






Joint Meeting between the Insurance, Pensions and Risk Management Committees

Vilnius 18 April 2024

Consultations Summary Q1 2024

Summary of consultations Q1 2024

Consultation	Authority	Status/Outcome		Deadline
1. Consultation on the Prudential Treatment of Sustainability Risks	EIOPA	Submitted to EIOPA on 20 March 2024		22 March 2024
2. Consultation on the Methodology for Value for Money Benchmarks	EIOPA	Submitted to EIOPA on 15 March 2024		15 March 2024
3. Consultation on Sustainability claims and greenwashing in the insurance and pensions sectors	EIOPA	Submitted to EIOPA on 8 March 2024		12 March 2024

Consultation on the Prudential Treatment of Sustainability Risks



Consultation Summary Note

[View consultation document](#)[View consultation response](#)

Purpose of the consultation

The primary goal of the consultation was to assess the potential for dedicated prudential treatment of assets and/or activities relating to environmental / social objectives. This included evaluating the impact of proposed amendments on insurance and reinsurance undertakings in the European Union. The consultation paper responds to Article 304(a) of the Solvency II Directive and focuses on the risk-based analysis of sustainability risks, particularly in relation to market risks and transition risks, non-life underwriting risks, climate-related risk prevention measures, and social risks.

Issuing Authority

European Insurance and Occupational Pensions Authority (EIOPA)

Summary of the main messages

The AAE is of the view that capital requirements should always consider risks adequately. The overarching principle is that “same risk should require same capital”. The AAE recognises the necessity of considering sustainability risks appropriately in the risk management of undertakings. However, it was noted that at this stage, there were certain data and methodological limitations that suggest a cautious approach. From the responses received from our member associations, and although no consensus was reached with respect to the preferred approach, the majority indicated the need for a more balanced direction that accounts for the dynamic nature of transition risks, with preference for leveraging the ORSA process under Pillar II for incorporating forward-looking simulations and climate risk analysis, instead of adopting an explicit allowance under Pillar I in the SCR. The response was rather technical in places and more detail is available through [link](#).

Notes on disagreements

There was a notable disagreement by a single individual who was generally in favour of Option 3, i.e., explicitly addressing sustainability and climate risks within Pillar I. He had voiced concerns that our response erred on the conservative side and there was a risk that it would not be viewed favourably by EIOPA. His comments were passed to Board Reviewers and the AAE response was caveated appropriately, noting that a minority of members had different views.

List of volunteers/contributors

Lauri Saraste (Chair of the AAE Insurance Committee), Institute of Actuaries Belgium, submitted by Daphne De Leval (Vice Chair of IC), Siegbert Baldauf (Chair of the AAE Solvency II WG), Jerome Crugnola-Humbert (Chair of the AAE SCR WG), AAE Non-Life Working Group (submitted by Christoph Krischanitz), Society of Actuaries Ireland (submitted by Michael Sharpe), Danish Actuarial Society (submitted by Conor O’Byrne), Institute of Actuaries France (submitted by Stephane Lemer).

Assigned Committees

Risk Management Committee and Insurance Committee

Board Reviewers

Frank Schiller and Matthias Pillaudin

EIOPA deadline

22 March 2024

Submission date

20 March 2024

Consultation on the Methodology for Value for Money Benchmarks



Consultation Summary Note

[View consultation document](#)[View consultation response](#)

Purpose of the consultation	The consultation aims to develop a methodology for assessing Value for Money (VfM) in unit-linked and hybrid insurance products. It seeks to establish benchmarks as supervisory tools for National Competent Authorities (NCAs), with the aim of providing clarity for insurance manufacturers and distributors on supervisory approaches towards VfM risks, to ensure customer-centric products that consider VfM aspects.
Issuing Authority	European Insurance and Occupational Pensions Authority (EIOPA)
Summary of the main messages	The AAE supported EIOPA's initiative for Value for Money (VfM) benchmarks but with some reservations. We endorsed the use of benchmarks as tools for supervisory authorities to identify potentially low VfM products, stressing the importance of incorporating both qualitative and quantitative factors in assessments. We cautioned against the public use of these benchmarks, due to the complexity of insurance products and the potential for misinterpretation of their value. We expressed our concerns that benchmarks might inadvertently influence product design to optimise for benchmark performance at the expense of innovation and customer choice. The AAE advocated for benchmarks to primarily serve as supervisory tools, not consumer comparison metrics, and emphasised the need for a balanced and prudent approach in their development and application in order to avoid unintended consequences.
Notes on disagreements	There was a mild divergence in opinions between the German and French contributors with respect to the use of past performance as an indicator versus a more forward-looking based indicator. The issue was resolved by incorporating both views into our response and caveating it appropriately e.g., both past performance as well as forward-looking indicators could be considered. We also caveated the wording to say that past performance can be useful but, in many cases, may not be a reliable indicator and should be considered with caution. This satisfied both groups of volunteers.
List of volunteers/contributors	Consumer Protection Working Group, Society of Actuaries Ireland (submitted by Michael Sharpe), Danish Actuarial Society (submitted by Samuel Achord), Institute of Actuaries France (submitted by Valery Jost), German Actuarial Society (submitted by Tobias Rieck).
Assigned Committees	Insurance Committee
Board Reviewers	Giampaolo Crenca and Matthias Pillaudin
EIOPA deadline	15 March 2024
Submission date	15 March 2024

Consultation Summary Note

[View consultation document](#)[View consultation response](#)

Purpose of the consultation

The main goal of the consultation was to address the issue of greenwashing in the insurance and pensions sectors. It focused on ensuring that sustainability claims made by providers must be accurate and not misleading. It addressed challenges related to the supervision of greenwashing and developing a common approach to supervise all sustainability claims and greenwashing, to ensure consistent outcomes across the EU.

It addressed the broad range of sustainability claims and the ways in which these can be misleading, covering issues like selective disclosure, empty claims, vagueness, inconsistency etc.

Issuing Authority

European Insurance and Occupational Pensions Authority (EIOPA)

Summary of the main messages

The AAE supported EIOPA's efforts to address greenwashing and enhance sustainability claims' transparency and accuracy in the insurance and pensions sectors. We generally agreed with the outlined principles but emphasised the need for clear definitions, including examples of misleading claims, irrespective of the intention behind them. The AAE suggested expanding the opinion to cover sales intermediaries' roles in potentially misleading claims and acknowledged the importance of integrating both international and local frameworks to govern sustainability claims effectively. The AAE noted the need for proportionality, especially for small businesses, and suggested a review by EIOPA in 1-2 years to assess progress. We highlighted the challenge of balancing technical detail with accessibility for stakeholders and suggested clear, understandable, and accessible sustainability claims information to foster greater transparency and trust.

Notes on disagreements

No notable disagreements or divergence of views were observed.

List of volunteers/contributors

Danish Actuarial Society (submitted by Conor O'Byrne), Society of Actuaries Ireland (submitted by Michael Sharpe), Jerome Crugnola-Humbert (Chair of the AAE SCrR WG), Ezgi Nevruz (Member of the AAE SCrR WG)

Assigned Committees

Risk Management Committee

Board Reviewers

Giampaolo Crenca and Malcolm Kemp

EIOPA deadline

12 March 2024

Submission date

8 March 2024