

## **A brief introduction to EIOPA and my role**

**This summary aims to give ABI members  
an overview of my role as  
vice chair of the Insurance and Reinsurance  
Stakeholder Group  
and as a UK consumer representative**

*Kay Blair*

*Vice Chair, Financial Services Consumer Panel*

*March 2012*

## Today's objectives

---

- To get to know key people in UK insurance/reinsurance
- To understand the UK's perspective on European insurance challenges
- In particular, to gain more insight into consumer implications of EU legislation e.g. Solvency II, Discrimination, IMDII
- To highlight the priorities of the Financial Services Consumer Panel
- To discuss how we might build on today's valuable meeting

# The Financial Services Consumer Panel

---

- A statutory body under the Financial Services and Markets Act 2000
- Advises the FSA on the interests and concerns of consumers and reports on the FSA's performance in meeting its objectives
- Financial Services Bill proposes an explicit role for the Panel with the FCA – we are lobbying for a role with the PRA and FPC
- Members recruited through a process of open competition
- Current members have a wide range of experience



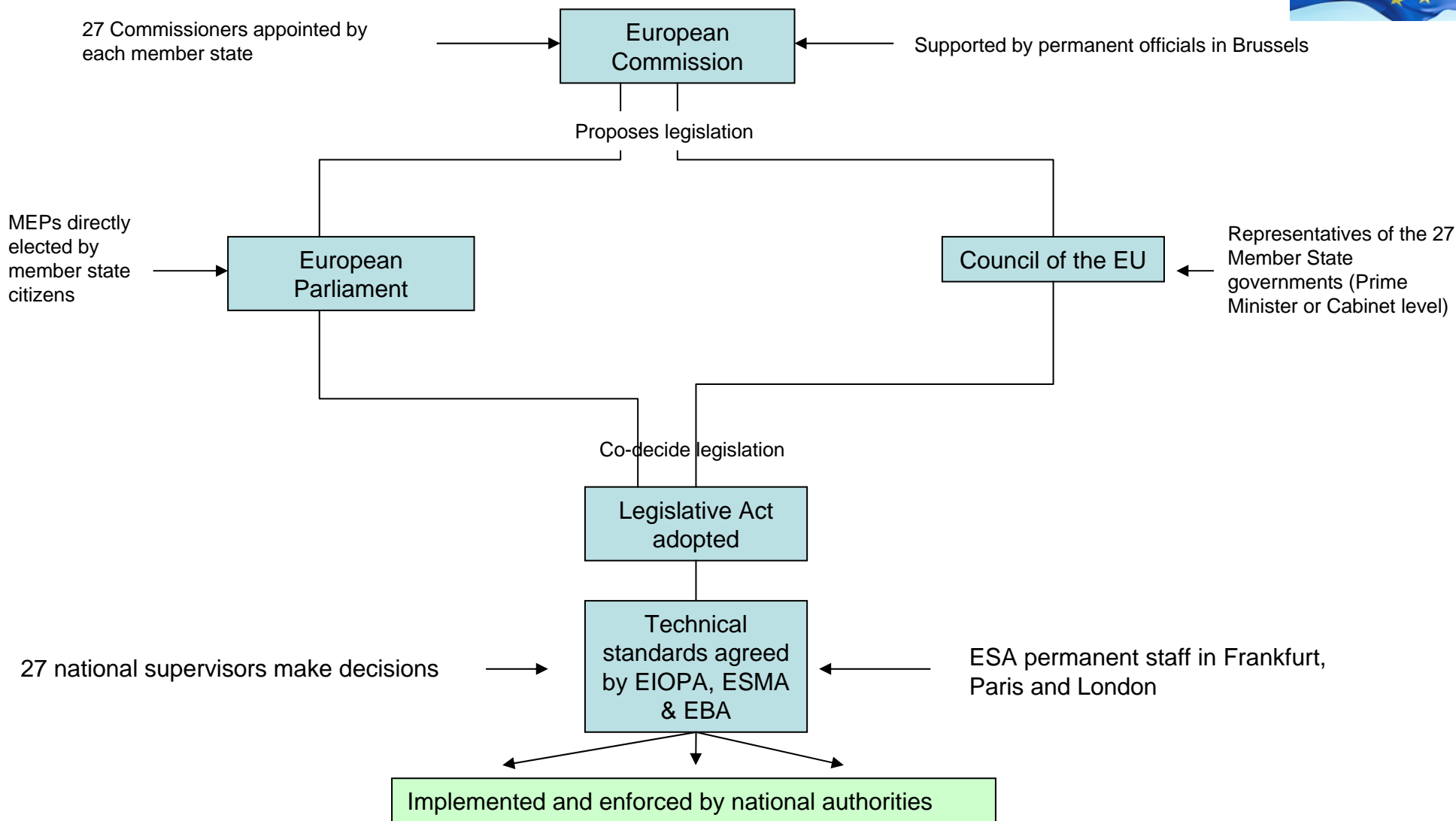
## Our European agenda – key priorities

---

- Banking
- IMD/MiFID/PRIPs
- Alternative dispute resolution
- Effective consumer representation
- Mortgages
- Solvency II
- Discrimination
- Unfair Commercial Practices



