

EIOPA STRATEGY 2023-2026



eiopa

European Insurance and
Occupational Pensions Authority



***“Times of transformation
also give rise to opportunities.”***

INTRODUCTION

Times of transformation...

Over the last years, we have seen that change truly is the new normal and as we move on from the Coronavirus pandemic, we are witnessing a period of more profound change. In fact, we are witnessing the transformation of our society.

Economic recovery from COVID-19, geopolitical developments, including the human, political and economic impact of Russia's invasion of Ukraine, green and digital transitions. These are the issues that dominate headlines and drive the agendas of politicians, policymakers and businesses.

In both times of change and times of transformation, the fundamental purpose of the European Insurance and Occupational Pensions Authority (EIOPA) remains the same. We are here to foster safe and strong insurance and occupational pensions sectors that deliver for Europe's citizens, businesses and the economy. In an environment characterised by constantly evolving risks and challenges, EIOPA will continue to contribute to the recovery of the EU economy by building more resilient insurance and pensions sectors and further strengthening a common supervisory culture.

As we observe a shift in the economic narrative, from one dominated by protracted low yields and low inflation to a juncture driven by rising inflation and uncertain growth EIOPA will strive to mitigate the potential long-term adverse impacts towards policyholders, beneficiaries, and the sectors.

Times of transformation also give rise to opportunities. With specific regard to the green and digital transformation of the EU, EIOPA aims to enhance the key role of insurers and pension funds in managing and financing a fair economic transition, thus contributing to meet society's need for insurance protection, as well as to achieve the overarching objective of strengthening the European Capital Markets Union.

...and their impact on society

Risks borne by consumers have steadily increased over the past years. The transition from defined benefit to defined contribution plans in private pensions is shifting investment and other risks from industry to consumers. In insurance, an increasing shift is observed from insurance products with guarantees to unit-linked plans, where investors' returns are determined by market performance only.

Furthermore, insurance and pensions

products are sometimes too complex, not always digitally friendly, and accompanied by information disclosures that do not easily allow consumers to understand the full spectrum of risks or exclusions. To continue ensuring prudent capitalisation, good governance and risk management, EIOPA will increase efforts in tackling value for money issues, as well as strengthening financial education, to ensure that products meet the highest consumer expectations as well as recognising the need for diversity and inclusion.

EIOPA will also continue to identify and address global and sector-specific risks, as well as to cope with growing economic uncertainties, in order to strengthen society's resilience and safeguard trust in the financial system. Although a challenging task, EIOPA aims to raise awareness and contribute to finding solutions to address protection gaps in insurance and pensions. There are a number of risks, ranging from an ageing population, to climate change, and from cyber to pandemic, which can have potentially systemic impacts, and therefore require improved insurance coverage solutions.

...on regulation and supervision

Good supervision relies first on good

regulation. In times of transformation, it is key that both regulators and supervisors keep pace with market developments. Regulation needs to remain sound and fit-for-purpose, reflecting societal and market conditions, as well as the growing complexity of global value chains and intertwined implications across sectors. The increasing horizontal nature of regulation has several implications for EIOPA: from the need to enhance expertise on new topics, to increase cooperation with different EU Authorities. Recent legislative efforts to enhance consistency across sectors, especially in the area of recovery and resolution, will allow EIOPA to further enhance consumer protection and safeguard financial stability.

Above all, supervisors need to be equipped with appropriate tools and powers to deepen their understanding of new challenges and to be able to address them effectively. The increased cross-border business throughout the internal market will require greater attention to home-host supervisory relations. EIOPA will do its utmost to further promote a sound and convergent approach to consumer protection in the EU, addressing – with all tools and powers at its disposal – both prudential and conduct of business concerns.



MISSION AND VISION

EIOPA strategy 2023-2026 was developed taking into account discussions with the Members of EIOPA's Board of Supervisors, staff, and various stakeholders (including Stakeholder Groups).



