



58TH MANAGEMENT BOARD MEETING VIA VIDEOCONFERENCE

DATE: 11 MARCH 2021 10:00-13:50

LOCATION: N/A

FINAL MINUTES

WELCOME AND INTRODUCTORY REMARKS BY THE EIOPA CHAIRPERSON

1. The Vice-Chairperson welcomed the attendees to the fifty-eight meeting of EIOPA's Management Board (MB).

AGENDA ITEM 1: ADOPTION OF THE AGENDA

DECISION

2. MB adopted the agenda by consensus.

CONCLUSIONS AND ACTION POINTS

3. The Vice-Chairperson concluded that there is no MB 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 MB Members of absence of any such interests.

AGENDA ITEM 2: UPDATE BY VICE-CHAIRPERSON, EXECUTIVE DIRECTOR AND THE EUROPEAN COMMISSION

UPDATES BY VICE-CHAIRPERSON

4. The Vice-Chairperson informed the MB Members that neither he nor the Executive Director will be able to attend the OPSG meeting on 22.03.2022 as it coincides with the extraordinary meeting of the Board of Supervisors (BoS); instead, EIOPA will be represented by the relevant Heads of Departments.

FINAL MINUTES

5. The last JC meeting took place on 18 February. Regarding main discussions and action points members were invited to see for further details the Vice-Chair's update that had been uploaded before the meeting.
6. The Vice-Chairperson updated the MB on the progress concerning an appeal against EIOPA brought before the Board of Appeal (BoA). A hearing will take place 25 March. The BoA is expected to issue a decision in April.

INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISION – IAIS

7. With regard to the IAIS work on the holistic framework, the Vice-Chairperson focused on the progress in relation to the work on the Insurance Capital Standard (ICS) and the Holistic Framework for the mitigation of systemic risk in the global insurance sector (HF).
8. On the ICS, he referred to a letter sent by the former Chairperson – Gabriel Bernardino – to members, encouraging the enhancement of the EU participation in the ICS Monitoring Period which is of key strategic importance and will help steer the development of an ICS towards a global standard that is as close as possible to Solvency II.
9. Concerning the HF, the IAIS concluded the Baseline Assessment (BLA) of the HF, which covered a total of 26 jurisdictions (10 of which from Western Europe, including UK and CH). The level of participation and the overall results were positive. The IAIS will share the results with the FSB and with the general public. In the latter case it will also include details at the level of each individual jurisdiction. The next step is the Targeted Jurisdictional Assessment (TJA), which encompasses a more intrusive analysis with a supervisory exchange component.

EUROPEAN SYSTEMIC RISK BOARD - ESRB

10. On 2 March 2021, the Vice-Chairperson attended the Steering Committee meeting of the ESRB. Two main topics of relevance for EIOPA have been part of the meeting agenda, the Report on low level of interest rates and the Stress Test scenario.
11. The Report on Low level interest rates, provides a follow-up to the 2016 report by assessing policy proposals from 2016, and proposes new ones. Majority of Members supported the report, the recommendation on recovery resolutions will be integrated in the revised report. There are no contentious issues for EIOPA in the current version.
12. Stress Test scenario was not dealt with during the Steering Committee meeting but put forward as Written Procedure. Detailed discussion will take place in the RFSC.

EXTRAORDINARY BOARD OF SUPERVISORS MEETING

13. The Vice-Chairperson concluded his oral update reminding the MB Members on the upcoming extraordinary BoS meeting for shortlisting candidates for the position of EIOPA Chairperson on 22 March 2021. He encouraged the Members to actively participate in the relevant interviews to ensure a sound basis for finding the most suitable candidates.

UPDATES BY THE EXECUTIVE DIRECTOR

14. The Executive Director (ED) started his update by informing the MB Members on EIOPA's internal arrangements put in place for the interim period of EIOPA's Chairmanship.
15. During this transitional phase, the functions of EIOPA Chairperson are – by law – taken up and executed by EIOPA's current Vice-Chairperson, as per Article 48(2) of Regulation (EU) 1094/2010. For this reason, Mr. Peter Braumüller will be temporarily replaced as representative of the Austrian Financial Market Authority (FMA) at the EIOPA Board of Supervisors by his Alternate, Mrs. Katharina Muther-Pradler.

