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EUROPEAN INSURANCE
AND OCCUPATIONAL PENSIONS AUTHORITY

EIOPA

Towards a European Supervisory Culture

Gabriel Bernardino

Chairman of EIOPA

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- EIOPA's vision and values
- EIOPA's early experiences
- Main objectives for the next two years
- Is there a need for additional powers for ESAs?
- Challenges

*EIOPA aims to be a **modern, competent and professional organization** that acts independently in an effective and efficient way towards the creation of a **common European supervisory culture**.*

in "EIOPA's vision and strategy"

EIOPA is governed by a set of **values** that guide our action and the daily relationship with our members and stakeholders:

- **Independence**
 - **Responsibility**
 - **Integrity**
 - **Transparency**
 - **Efficiency**
 - **Team spirit**
-

EIOPA in 2011 – Learning to fly, but already delivering

- **Regulation**
- **Oversight**
- **Financial stability**
- **Consumer protection**
- **International relations**

- **Regulation**

- ✓ **Solvency II**

- Report on **QIS 5**
 - Consultation on Solvency II **XBRL Taxonomy**
 - Consultation on **Guidelines** on **ORSA**
 - Joint report on **calibration of risk factors** in the standard formula
 - Draft proposal on **Quantitative Reporting Templates** + add-on for financial stability purposes

- **Regulation**

- ✓ **Review of the IORP Directive**

- Draft response to EU Commission Call for Advice on the review of the IORP Directive
 - Scope and definitions
 - Quantitative requirements
 - Governance and other qualitative requirements
 - Disclosure requirements

- **Regulation**

- ✓ **Own initiative reports**

- Reporting requirements applicable to IORPs
 - Risk mitigation mechanisms for Defined Contribution related risks
 - Risks related to Defined Contribution pension plan members
 - Cross-Border cooperation mechanisms between Insurance Guarantee Schemes in the EU
 - Pre-enrolment information to pension plan members
 - Report on Variable Annuities

- **Oversight**

- ✓ **Colleges of supervisors**

- Participation in the colleges of supervisors

- lead in ensuring a **consistent and coherent functioning** of colleges

- Report on the functioning of Colleges of Supervisors including targets to be monitored

- **EIOPA colleges action plan**

- ✓ Better **understanding local markets and NSA's** - visits by EIOPA staff

- **Financial Stability**

- ✓ **Monitor and assess market developments**

- **Financial Stability Report 2011**

- **EIOPA Risk dashboard**

- Cooperation within the **ESRB**

- ✓ **EU wide stress test**

- Evaluate the overall stability of the EU insurance market and assess the major vulnerabilities

- Test of the **long-term low interest rate** environment

- **Consumer protection**

- **Guidelines on Complaints-Handling** by Insurance Undertakings
- **Best Practices** by Insurance Undertakings in handling complaints
- Best practices on **disclosure and selling practices of variable annuities**
- Report on **Financial Literacy and Education** initiatives
- Work on initial overview of **Key Consumer Trends** in the EU
- First **EIOPA Consumer strategy** day

- **International Relations**

- ✓ **Solvency II equivalence analysis**

- Reports on the equivalence assessment of the Bermudan, Japanese and Swiss supervisory systems

- ✓ **International Association of Insurance Supervisors**

- EIOPA full member of the IAIS - the international standard setter in the insurance area
- Active participation in the development of **Comframe** (Common framework for the supervision of International Active Insurance Groups)
- EIOPA chair elected to the Executive Committee

Main objectives for the next two years



- **On Regulation:**
 - ✓ **Technical standards, guidelines** and recommendations to implement SII
 - ✓ Develop the **single rule book** - IMDII, PRIPS, IORPII
- **On Oversight:**
 - ✓ **Common framework** for the **Supervisory Review Process** under SII
 - ✓ Increased focus on **Peer Reviews**
 - ✓ Foster the **exchange of information within Colleges** of supervisors
- **On Financial stability:**
 - ✓ Create a **centralized hub of information** for stability purposes
 - ✓ Monitor the **system risk** in the EU insurance market

Main objectives for the next two years



- **On Consumer protection:**
 - ✓ Closer look at **unfair practices** that lead to consumer detriment
 - ✓ Reinforce the **standardization and comparability** of the information provided
 - ✓ A new **governance framework for product suitability**
 - ✓ Strengthen **conduct of business supervision**
 - ✓ **Ensure cross-sectoral consistency** – Role of the Joint Committee
- **On International relations**
 - ✓ Contribute to the development of **robust international standards** for International Active Insurance Groups

Is there a need for additional powers for the ESAs?

- Current Regulation represents a balanced approach
- Need to **maximize the efficiency** of an EU authority
- New powers? - **Step by step approach**
- New tasks and responsibilities should imply **adjustment on resources**
- Preference for **100% EU financing** - independent line in the EU budget

- The ESAs and the NSAs
 - ✓ **Independent** but **closely cooperating**
 - ✓ Need to foster **supervisory convergence**
- Regulation - One size does **not** fit all
 - ✓ Closer look at **proportionality**
 - ✓ **Do not treat equally what is different** (different sectors have different risks)
- Principles *versus* details
 - ✓ **Sound principles** should be the basis
 - ✓ **Level playing field** calls for more detail

- Creation of a truly **European supervisory culture** that:
 - ✓ **Promotes stability**
 - ✓ **Enhances transparency**
 - ✓ **Fosters consumer protection**
- A culture based on **intelligent and effective regulation**
- A culture that **adds credibility and promotes good practices**



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Thank you

Gabriel Bernardino, Chairman