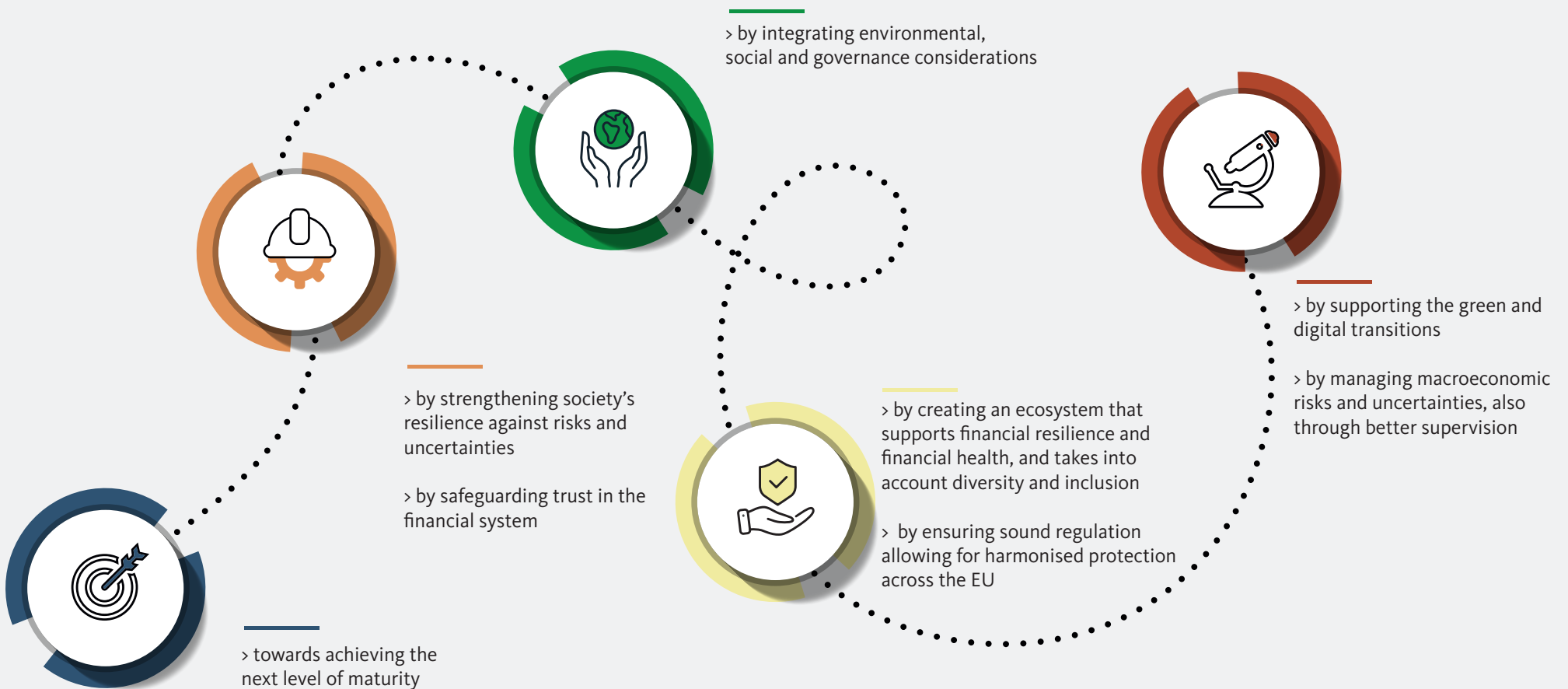
MISSION

EIOPA seeks to protect the public interest by contributing to the short-, medium- and long-term stability, effectiveness and sustainability of the financial system for the Union's economy, citizens and businesses.

This mission is pursued by promoting a sound regulatory framework and consistent supervisory practices in order to protect the rights of policyholders, pension scheme members and beneficiaries and contribute to public confidence in the EU's insurance and occupational pensions sectors.

VISION

BUILDING A SAFE AND SUSTAINABLE EU FOR ITS CITIZENS IN TIMES OF TRANSFORMATION



STRATEGIC OBJECTIVES AND PRIORITIES



STRATEGIC OBJECTIVES



Strengthen the resilience and sustainability of the financial sector, thereby safeguarding its effectiveness, level playing field and financial inclusion

Ensure strong and consistent protection of consumer interests across the EU



STRATEGIC PRIORITIES

How will EIOPA live up to the challenge?

