



**eiopa**  
EUROPEAN INSURANCE  
AND OCCUPATIONAL PENSIONS AUTHORITY

# A Credible European Supervisory Authority:

## Leading Supervisory Convergence

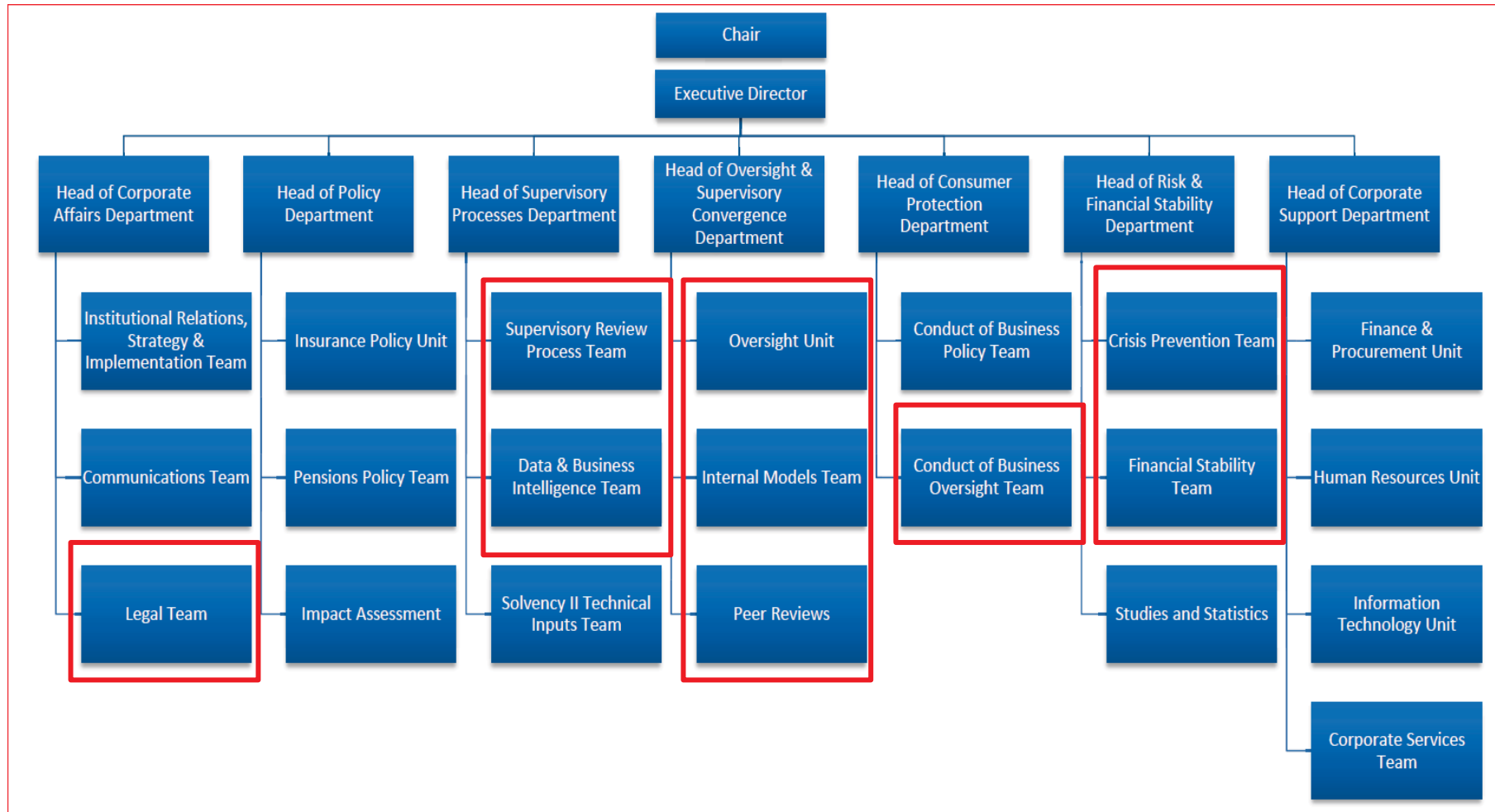
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Workshop for Heads of Insurance Supervision  
Centre for Central Banking Studies  
London, 4 July 2017

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- EIOPA Organisation
- EIOPA Risk Framework
- Common European Supervisory Culture
- Supervisory Tools
  - o General
  - o Bilateral
  - o Cross-border
  - o Other