FINANCIAL SERVICES COMMITTEE - FSC

16. On 20 January 2021, EIOPA presented the Opinion on the Solvency II review, highlighting the three main themes on which improvement is needed. EIOPA stands ready to continue its work and to contribute to what is intended to be a good basis for the future.
17. In the FSC meeting on 17 February EIOPA jointly with the other ESAs presented the Union-wide Strategic Supervisory Priorities 2021. The work by and the presentation of the ESAs' were well received by the Members.

QUALITY CONTROL COMMITTEE: FOLLOW – UP

18. The ED briefed the MB Members of the follow-up of the QCC recommendations and work on the Working Groups Structure. The organigram on the EIOPA Extranet has been updated to implement the recent changes and the update will be conducted as a regular exercise on a quarterly basis. Also, EIOPA is working to make the organigram interactive, leading users to the respective Working group folders where more detailed information can be found on the work of the respective group.

EIOPA SUPPORT TO COM DG REFORM AND BUDGET AMENDMENT

19. At the end of 2020 EIOPA liaised with DG REFORM (former Structural Reform Services of the Commission) about EIOPA's involvement in a number of projects: (i) Reform of Occupational Pensions (Greece); (ii) Supervision of Conduct Risk from Product Oversight and Governance perspective (Greece); (iii) enhancing Supervision also in light of the new challenges faced by the insurance and pension funds sector (Portugal). All three projects are in line with EIOPA's supervisory objectives and help to achieve a sound system of supervision in Europe. The involvement will lead to the signature of an administrative agreement mid-March, which entitles EIOPA to additional revenue into the EIOPA budget. A budget amendment of the EIOPA 2021 budget will be initiated via a written procedure in April for approval. This will have no impact on the budget contributions of the NCAs of Member States and EFTA States (the projects are Commission funded).

COVID -19: UPDATE

20. On the more organisational aspect, the ED updated the MB Members on the recent developments in respect to COVID-19 and its impact on EIOPA's working arrangements. The German federal and state authorities decided on 3 March to extend the lockdown measures until at least 28th of March. The German authorities require continuing the teleworking measures where possible, until 30 April.
21. To be aligned with the national rules, EIOPA continues the application of the 'phase 0' arrangements where teleworking is mandatory for all staff until end April.
22. The status is re-evaluated regularly by EIOPA's Return to Office Taskforce.

TRAINING AND EVENTS PROGRAMME 2021

23. EIOPA's Training and Events Programme 2021 was provided to the BoS in writing on 15 December 2020.
24. As communicated previously the programme for 2021 will be adapted with further trainings and events during 2021 on quarterly basis. The first update adding two new events: "Joint ESAs online workshop with stakeholders on the public consultation on taxonomy-related disclosures" and "Improving consumer disclosures" in Q2, has been completed.

UPDATE BY THE EUROPEAN COMMISSION (COM)

25. The COM representative informed the MB Members on the following business files:
 - Adoption of the climate adaptation strategy: COM adopted its new EU strategy on adaptation to climate change on 24 February 2021. The new strategy sets out how the European Union can adapt to the unavoidable impacts of climate change and become climate resilient by 2050. COM recognized the role of EIOPA in the area of climate change.
 - Solvency II: COM is preparing an impact assessment, intensive efforts are being done for its' completion. COM requested aggregated data and sensitivity analysis by EIOPA in support of this impact assessment. The starting point for COM's work on the Solvency II review remains EIOPA's advice while COM is liaising closely with all interested stakeholders.
 - Motor insurance: progress is being made also in this area. COM had few preparatory meetings with the Portuguese presidency and the European Parliament (EP) on various aspects. A new political dialogue is to take place on 17 March 2021.
 - PEPP: all implementing measures have been adopted through two delegated acts at the end of February and through the Implementing Technical Standards (ITS) beginning of March. Currently the acts are under scrutiny period with the co-legislators.
 - Third Round Table on the release measures in the context of COVID-19 pandemic: COM organized two round tables in the summer of 2020 which resulted in recommendations and best practices. Following the third Round Table which was chaired by Commissioner McGuinness a follow-up letter was sent to EIOPA on (i) exclusion and some contractual clauses with impact on consumers and (ii) adaptation and insurance products in the current context where risk profiles and habits of policy holders might change.