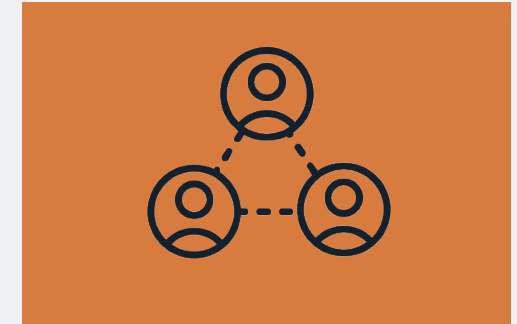
EIOPA will continue to deliver on its mandate, with a focus on the following strategic objectives and priorities.



Contribute to building up sustainable insurance and pensions, including by addressing protection gaps, for the benefit of EU citizens and businesses



Support the supervisory community and the industry to mitigate the risks and seize the opportunities of the digital transformation, including by further promoting a data-driven culture



Promote sound, efficient and consistent prudential and conduct supervision throughout Europe, particularly in view of increased cross-border business



Deliver high-quality advice and other policy work taking into account changing and growing needs of society as well as the effects of new horizontal regulation



Further enhance financial stability, with particular focus on the analysis of financial sector risks, vulnerabilities, and emerging threats



Be a model EU authority with high professional standards, cost-effective governance, and a positive reputation within the EU and globally

STRATEGIC PRIORITIES



**CONTRIBUTE TO BUILDING
UP SUSTAINABLE INSURANCE
AND PENSIONS, INCLUDING BY
ADDRESSING PROTECTION GAPS,
FOR THE BENEFIT OF EU CITIZENS
AND BUSINESSES**

The insurance and pensions sector have a unique opportunity and responsibility to address sustainability-related challenges and thus facilitate the transition to a more sustainable and resilient economy, given their key role as society's risk managers and important long-term investors, including greenwashing-related risks.

EIOPA will strive to become a centre of expertise in the identification and assessment of sustainability risks, to add value to the efforts of (re)insurers and occupational pension funds in the mitigation and adaptation to climate change and other sustainability risks, including greenwashing-related risks.

EIOPA's ambition to regularly perform outstanding climate stress tests – based on sound methodologies – shall be seen in this context. Furthermore, EIOPA aims to enhance its reputation as a supervisory authority – both within the EU and globally – by establishing a sound prudential and conduct framework that integrate sustainability risks in a fair, proportionate and evidence-based manner.

A structured assessment of risks, which starts

with enhanced understanding of both supply and demand perspectives, and increasing use of open source modelling and data, helps identifying risks which can be potentially systemic for society, such as climate change, cyber or pandemic. Such a structured assessment will reveal vulnerabilities, and where they are not adequately covered.

EIOPA will step up its work on identifying protection gaps with the aim to promote awareness of risks and increasing their insurability, also through possible shared resilience solutions. To this end, it will be key to enhance attention on consumer behaviour, to understand why available insurance coverage is not always taken up.

STRATEGIC PRIORITIES



**SUPPORT THE SUPERVISORY
COMMUNITY AND THE INDUSTRY
TO MITIGATE THE RISKS AND
SEIZE THE OPPORTUNITIES OF
THE DIGITAL TRANSFORMATION,
INCLUDING BY FURTHER
PROMOTING A DATA-DRIVEN
CULTURE**

The world is changing fast, and so is our society and our economy, with the digital transformation leading the way. To reduce the gap between financial market developments on one side, and regulators and supervisors on the other side, EIOPA will strive to keep abreast with the latest financial innovations and digital trends, to continue to provide up-to-date supervisory guidance and good practices, while taking into account ethical and financial health considerations.

From both a prudential and conduct perspective, EIOPA aims to develop an efficient set of regulatory and supervisory tools thus contributing to a safe transformation into a digitally resilient society and – equally important – an operationally resilient industry, including through the implementation of the Digital Operational Resilience Act.

Data is at the heart of the insurance and pension sectors, and the backbone of the digital transition. EIOPA aims to enhance data availability and data standardisation, thus contributing to the development of a sound European Data Eco-System. Better supervisory data, combined with a wide variety of innovative technologies and tools, provide a fruitful framework for supervisory innovation.