# EIOPA Organisation



# Risk Framework Pillars

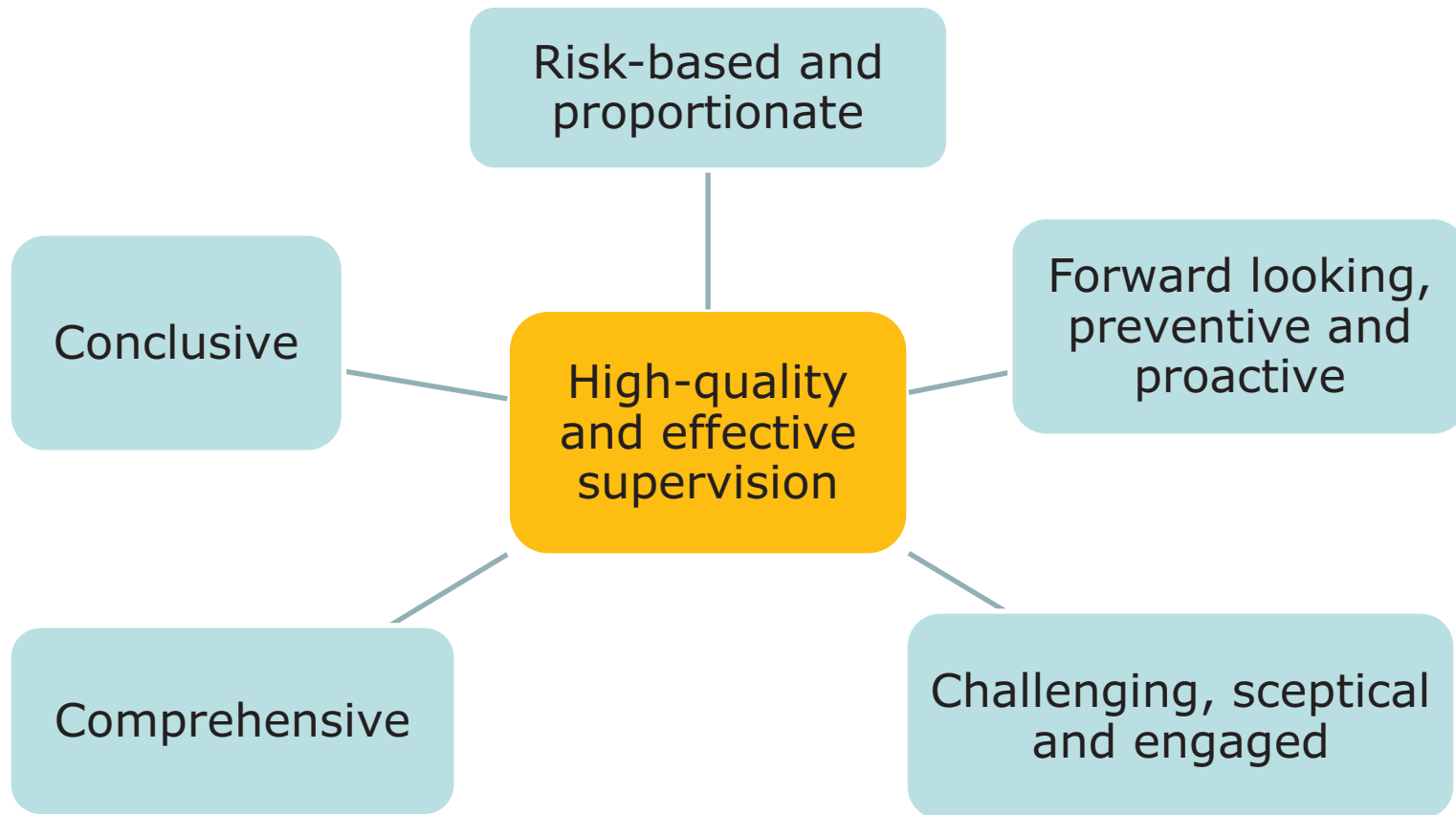
## EIOPA Oversight

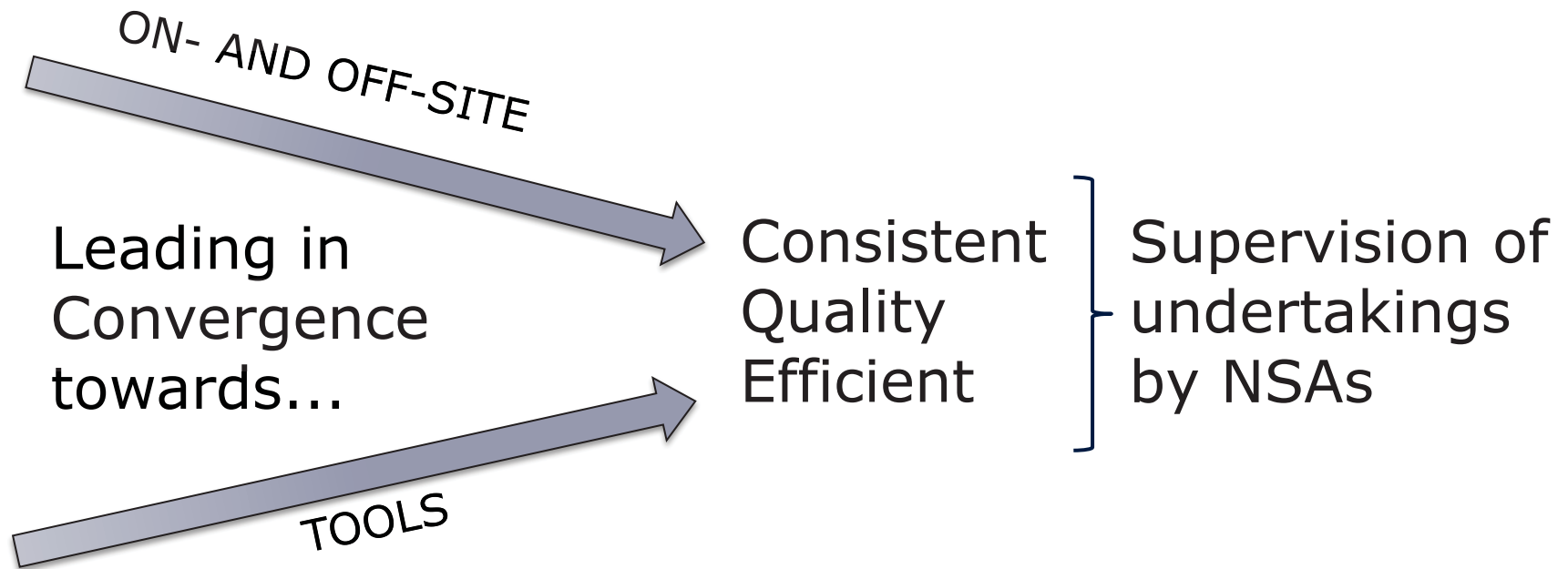


**Market**

**Groups**

**Level of  
Supervision**





- **Gathering intelligence**
  - Diagnosing and analysing markets
  - Consumer trends reports
  - Retail risk indicators
  - Financial stability report
  - Risk dashboard
  
- **With follow-up recommendations:**
  - European Union-Wide Stress Tests
  - Consistency Projects

## **Diagnosing and analysing markets**

- EIOPA has access via its central data repository to the individual undertakings and groups' supervisory reporting. This allows EIOPA to assess the national and European insurance markets' risks. – consumer trends reports – retail risk indicators

## **Consumer Trends Reports**

- EIOPA's Consumer Trends Reports have raised awareness of existing and emerging cases of consumer detriment in the insurance and pensions markets and formed the basis for targeted policy initiatives in the field of conduct of business regulation.

## **Retail Risk Indicators**

- Early identification of potential conduct risks for policyholders through additional regular and timely analysis of data trends – focusing, for instance, on changing business models, product characteristics and distribution channels.



## **Financial Stability Reports**

- EIOPA carries out comprehensive bi-annual economic analyses of risks and vulnerabilities facing the insurance and IORPs sectors in order to assess their financial stability. The reports draw on a range of qualitative and quantitative data drawn from supervisory and market sources.

## **Risk Dashboard**

- The quarterly Risk Dashboard is based on a common set of quantitative and qualitative indicators used to identify and measure systemic risks. The Dashboard gives a structured view of risks to the financial sector and aims to facilitate possible mitigation policies of these risks.

## **Consistency Projects**

- An important tool to address inconsistencies and potential threats are the dedicated European Union-wide projects which are collecting the required information and thoroughly studying the issues in detail. As a result EIOPA will take appropriate remediation actions for example in the form of an EIOPA Supervisory Opinion or another relevant oversight action.

## **European Union-Wide Stress Tests**

- EIOPA periodically organises and conducts peer reviews on specific activities of national supervisory authorities in order to further strengthen consistency in the outcome of supervisory actions.

# Recommendations and Best Practices

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# Recommendations and Best Practices II



## **Colleges of Supervisors**

- EIOPA is member of colleges of supervisors and therefore participating in the direct oversight of cross-border groups, playing a coordinating role and by that overcoming fragmentation and enhancing the effectiveness of supervision.

