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**ANNIVERSARY
CONFERENCE**
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CONFERENCE REPORT

INTRODUCTION

EIOPA was created ten years ago to achieve financial stability and to protect consumers as the world emerged from financial crisis. This virtual conference looked back over the successes and lessons of the past decade and examined future challenges. Key issues touched upon included the European Green Deal, digitalisation, the protection gap and the critical role of pensions and insurance in Europe's recovery.

Catch up on all the conference highlights here: <https://europa.eu/!FM94MH>

KEYNOTE SPEECHES

Mairead McGuinness, European Commissioner for financial services, financial stability and Capital Markets Union noted that ten years of successful supervision was a good moment to take stock. Having been forged during a time of devastating financial crisis, EIOPA now finds itself dealing with another, different crisis.

EIOPA's role in responding to the economic impact of the pandemic - and allowing financial services to continue serving customers - will be critical to Europe's recovery. A key lesson from the pandemic has been that our health is our wealth.

The insurance and pensions sector will be crucial to realising the ambitions of the European Green Deal. This will require long term funding and the raising of capital from private investors.

The digital transformation has accelerated during the pandemic. Financial services make extensive use of ICT infrastructure, and are at risk from cyberattack. Security of the financial system is a paramount consideration. EIOPA's cyber strategy should therefore be welcomed.

Overall, supervisory bodies like EIOPA will play a critical role in the economy recovery and managing Europe's environmental and digital transitions.

Gabriel Bernardino, Chair of EIOPA discussed some key successes, noting that the agency's convergent approach has contributed to the implementation of a true single market. Solvency II has become a global reference for financial regulation, while the pan-European Pension Product (PEPP) represents a milestone in personal pensions.

Key future challenges include the transition to sustainability, climate change and the digital transformation. The insurance and pensions sector must be part of the solution.

Not enough progress has been made in delivering sustainable pensions to EU citizens. New approaches to consumer disclosures are also required. Information should be

tailored to consumer needs and fit for the digital age. It is clear that centralised insurance supervision is critical to addressing the challenges facing Europe.

Bernardino also noted that this would be his final conference, as he was stepping down as EIOPA Chair.

PANEL DISCUSSION: SECURING A STRONG AND SUSTAINABLE RECOVERY. THE ROLE OF INSURANCE AND PENSIONS

This panel discussed the role of insurance and pensions in supporting recovery in Europe, in particular, in supporting a European Green Deal, building a Europe fit for a digital age, and fostering a Capital Markets Union.

Andreas Brandstetter, President, Insurance Europe and Chairman & CEO of the UNIQA Insurance Group, Austria said that industry requires clear and transparent regulations to effectively tackle climate change. Underwriting green investments is part of a larger transition that involves everyone.

The sector can only support investments when they are part of reality. This is why a speedy transition to a low carbon economy is so crucial. The European Green Deal is an opportunity to create a societal shift to sustainable activities that the insurance and pensions sector can invest in and insure.

Bernard Delbecque, Chair, Occupational Pensions Stakeholder Group and Senior Director, Economics & Research, European Fund and Asset Management Association (EFAMA) said that growing awareness of the risks facing us has accelerated demand for change.

Explaining ESG criteria to investors is critical to increasing confidence in sustainable investments. The perception that there is a trade-off between return of investment and ESG criteria must be tackled.

Martin Merlin, Director, Bank, insurance and financial crime, Directorate General Financial stability, financial services and Capital Markets Union, European Commission said that industry should not always wait for legislation. Nonetheless, strong legislative frameworks can help to set incentives and ensure transparency.

The European Green Deal will require massive sustainable investments. The Commission is preparing a renewed sustainable finance strategy for 2021, and is currently analysing consultation responses.

Lucie Pinson, Founder and Executive Director, Reclaim Finance said that focus should be placed on phasing out investments in fossil fuel production. While EU insurers have led the way in exiting the coal sector, investments are continuing into oil and gas projects.

Green ambitions must be aligned with investment portfolios. This is critical to delivering on Green Deal objectives.

Juan Ramón Plá, Chairman, the European Federation of Insurance Intermediaries (BIPAR) said that intermediaries need to understand how to convey ESG criteria to clients. Rules and documentation surrounding ESG criteria tend to be complex and long. Industry must avoid confusing consumers.

DISCUSSION

On the issue of communication, Mr Brandstetter agreed that policies must be focused on issues that are relevant to consumers, and prevent a race to the bottom where simply the cheapest policy wins. Mr Delbecque suggested that digital tools should be harnessed to reach Millennials and encourage young adults to save more. Households should be encouraged to invest in capital markets.

Mr Merlin said that Europe must get better at scaling up innovative solutions. Access to data is also critical to facilitating innovative data-driven financial services, which will lead to greater consumer choice and reduce costs. Capital markets need to be deeper and more liquid in order to absorb shocks in the future.