In a fast evolving digital market environment, supervisory capacity needs to continuously develop and adapt. To this end, EIOPA's ambition is to enhance the understanding of new technologies and business models, improve analytical skills and sharing practices, to create a more effective data-driven supervisory culture.

In this regard, EIOPA will actively contribute to providing technical support to supervisors in the context of the European Commission's flagship EU Supervisory Digital Finance Academy. Enhancing dialogue with EU Institutions, the other European Supervisory Authorities and national competent authorities, and further engaging with academia and market participants will also be instrumental to further increase supervisory capabilities within the EU.

Digitalisation does not stop at the borders, yet regulation often does. EIOPA aims at further strengthening the EU's voice in global financial markets, and make sure the European perspective on cyber risks and digitalisation more generally is well understood and taken into account from a level playing field perspective.

STRATEGIC PRIORITIES



PROMOTE SOUND, EFFICIENT AND CONSISTENT PRUDENTIAL AND CONDUCT SUPERVISION THROUGHOUT EUROPE, PARTICULARLY IN VIEW OF INCREASED CROSS-BORDER BUSINESS

To achieve an even higher and more effective level of supervision across the EU, EIOPA will continue to strengthen supervisory convergence by ensuring consistent reviews and proportionate application of supervisory convergence tools, which shall remain fit-for-purpose in order to continue to provide added-value to the supervisory community and the industry. On the supervision of new and emerging risks, such as cyber or sustainability risks, EIOPA aims to achieve convergence from the start, at EU and, where possible, international level.

At the same time, EIOPA will seek to step up its monitoring activities, to ensure that supervisory convergence tools and follow-up measures are implemented at the national level, and products are designed in the best interest of consumers, so they can deliver value for money. In this respect, EIOPA will continue to advocate the need for better products – which need to be simpler, digital, with clear information and a consumer-centric design.

Through digital and financial literacy initiatives and work, EIOPA will also strive to promote accessibility. This will help to avoid situations where product exclusions, which apply to any policy, result in consumer detriment because they have not been clearly communicated to policyholders.

On cross-border supervision, EIOPA will leave no stone unturned to achieve a harmonised level of consumer protection across the EU through effective cooperation between home and host super-

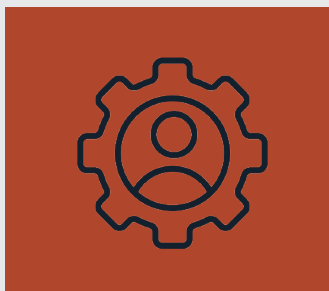
visors, thereby ensuring that timely and effective supervisory actions are taken with the ultimate goal of preserving consumers' trust in the single market.

With regard to conduct of business, EIOPA will strive to enhance the use of the supervisory toolkit on the identified issues, and ensure an effective follow-through, to bring its supervision across Europe to the next level of maturity. EIOPA aspires to become a 'Go-To authority' for supervisory issues in Europe – and for this to happen, EIOPA will continue to fully leverage all the tools and powers at its disposal, and thoroughly assess their effectiveness together with the supervisory community, as part of a constructive dialogue with the European Institutions on whether any further legislative changes may be needed in the future to address the existing supervisory challenges.

Supervisory convergence relies on extensive exchanges of best practices and experiences, which EIOPA seeks to further strengthen, especially in relation to conduct of business, where efforts to build sound supervision are still uneven across Europe. In addition, effective supervision relies heavily on data that is timely, relevant and of high quality.

EIOPA aims to further strengthen its role as a central hub for all insurance and pension data, in order to provide deeper insight on relevant risks and better inform the definition of supervisory strategic priorities.

STRATEGIC PRIORITIES



**DELIVER HIGH-QUALITY
ADVICE AND OTHER POLICY
WORK TAKING INTO ACCOUNT
CHANGING AND GROWING
NEEDS OF SOCIETY AS WELL
AS THE EFFECTS OF NEW
HORIZONTAL REGULATION**

EIOPA aims at creating an ecosystem that supports financial resilience and enhances the financial health of consumers, taking into account diversity and inclusion considerations. A regulatory framework which delivers prudential soundness, adapted as needed to reflect new developments remains crucial.