## **Thematic Reviews**

- Used to target a specific financial activity causing consumer detriment or creating a barrier to the effective functioning of a retail market/delivery of good consumer outcomes. Thematic Reviews allow investigation by EIOPA into a specific risk, leading to a deeper analysis than through normal tools.

## **Peer Reviews**

- EIOPA periodically organises and conducts peer reviews on specific activities of national supervisory authorities in order to further strengthen consistency in the outcome of supervisory actions.

- **Structured Bilateral Engagements with National Supervisors**
  - o Update Risk Assessment on market and level of supervision
  - o Independent and challenging feedback
  - o Recommendations for improvements
  - o Follow-up measures including preventive and remedial actions
- **Balance Sheet Reviews (Romania + Bulgaria)**
- **Link to cross-border tools**

## **Structured Bilateral Engagements with National Supervisors**

To ensure common understanding of effective supervision EIOPA regularly engages bilaterally with national supervisory authorities, assessing the national supervisory practices.

These bilateral engagements are tailored to the national specificities following the diagnosis and analysis of the national markets and where relevant deal with cross-border issues.

As outcome of these bilateral engagements, EIOPA:

- Updates its Risk Assessment on the market and the level of supervision
- Provides independent and challenging feedback
- Delivers recommendations for improvements
- Defines follow-up measures including further visits addressing the implementation of EIOPA's recommendations and taking preventive and remedial actions

