Alexandre Imhof/[-]	André Hoffmann
Norway	Ann Viljugrein/[-]	Brita Hrenovica

<u>Institution</u>	<u>Non-Voting Member/ Alternate</u>	<u>Accompanying Experts</u>
European Commission	Didier Millerot	
ESMA	[-]/[-]	Roxana De Carvalho/Tomas Borovsky(Day 2)
EBA	[-]/[-]	Tijmen Swank
ESRB	Francesco Mazzaferro	
EFTA	[-]/[-]	Asa Hallsdottir (Day 1)/ Marco Uccelli (Day 2)

<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