In addition, EIOPA aims to further build its conduct of business framework, to take into account sustainability and cyber risks, while including behavioural insights into national supervisory approaches. On pensions, EIOPA will focus on defined contribution plans as well as monitoring defined benefit pensions, striking a balance between what can be achieved within EIOPA's mandate, keeping in mind the role of social and labour law at national level.

As financial services become more connected, a number of examples of horizontal regulation are observable, with further increases expected in the future. EIOPA will make sure that the voice of insurance and pension is heard and the specifics of the sectors taken into account. The cross-sectoral approach to legislation also calls for more cooperation among different EU authorities. EIOPA aims at strengthening collaboration, to avoid un-

necessary duplications or inconsistencies in the overall regulatory framework, at the same time creating a bridge between the financial sector and other sectors of the economy.

Overall, EIOPA will balance the need to further enhancing the regulatory framework to complete the Single Rulebook, with the equally important need to rationalise it. At international level, EIOPA will work together with the International Association of Insurance Supervisors (IAIS) to push forward the international agenda, where the ambition is to create a common worldwide language for supervision and a level playing field for internationally active insurance groups.

STRATEGIC PRIORITIES



FURTHER ENHANCE FINANCIAL STABILITY, WITH PARTICULAR FOCUS ON THE ANALYSIS OF FINANCIAL SECTOR RISKS, VULNERABILITIES, AND EMERGING THREATS

In times of transformation and uncertainty arising from an ever-changing macroeconomic environment, EIOPA aims to ensure supervisors have adequate tools to identify, assess and address any emerging risks.

As complexity steadily increases, EIOPA will strengthen EU supervisory capabilities thereby providing a more comprehensive toolkit that includes risk and vulnerabilities assessments both at micro and systemic level, as well as crisis preparedness.

To this end, EIOPA aims at further building up its reputation for sound evidence-based analysis, which takes into account sustainability considerations, including through stress tests exercises. Improved modelling, also based on Artificial Intelligence techniques, and increased use of predictive approaches, such as early warning models, shall contribute to enhancing the quality of the analysis, thereby also better accounting for country specificities.

Leveraging existing data, EIOPA will strive to provide supervisors with a reliable assessment of market vulnerabilities, risk identification and proposed mitigating actions. In this respect, EIOPA will enhance the methodological framework, particularly for top-down and

more streamlined vulnerability assessments while increasing capacity for emerging threats such as cyber and climate change. Furthermore, EIOPA aims to further promote information sharing with European citizens and enhance cooperation with national competent authorities in order to make better use of risk analysis as input to supervision.

Further, EIOPA aims to engage more extensively with academia and other institutions, to enhance both quantitative and qualitative analysis, and to capture also economy-wide movements and interconnections among sectors.

STRATEGIC PRIORITIES



**BE A MODEL EU AUTHORITY
WITH HIGH PROFESSIONAL
STANDARDS, COST-EFFECTIVE
GOVERNANCE, AND A POSITIVE
REPUTATION WITHIN THE EU
AND GLOBALLY**

EIOPA strives to be a rewarding EU employer that enables high performance within a diverse and inclusive work environment, providing opportunities for people to make a real difference to the livelihoods of Europe's citizens.

EIOPA is committed to investing in its people and to fostering an enriching and fulfilling culture that allows people to thrive and provides opportunities for them to balance their care and career choices. In this way, EIOPA will create an organisation that is resilient and ready for new challenges.

Equal does not mean identical. EIOPA will make every effort to reflect staff diversity into fair and balanced levels of access, development and career opportunities. In doing so, EIOPA will walk the talk on the importance of diversity and gender balance across all levels of the organisation, including at decision-making level.

EIOPA aims to further strengthen its organisational capabilities, in particular through the use of technology to facilitate collaboration, increase efficiency and security and drive long-term performance in a post pandemic working environment. EIOPA will also continue to improve its environmental performance

and lower the impact of its operations on the environment, by implementing the EU Eco-Management and Audit Scheme (EMAS) action plan alongside EIOPA's own environmental management system.

EIOPA will continue to build synergies and foster efficient cooperation within the EU and globally. In particular, EIOPA aims to strengthen its dialogue at the political level and with the supervisory community in the EU, as well as with third country supervisors.



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