- EU-UK: discussions are ongoing at working level on conclusion of regulatory cooperation framework. Progress is well on track.

CONCLUSIONS AND ACTION POINTS

26. Not applicable

AGENDA ITEM 3: COVID-19: LATEST DEVELOPMENTS

27. The Head of Risk and Financial Stability Department provided an update on the latest economic and financial market development in the context of COVID-19 crisis. The risk of expected increase in nonperforming loans as well as debt sustainability concerns were highlighted. Given the positive development in financial markets, risk of decoupling from the real economy was further stressed. Finally, the topic of cyber risk and cyber insurance need to be followed given the lockdown measures and increase in teleworking. EIOPA will further present a market update with elements of recent tendencies to increase in yields despite still remaining at ultra-low levels as well as IORPs investment behavior analysis in the upcoming BoS meeting.
28. EIOPA confirmed that the recent cyber-attack that affected EBA had not had any impact on EIOPA and all necessary measure had been taken to avoid this risk in the future.

DECISION

29. Not applicable

CONCLUSIONS AND ACTION POINTS

30. The MB took note of the update. Risk of decoupling between financial market and the real economy as well as cyber risk need to be further followed.

AGENDA ITEM 4: INSTITUTIONAL TOPICS

4.1. INTERNAL CONTROL AT EIOPA: REPORT 2020 AND WORKPLAN 2021

31. The Head of the Corporate Support Department, in his capacity as EIOPA's Internal Control Coordinator, provided an annual update on the status of implementation of EIOPA's internal control system, the activities that have taken place in 2020, the main internal control results as well as the work plan for 2021. The MB has been informed that there are no critical internal control issues and that the system is functioning as intended, with some improvements to be addressed in the next period.

DECISION

32. Not applicable

CONCLUSIONS AND ACTION POINTS

33. The MB welcomed the Internal Control report for 2020 and the plans for 2021.

4.2. EIOPA SUSTAINABILITY POLICY AND COVID-19 IMPACT: FOLLOW UP

34. The Head of the Corporate Support Department presented a status update of EIOPA's Sustainability Policy, outlining the proposed path to a substantial improvement of the agency's environmental performance.
35. The MB was informed of the target to reduce EIOPA's carbon footprint by 20% by 2023, as compared to 2019 baseline numbers; a breakdown of this objective was shared. The goal remains to obtain formal certification under the European Eco-Management and Audit Scheme (EMAS) in Q1 2022.
36. The MB was presented with a more detailed plan on how to achieve the proposed 35% reduction of missions and of on-site meetings. The MB has been made aware that, at present, EIOPA is only taking into consideration emissions produced by staff members' business travel but not travel emissions of visitors and external guests. This aspect will be included once the relevant travel data can be obtained.
37. MB Members highlighted the importance of striking a good balance between on-site and digital meetings for EIOPA's decision-making bodies, allowing for sufficient personal contacts.

DECISION

38. Not applicable

CONCLUSIONS AND ACTION POINTS

39. The MB took note of the present status of implementation and in particular of the target to reduce EIOPA's carbon footprint by 20% by 2023, as compared to 2019 baseline numbers.
40. The MB expressed the need for maintaining a sufficient number of on-site board meetings to allow for interpersonal exchanges.
41. The approval of EIOPA's policy on meetings and missions is envisioned for the September MB meeting.
42. The MB members are invited to provide comments regarding the on-site meeting reduction strategy.

4.3. EIOPA EFFICIENCY INITIATIVES

43. Following the discussions in the MB meeting of 14th January 2021, the Head of the Corporate Support Department presented EIOPA's efficiency initiatives, focusing on EIOPA's strategy, the benefits EIOPA has already seen and the plans to achieve further efficiencies through digitalisation for both internal and external stakeholders.

DECISION

44. Not applicable

CONCLUSIONS AND ACTION POINTS

45. The MB overall welcomed efficiency initiatives in particular through digitalisation and the use of new technologies.
46. The MB expressed the view to consider the impact that the initiatives have on National Competent Authorities (NCAs), the cross reference with the Annual Work Programme and the efficiencies that could be potentially gained through de-prioritisations.
47. The MB members are invited to provide proposals on the de-prioritisations.