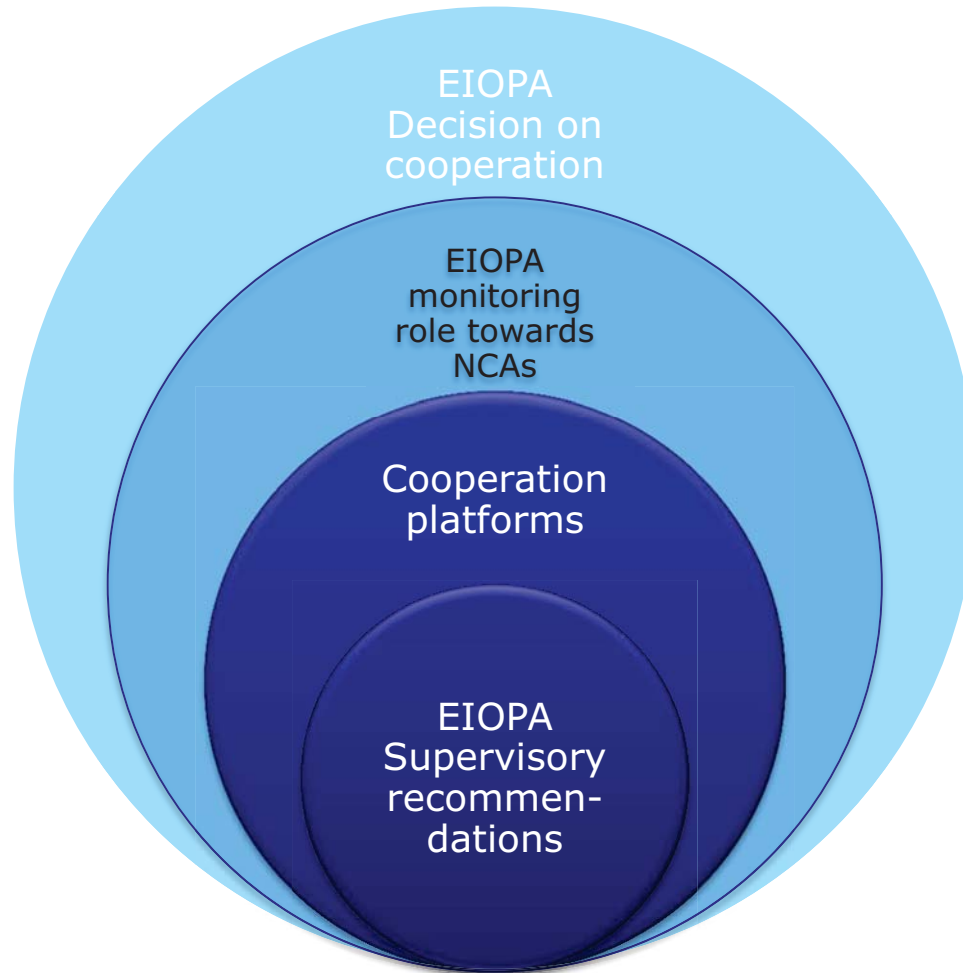
## Balance Sheet Review Romania

- The exercise followed the joint mission of the International Monetary Fund (IMF) and the Commission in Romania in June 2014, held within the context of the third review under the IMF Stand-By Arrangement (SBA) and the first review of Romania's precautionary balance of payments programme with the European Union.
- EIOPA was requested to provide steering and technical support for the assessment of the insurance sector.
- EIOPA worked together with the Romanian supervisory authority (ASF) and the Commission (DG FISMA) on designing and coordinating the exercise, analysing its results and drafting the final report.
- EIOPA co-chaired this exercise together with the ASF. The final report was [published](#) on 15 July 2015.

## **Balance Sheet Review Bulgaria**

- EIOPA co-chaired together with the Bulgarian Supervisory Authority (FSC) the Steering Committee coordinating and overseeing the pension funds' assets review and the insurance BSR and stress test in Bulgaria.
- This task was mandated by the National Reform Program for Bulgaria. EIOPA is working in close cooperation with the Commission (DG FISMA and DG ECFIN).
- The final reports were [published](#) on 3 February 2017.





## **Cross-Border Work**

- EIOPA has a coordinating role as regards cross-border matters in relation with the respective national authorities. Market participants and international insurance undertakings increasingly raise issues and concerns on cross-border activities to EIOPA. To address these issues and concerns, EIOPA uses informal mediation and a collaborative approach to facilitate the resolution of disputes and increase of supervisory consistency.

## **EIOPA Decision**

- In January 2017 a new agreement (EIOPA Decision) between national authorities was reached, stipulating the cooperation and coordination of cross-border activities between national authorities. EIOPA will monitor the consistent implementation of the Decision across the European Union. The Decision is [published](#) on the EIOPA website.

## **Cooperation Platforms**

- EIOPA promotes the creation of cooperation platforms in situations where a college of supervisors is not formed but where cross-border risks following branching-out and/or freedom to provide services activities are identified. EIOPA steers the cooperation and supports the supervisors assessing the impact of the cross-border activities and taking preventive measures. Joint on-site inspections with the participation of EIOPA are also used to increase convergence of supervisory practices.

## **Supervisory Recommendations**

- As part of its coordinating role within the cooperation platform, EIOPA can issue a so-called Supervisory Recommendation to the Home Authority. The Supervisory recommendation is based on the information received and includes an analysis of the specific situation of the cross-border operating firm and the recommendations towards supervisory actions EIOPA advises.

- Technical Assistance
- Assessment of Troubled Undertakings
- Lessons Learned Exercises
- Further Country Reviews
- EIOPA legal procedures
  - Breach of Union Law
  - Mediation
- Closed session discussions

## **Technical Assistance**

- EIOPA provides on-going technical assistance to national supervisory authorities to strengthen their supervisory capacity especially where weaknesses have been identified during bilateral visits. EIOPA provides support under the umbrella of the Commission's (SRSS) CMU programme.

## **Independent Assessment of Troubled Undertakings**

- Upon request of national supervisory authorities, EIOPA independently assesses the risks posed by specific undertakings, including cross-border issues and recommends proper remedial actions.

## **Lessons Learned Exercises for Failing and Troubled Undertakings**

- EIOPA conducts ex-post lessons learned assessments of supervisory actions or non-actions with national supervisory authorities for the benefit of the European System of Financial Supervision as a whole and to apply the insights gained on past cases for improving future supervision.

## **Further Country Reviews**

- EIOPA supports the Commission's Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) by providing technical assistance to national authorities in countries with a perspective to join the European Union.

## **Breach of Union Law**

- EIOPA investigates alleged breaches or non-application of Union law. This may be initiated from its Oversight work or upon a request from one or more competent authorities, the European Parliament, the Council, the Commission or the relevant stakeholder group.

## **Mediation**

- When a national supervisory authority disagrees about the procedure or content of an action or inaction of another national supervisory authority it may request EIOPA to assist the authorities in reaching an agreement.

# Shared feedback in EIOPA Closed Session



## Closed Session

- EIOPA's Board of Supervisors reserves substantial portion of its regular meetings to discuss supervisory issues. This can range from sharing pure national ongoing issues in order to share knowledge and experience, to cross-border issues, where concerns are expressed and discussed in an confidential environment.
- EIOPA's Oversight contributes to these discussions by sharing its observations and feedback given to national authorities in an aggregated form, to further build and strengthen the common European Supervisory Culture.



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**Thank you**

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