# EU legislative procedure – how does it work?





## **Mission**

- Protect the public interest by contributing to the short, medium and long-term stability and effectiveness of the financial system, for the Union economy, its citizens and businesses

## **Powers**

- Draft technical standards
- Issue guidelines and recommendations
- In certain cases, remedy emergency situations
- Settle disagreements in cross-border situations
- Monitor correct application of EU law
- Produce methodologies for products and distribution

## **Tools**

- Colleges
- Expert groups/committees
- Stakeholder groups (Insurance & Reinsurance, Occupational Pensions)
- Impact assessments and consultations
- Peer reviews
- Stress tests
- Committee on Financial Innovation (including Consumer Protection subgroup)



- Stable, effective financial system
- Sound regulation/supervision
- Transparent, efficient and orderly markets
- International supervisory coordination
- No regulatory arbitrage
- Equal conditions of competition
- Appropriate regulation/supervision of risks
- Enhanced consumer protection – Article 9 stipulates that EIOPA should take a leading role in promoting transparency, simplicity and fairness for consumer financial products/services
- This has focused on:
  - collecting, analysing and reporting on consumer trends
  - reviewing and coordinating financial education/literacy initiatives
  - developing industry training standards
  - contributing to development of common disclosure rules



- EIOPA's main decision-making body is the **Board of Supervisors**.
- The **Management Board** ensures that EIOPA carries out its mission and performs the tasks assigned to it. Hector Sants sits on this board.
- The **Board of Appeal** gives parties right to appeal decisions of ESAs. Joint body of ESAs, independent from their administrative and regulatory structures. Composed of six members and six alternates
- EIOPA's **Stakeholder Groups** include representatives of the industry, consumers and beneficiaries as well as academics. The stakeholder groups are established to facilitate EIOPA's consultation with stakeholders in Europe.
- EIOPA's **Review Panel** is mandated to help monitoring the implementation of supervisory provisions set out in Community Legislation and in EIOPA's measures, as well as to monitor convergence in supervisory practices. The Review Panel aims at encouraging a timely and consistent day to day application of all the above and at enhancing supervisory convergence within the European Economic Area by conducting peer reviews.
- To prepare its statements and documents and carry out the technical work of the Association, EIOPA has set up a number of **Working Groups** consisting of experts from the national supervisory authorities, and to which other stakeholders contribute from their expertise and insight.





- Consists of 30 members. Established to facilitate EIOPA's consultation with stakeholders in Europe on issues such as regulatory and implementing technical standards in addition to the guidelines and recommendations that apply to the insurance and occupational pensions industry.
- Members of the stakeholder groups can submit opinions and advice to EIOPA on any issue related to its task. Furthermore, the stakeholder groups are expected to notify EIOPA of any inconsistent application of European Union law as well as inconsistent supervisory practices in the different European member states.
- The new Insurance and Reinsurance Stakeholder Group is currently composed of ten industry representatives, five consumers, eight users of insurance and reinsurance services, two representatives of trade unions and five independent academics.
- Consumer representatives from Latvia, Denmark, Germany, Poland and UK. Very diverse, with different remits and priorities so inappropriate to talk of one 'consumer voice'.
- I was elected vice chair of the overall group in the summer and am also a member of the Consumer Protection Working Group. The stakeholder group chair, Michaela Koller, represents the voice of the European insurance industry, Insurance Europe.

- Dominated by Solvency II which has significant implications for the UK insurance industry. Currently working on Reporting and Disclosure; and Own Risk and Solvency Assessment. Latter aims to improve approach to risk management/better understanding of solvency needs. Top down process, connecting business strategy and capital planning. Former aims to establish harmonised, effective and efficient reporting system in Europe. Also examining long term guarantees.
- EIOPA also has Consumer Protection agenda. In 2012 work will focus on follow up to IMDII and PRIPS; complaints handling; industry training standards; e-commerce, on line sales and comparison websites; general good provisions, improving transparency; variable annuities; ancillary products, tying and bundling
- Analysis of Test Achats ruling is important, taking into account gender ruling and the potential implications of the ruling for other risk factors such as age and disability

- *“EIOPA will promote the principle of competent staff acting in the best interests of their clients..... Consumer protection at EIOPA level is first and foremost proactive. We need to question the policy tools that we traditionally used to deal with information asymmetries, conflicts of interest and market inefficiencies, possibly by exploring some unconventional approaches. We need a paradigm shift. Early intervention is the key to prevent consumer detriment”*

Gabriel Bernardino  
Chair, EIOPA



- To promote consumer agenda, building key relationships and helping EIOPA deliver its consumer protection agenda
- Quarterly Stakeholder meetings
- Range of other meetings and functions/dinners
- Gave speech and participated in Panel discussion around Consumer Protection at November Annual Conference alongside Hector Sants and Commissioner Barnier
- Likewise speech and Panel slot at December Consumer Strategy Day, alongside Sven Giegold, MEP, Pauline de Chatillon from French Banking Supervisory Authority, Karel Van Hulle, head of insurance and pensions at EC, and Ieke van den Burg from Finance Watch



### Challenges

- To ensure UK consumer voice is heard and makes an impact
- To ensure good understanding of UK position/challenges from a consumer perspective
- UK position in Europe
- The reality of being a consumer in a European arena

### Where you can help?

- Insight, suggestions.... to improve UK consumer protection?