



European Agenda

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Insurance Committee

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Update by EIOPA:

- Both Solvency II & IRRD going to be finalized but for instance the translations will take time to finish. EIOPA has identified 25 new guidelines and advices relating to Solvency II and on IRRD 19 new ones. For EIOPA it seems clear that there will be no new resources granted for them meaning that they will do their best to sequence the workload but have also asked bit more time to accomplish everything. On SII the Level 2 legislation still needs to be drafted by EC, EIOPA has not got a call for advice from EC to help with this. When reviewing all the existing documents on Solvency II, EIOPA will take a look also what could be deleted. Anyway, deleting takes as much time that drafting something new.
- On some of the already finalized consultations, EIOPA was glad on the responses to the one on the supervision of captive (re)insurers with a focus on intra-group transactions, the prudent person principle and governance. They got a lot of support for the work done but also a lot of specific comments. But the other consultation on 3rd country re-insurance seemed to be more difficult. The content was more or less fine but the tone still not. Here EIOPA needs to look what will be their final opinion on it.
- EIOPA will be running a survey on SME's and their cyber resilience, more details to follow.
- EIOPA was very positive on ICS which seemed to be developing very well as this is the final year now and they expect not that much more changes anymore. An agreement was reached with US to keep EU internal models in the structure. This basically means that ICS can be used by EU insurers without changing their Solvency II models that much. Anyway every insurer (that will be under ICS) needs to ask IAIS whether they need to comply and which way this can be done. Also the equivalence assessments on group capital requirements, re-insurance and group supervision has been taking place. EIOPA is expecting an assessment to be held towards Japanese prudential framework as an example.

Notes from EIOPA IRSG meetings

Update by EIOPA:

- On proportionality, EIOPA will focus on SFDR both in entity and in product levels. But other work will be done as the high risk category on AI act needs clarifications in terms of proportionality. FIDA will also be in the pipeline.
- On value for money, EIOPA seems to look this more widely, saying that the conduct supervision and value for money especially is needed when we are changing towards EU internal markets. This might happen because of digitalization and innovations. This was one of the reasons why EIOPA don't support national benchmarks for the UL market value for money. They believe that value for money aspects should also be brought into the cyber insurance (supervision) development where the value chain seems to be very important to look at holistically.
- In Eurofi (in February) there was a lot of discussions on the EU needs for more investments. One of the major ideas seemed to be that banks need to get their 'brown investments' of their balance sheet and this could be done by using securitizations. Then insurers should be in a position to buy these securitizations from banks and that their capital requirements should allow for this (Solvency II review touches on this topic). EIOPA alerted on the topic in many discussions and personally has serious doubts about it, for instance how insurers ALM works in this case?
- On right to be forgotten (EIOPA present in the roundtables) the discussion desperately needs voices to bring out the understanding of insurance business models, regulatory frameworks and national specificities. EIOPA will be doing some work on benefits of mutualization but this doesn't cover only rtbf but also AI type of topics.

Other topics:

- EIOPA made a presentation on the prudential treatment on sustainability risks. They referred to work already done in the past and that as the method has already been discussed this time EIOPA just puts the parameters in... and now we should talk about the results. They seem to have identified some policy options on both Equity and Spread risk SCR's varying from no change to increased capital requirements. On property risk and non-life risk side not enough data was available to make conclusions. On the questions about the technical aspect that would the current legislation allow SCR to include forward looking risk parameters - EIOPA's opinion was that there is something like that already in the regulation so nothing would be contradicting here.
- EIOPA told about the ongoing work relating to ESAs work to assist commission to amend the SFDR Delegated Regulation in two ways
 - (1) Expansion and streamlining of SFDR principal adverse impact (PAI) indicators and
 - (2) Financial product disclosure of decarbonization targets.

ESA's are currently building the supervisory experience of the implementation of the SFDR with the attempt to finalize the work on May 2024. In high level their principles are that

 - (a) amendments, such as introduction of product categorization should be consumer tested,
 - (b) Striking a balance between usability, understandability and comparability across different types of products and
 - (c) Consistency with other EU sustainable finance legislation and interoperability with international initiatives.

Notes from EIOPA IRSG meetings

Other topics:

- EIOPA made a presentation on the [Cost & Past performance report](#). One of the new finding was that many customers believes that they don't get unbiased advised (even in countries where there is bans in place). In the discussion it was brought out that EU members should be able to use their home country bank accounts when using (financial) services across EU but this doesn't seem to be the case always. For pensions, EIOPA was being encouraged to make sure that CMU discussion also includes a pension gap discussion.
- EIOPA made a presentation giving some examples of EIOPA's work on diversity, equity and inclusion. They have been looking for instance the access to insurance, gender gap in various ways and also vulnerability (e.g. insurance lapsing from different reasons). In the future they will also use more time to investigate differential pricing practices, fair pricing, right to be forgotten and sustainable non-life products..

EU Capital Market Union plans (March 2024)

The Eurogroup has identified priority areas for action where measures are necessary to improve the functioning of European capital markets. Here's some of these:

1. Develop the EU securitisation market to allow for the efficient and transparent transfer of risks to parties best equipped to carry those risks.
2. Further supervisory convergence of capital markets across the EU.
3. Reassess the regulatory framework to reduce regulatory burden and transaction costs for market participants.
4. Targeted convergence of national corporate insolvency frameworks.
5. Further harmonise accounting frameworks in a targeted manner
6. Foster equity financing through well-designed national corporate tax systems to ensure EU companies have access to diversified sources of funding.
7. Improve conditions for institutional, retail, and cross-border investment in equity, in particular in growth/scale up venture capital
8. Bolster the EU's edge in sustainable finance by scaling up the impact of the EU framework
9. Support sufficient complementary income streams for an ageing population through wider use of longer-term savings and investment products, including through occupational and personal pension schemes
10. Develop attractive cost-effective and simple cross-border investment/savings products for retail investors

EU plans for digital finance

The EU digital finance plans develop and event was organized to bolster this on 21st March. The key elements of the plans are:

- **Digital Euro**
 - a 'single currency package' to ensure that individuals and businesses can continue to access and pay with euro banknotes and coins across the euro area, and to set out a framework for a possible new digital form of the euro.
- **Framework for digital data access**
 - the first set of measures include amendments to modernise the payment services regime (PSD2), and to establish a Payment Services Regulation (PSR).
 - second set of measures is embodied in a legislative proposal for a framework for financial data access (FIDA).
- **Cyber resilience**
 - Cyber resilience means being prepared for, as well as being capable of enduring, recovering from, and adapting to cyber threats. The EU adopted a legislative framework the Regulation on Digital Operational Resilience (DORA), in order to strengthen companies' capacity, not just for preventing incidents but also for minimising disruptions and ensuring swift recovery after ICT-related disruptions
- **Crypto assets**
 - EU adopted a comprehensive legislative framework that regulates the issuing of crypto assets as well as the services provided in respect of crypto-assets. The Regulation on the Markets in Crypto-Assets (MiCA) covers the crypto-assets and related services and activities that are not covered by other Union legislative acts on financial services.