4.4. FOLLOW-UP TO THE PRELIMINARY ASSESSMENT OF THE EUROPEAN OMBUDSMAN

48. The Vice-Chairperson acknowledged the difficulties EIOPA is faced with and the limited options at hand to address the very clear view of the European Ombudsman set out in her preliminary assessment. He also pointed to the settled ESMA transparency practice and any potential negative effects, including reputation damage, EIOPA might experience if it did otherwise.
49. The Head of Corporate Affairs Department presented the background of the European Ombudsman's preliminary assessment and the essence of the proposed follow-up. The latter is tailored to the legal aspects on the matter, as enshrined in the current case-law on transparency of legislative decision-making and the relevant, longstanding practice of the European Ombudsman. In tailoring the proposed follow-up, EIOPA aimed to ensure that the Board's deliberation dynamics are not prejudiced, and that there is no reputational harm on EIOPA and that the ESAs are broadly aligned on the matter. The follow-up is intended to address the issues set out in the Ombudsman's preliminary assessment with focus on the general point regarding disclosure of decisions related to legislative material, and the specific point regarding the requested information.
50. The Vice-Chairperson highlighted that EIOPA needs a workable and reasonable solution in this respect. To this end, he stressed that the follow-up is meant to avoid any undesired results and risks of having to deal with lengthy processes leading eventually to the same results as the ones presented in the follow-up approach.

DECISION

51. Not applicable

CONCLUSIONS AND ACTION POINTS

52. Overall, the MB supported the proposal concerning the closure of the Ombudsman's case (1564/2020/TE) and possible way forward as suggested by EIOPA.

53. The MB encouraged close alignment across the ESAs without prejudicing the supervisory work of the Board of Supervisors (BoS).
54. EIOPA to present the follow-up at the upcoming meeting of the BoS.

AGENDA ITEM 5: QUALITY CONTROL COMMITTEE - MANDATE 2021

55. The QCC Chairperson presented the mandate for the QCC for 2021 and proposed that quality review theme for 2021 will be defined during the June 2021 MB and BoS meetings. At the moment the QCC is focusing on the review of EIOPA's website functionalities.

DECISION

56. Not applicable

CONCLUSIONS AND ACTION POINTS

57. The MB unanimously supported the Quality Control Committee Mandate 2021.
58. QCC Chairperson to propose the QCC review topic for 2021 to the MB and BoS for adoption in the June 2021 meetings.

AGENDA ITEM 6: BOS PREPARATION

6.1. INSURANCE STRESS TEST 2021

59. The Head of the Risks and Financial Stability Department introduced the topic focusing on the planning and on the main aspects of the vintage 3 provided by the European Systemic Risk Board (ESRB).
60. On the process, Members asked for clarifications on the activities planned in the pre-launch phase, and on the steps at RFSC level that will bring to the discussion of the scenario in the General Board planned on 25 March.
61. On the vintage 3, Members expressed concerns on the severity of the scenario and on how informative the estimated likelihood provided by the ESRB is.
62. The Head of the Risks and Financial Stability Department clarified that the pre-launch aims at anticipating the standard Stress Test Q&A process. On the scenario, the discussion and approval process proceeds on a tight schedule and MB Members are invited to provide their comments in the RFSC meeting specifically planned on 12 March and in the interactions planned at ESRB level. On the level of severity, he reminded that the objective of a Stress Test exercise is to assess the resilience of the industry under severe but plausible circumstances, hence beyond the level of confidence prescribed by the regulation. To that aim an assessment of the likelihood of the scenario, acknowledging its approximation, is a proper indicator for the level of severity.

DECISION

63. Not applicable

CONCLUSIONS AND ACTION POINTS

- 64. The technical details of the scenario will be discussed in the Risk and Financial Stability Steering Committee (RFSC) meeting specifically planned on 12 March 2021.
- 65. MB members were invited to express their comments to the Vintage 3 of the Market scenario in the forthcoming RFSC meeting and directly to the ESRB in the ESRB TFST meeting and subsequent written procedure.