Ms Pinson said that coverage must transition from simply focusing on risk protection to predicting and preventing risk. This will help to support adaptation and resilience. Capital markets need to act proactively against climate change, and ensure that savings are channeled to just transitions. Mr Plá agreed that savers need to be convinced to put their savings into investments, and need to be better informed.

KEYNOTE SPEECH

Irene Tinagli, Chair of the Economic and Monetary Affairs Committee, European Parliament, noted the contribution that EIOPA has made in shaping benchmarks for consumer protection. Insurance and pensions are part of the daily life of most Europeans, which is why fostering consumer protection is so important.

The Covid19 pandemic has changed our lives, and created uncertainty. It has presented challenges to the insurance sector, and impacted investments. The crisis has shown that strong European authorities are critical to delivering coherent action.

The review of Solvency II will help to relaunch growth in Europe, and strike the right balance between protection and risk. PEPs were conceived on this premise of channeling savings into long term investments that are safe and sustainable. European Commission proposals are designed to support European resilience, and the European Parliament's Economic and Monetary Affairs Committee is also dedicated to this goal.

PANEL DISCUSSION - CLOSING PROTECTION GAPS: MEETING SOCIETY'S CHALLENGES WITH INSURANCE AND PENSIONS

The Covid19 pandemic has highlighted the lack of cover for many businesses. Protection gaps also exist for natural catastrophes and cybersecurity. This panel discussed how the insurance and pensions sector can strengthen society's resilience, and close these gaps.

Monique Goyens, Director General, the European Consumers Organisation (BEUC) noted that if consumers are not protected, they face a pensions gap and catastrophe in terms of loss of income. Social values of solidarity are also put at risk.

Stéphanie Yon-Courtin, Member of the European Parliament said that politicians aim to set long term objectives, to provide certainty for business and consumers. They also seek to foster dialogue between public and private partners.

Vicky Saporta, Chair, Executive Committee, International Association of Insurance Supervisors noted that while protection gaps have always existed, Covid19 has accentuated and highlighted these inequalities. Certain systemic protection gaps cannot be addressed simply by private sector solutions.

Michaela Koller, Chair, Insurance and (Re)insurance Stakeholder Group and Director General, Insurance Europe stressed that closing protection gaps was critical in order to achieve a speedy recovery.

Mario Greco, Chair, Pan-European Insurance Forum and Group Chief Executive Officer, Zurich Insurance agreed that closing the protection gap would make society fairer and more inclusive. Natural disasters also disproportionately hit poorer parts of the world.

DISCUSSION

On addressing the social dimension of the pensions gap, Ms Goyens said money spent on obsolete or insurance of low value should be diverted into pensions. There is also a cultural shift occurring, in which citizens can no longer rely on the state and must take care of themselves. To this extent, the PEPP is a good initiative as it is a simple and cost-effective product.

Ms Saporta agreed that some insurance products were too complex. Ms Koller agreed that the crisis has underlined the need for insurance cover to be better explained better. Building consumer trust is critical. Ms Yon-Courtin said that many citizens feel that there is a lack of accountability.

Mr Greco discussed the complex issue of providing coverage against natural disasters. He noted that while many governments want to keep this responsibility for themselves, the state is sometimes unable to handle individual claims and can be constrained by budget

deficits. At the same time, delivering tax burden relief for people privately insured can have an impact on budget deficits.

Ms Saporta noted that protection gaps are larger in developing world than in the developed world, and that financial inclusion and gender gap issues are also more pronounced. The need for solutions however has seen a blossoming of innovation in the developing world, often leveraging digitalisation.

Ms Koller noted that insurers monitor and assess risk, and then offer products to take the risk off people's shoulders; to do this, there has to be a value proposition. Ms Saporta said that reducing the risk of exposure should be recognised. Mitigation leading to lower risk should be recognised in coverage policies.

Mr Greco said that risk management can be brought to customers, to explain to them how risks can be mitigated. This has been done in disaster-prone regions of Florida and Texas, where cars were moved pre-emptively before a hurricane made landfall.

CLOSING REMARKS

Fausto Parente, EIOPA Executive Director closed the conference by thanking all participants. Today's agenda was clearly focused on how the insurance and pensions industry can support the recovery.

Climate change, the protection gap, digital transformation and cyber threats are challenges for society as whole. This is where the industry can take leading role, and these are the issues on which EIOPA is working on.

The conference also marks ten years of EIOPA, and Parente acknowledged all those that have helped the authority to achieve what it has achieved. In particular, he paid tribute to the leadership of EIOPA Chair Gabriel Bernardino, who is stepping down after ten years. You should be proud of what we have all achieved, he concluded.