European options for life insurance and pensions

HILA AIDI Summit
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Introduction to EIOPA

Objectives

Prevent regulatory arbitrage and promote equal conditions of competition

Ensure appropriate regulation and supervision of risk taking by the (re)insurance and occupational pension industry

Ensure integrity, transparency, efficiency and orderly functioning of financial markets

Enhance consumer protection

Strengthen international supervisory coordination

Improve functioning of financial markets, incl. a sound effective and consistent level of regulation and supervision

Powers

✓Develop draft technical standards

✓Issue guidelines and recommendations

✓Settle disagreements in cross-border situations

✓In certain cases, remedy emergency situations

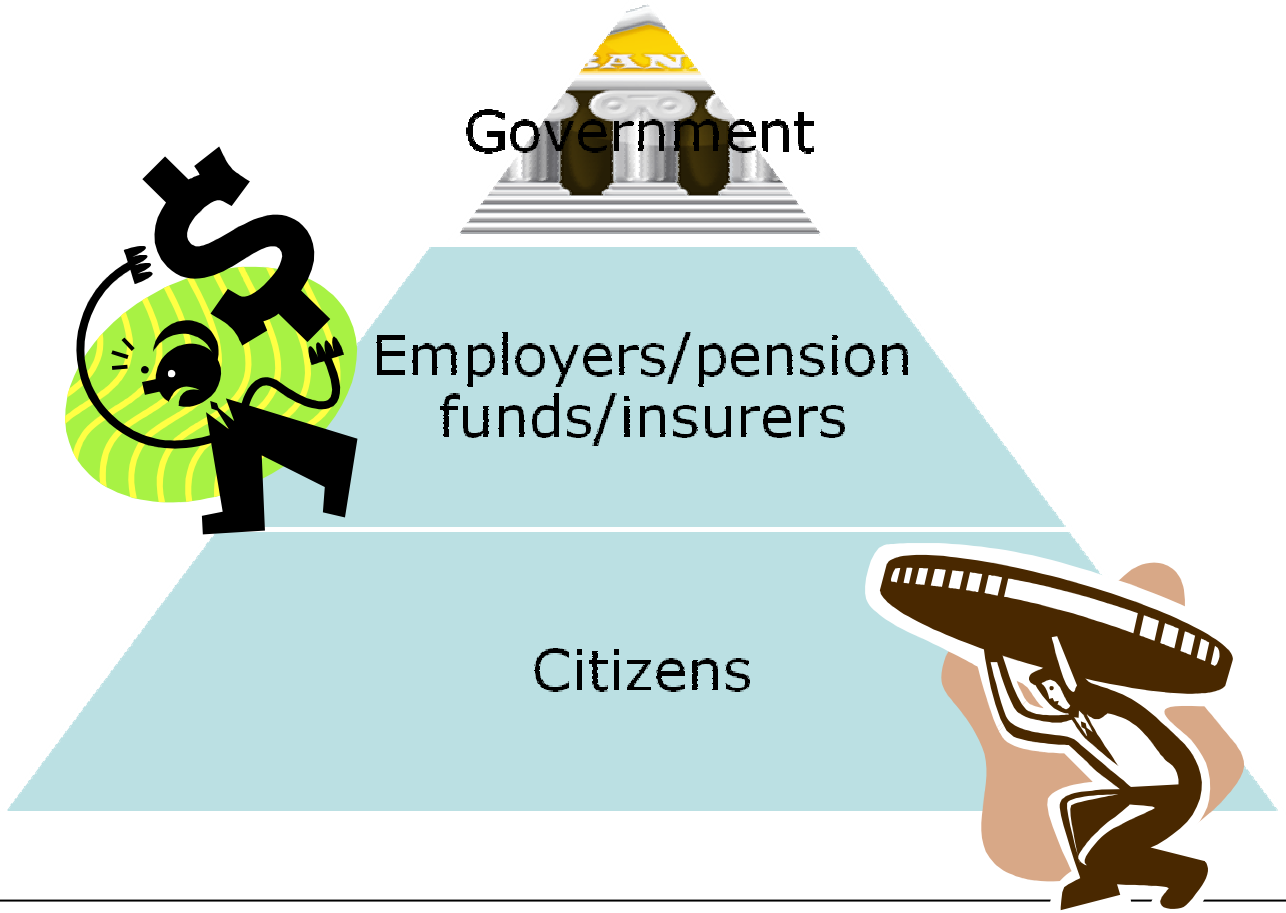
✓Monitor correct application of EU law

✓Methodologies for products and distribution

Tasks

Take a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the international market

Challenges across Europe to ensure sustainable long term social welfare



Relevance of European action?

- Multi-pillar and cross-sector approach continues to be relevant
- Labour mobility and promotion of internal market as macro-economic adjustment factor in Europe
- Promote trust and raise awareness for long term financial planning

Developments and options in pensions

General:

•From DB – security and adjustments

•To DC – information on cost and charges, decumulation, investment choices, actual return

•From Pay-as-you-go to funded schemes

- **Occupational pensions:**
  - Cross-border
  - Pension benefit statement
  - Risk evaluation for pensions
  - Remuneration of governing body of IORPs
- **Personal pensions**
  - Consumer protection and product quality (2nd regime?)
  - EU Framework compatible with national existing products and current applicable law (LAD, UCITS, CRD)

Developments and options in insurance

- **Adequate valuation of long term guarantees**
  - EU-wide risk free rate for discounting technical provisions
  - Explicit adjustments and appropriate disclosure
- **Long term investments**
  - Insurers to continue to support financial and economic long term investment
- Supervisory measures attention regarding low interest rate environment
  - Identification – stress test
  - Monitoring – capital and valuation
  - Action – undertakings to de-risk and improve financial resilience

The European Odyssee?

Courage
Inventiveness
Leadership
Trust

EUROPEAN INSURANCE
AND OCCUPATIONAL PENSIONS AUTHORITY

Thank you

Pamela Schuermans
Insurance Policy Development
EIOPA