6.2. UPDATE ON EIOPA WORK ON THE EUROPEAN UNIT-LINKED MARKET

6.2.1. Product Intervention Opinion

- 66. The Head of the Conduct of Business Oversight Unit introduced the topic by updating MB Members on the timeline for the Opinion on Product Intervention: the written procedure has been postponed by two days to give three days for expression of views.
- 67. The Vice-Chairperson further clarified that the approval by written procedure was necessary in view of the timing indicated to EIOPA in relation to the intention to adopt a product intervention measure.

DECISION

68. Not applicable

CONCLUSIONS AND ACTION POINTS

- 69. The Draft Opinion will be shared with BoS members in a two-step written procedure. The comment phase will start on Friday 12 March 2021 followed by an approval phase.
- 70. The discussion at the March BoS will focus on the course of action to be taken in light of EIOPA's Opinion.

6.2.1. Draft Framework for addressing Value for Money

- 71. The Head of the Conduct of Business Oversight Unit presented the Consultation Paper.
- 72. While the MB broadly supported both the work on the Opinion and the Consultation Paper, in relation to the consultation paper some Members highlighted the importance of diversity between national markets, and the need for flexibility in tackling market issues.
- 73. Also, it was discussed that the framework should not be drafted so as to interfere with the possibility for commission payments to distributors.
- 74. Moreover, it was highlighted that a cost by cost analysis may not be practical and may not fully tackle the issue.

DECISION

75. Not applicable

CONCLUSIONS AND ACTION POINTS

76. The MB supported the work carried out to date, whilst providing some initial comments on the substance (difficulties analysing costs for single components rather than as a whole, the framework should not imply the necessity of fee-based rather than a commission-based distribution models).
77. EIOPA to update the framework in view of the initial input provided and to share with the BoS for comments alongside the Opinion. The final draft will be discussed in the March BoS with a focus on the content. Following an assessment of the responses to the public consultation and stakeholder engagements, proposals will be made on possible instruments for next steps.

6.3. Implementation of dividends recommendations – updates

78. The Head of Risks and Financial Stability Department introduced the topic. Some members expressed their concerns on the note as in their jurisdictions there was already communication towards the market on the topic and different approaches are being implemented in different member states. At the same time it was acknowledged that the note should provide something concrete in terms of message to the market and contribute to supervisory convergence in the Union.

DECISION

79. Not applicable.

CONCLUSIONS AND ACTION POINTS

80. The MB expressed their views on the way forward. The difficulties of the topic were acknowledged.
81. EIOPA to prepare a revised version of the note reflecting on the comments received at RFSC level and the discussions at the MB meeting with the purpose to converge the different views.

AGENDA ITEM 7: AOB

DECISION

82. Not applicable.

CONCLUSIONS AND ACTION POINTS

83. The Vice-Chairperson informed the MB Members on the next MB meeting which will take place on 8 June 2021.

58th MB Meeting, 11 March 2021

FINAL MINUTES

ANNEX: LIST OF DECISIONS ADOPTED BY WRITTEN PROCEDURE FROM 15.01.2021 TO 11.03.2021

MB-2021-01

84. Decision adopting by consensus the Minutes of the 57th Management Board Meeting

Participants at the Management Board's meeting via videoconference

11 March 2021

Vice-Chairperson: Peter Braumüller

<u>Country</u>	<u>Member/Alternate</u>
Czech Republic	Zuzana Silberová /Jiri Kalivoda (start of the meeting)
France	Patrick Montagner/[-]
Italy	Alberto Corinti /[-]
Netherlands	Else Bos/[-]
Spain	Sergio Alvarez /[-]
Sweden	Åsa Larson /[-]

<u>Institution</u>	<u>Non-Voting Member/Alternate</u>
European Commission	Larisa Dragomir

EIOPA Staff

Executive Director	Fausto Parente
Head of Corporate Affairs Department	Susanne Rosenbaum
Head of Corporate Support Department	Danny Janssen
Head of Oversight Department	Patrick Hoedjes
Head of Policy Department	Justin Wray
Head of Risk & Financial Stability Department	Dimitris Zafeiris