Position Paper

Response to EIOPA consultation on supervisory reporting of costs and charges of IORPs

Our reference:	PERS-SAV-21-029	Date:	July 2021
Related documents:	EIOPA consultation paper		
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Pages:	2	Transparency Register ID no.:	33213703459-54

General comments

Insurance Europe wishes to share general comments on EIOPA's draft opinion on the supervisory reporting of costs and charges of institutions for occupational retirement provision (IORPs). **Requirements applicable to IORPs can have an impact on insurers (either directly or indirectly), although this varies greatly across Europe**. More details and national views will be shared separately in the responses submitted by Insurance Europe's member national associations.

The general objective of having comprehensive cost reporting at EU level is understandable and somewhat desirable. However, **the proposed approach should first consider the requirements that exist at national level**. Without taking into account existing national requirements, member states with already well-developed cost reporting would be particularly disadvantaged as EIOPA's proposals might introduce unnecessary changes.

The recent transposition of the IORP II Directive into national law, as well as the introduction of new European Central Bank and EIOPA reporting requirements, often resulted in countries updating the various rules applicable at national level. IORP II is a minimum harmonisation directive, therefore member states have been transposing the requirements into national law in different ways, often going beyond the minimum requirements laid down in the text to fit into the national regulatory and supervisory landscape. Considering how recent these changes are, it may have been too soon for EIOPA's survey of national competent authorities (NCAs) to get a correct and complete picture of the current situation.

This is why **Insurance Europe recommends that EIOPA conducts a more comprehensive survey of the current state of play at national level before developing new proposals and only to improve cost reporting where needed**. Should such a survey show that there are no or hardly any complaints, then the proposed reporting requirements would appear to be excessive, with the costs outweighing any benefits. On the other hand, if gaps are identified in certain countries, then EIOPA, in collaboration with the NCAs, should develop targeted solutions to be implemented in compliance with IORP II requirements and — above all — with existing national regulations.

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In addition, the **repeated regulatory and supervisory changes of recent years are not only difficult for providers to deal with but are also detrimental to the development of pension savings across Europe**. Repeated changes increase compliance costs and the risk of non-compliance and can damage savers' trust in pension systems.

Overall, Insurance Europe believes that **the elements introduced by EIOPA's draft opinion could — depending on the reaction of NCAs — significantly increase the reporting burden placed on IORPs**. Collecting the data would require enormous effort. Yet efficiency, affordability and good value for money are objectives clearly identified in the draft opinion. Both approaches, if not carefully balanced, could contradict each other.

The insurance industry strongly believes that quality over quantity is crucial when it comes to regulation and supervision. When collecting additional data, duplication and the overlap of data collection should be avoided at all costs by supervisory authorities. Therefore, **the exchange of information between institutions and agencies both at national and European level should be improved**. Access to information already collected at national level or the improved exchange of information between authorities would reduce the reporting burden on IORPs, while making the data more easily available.

Insurance Europe welcomes, in principle, the focus on "value for money". However, an exclusive focus on costs is not enough to assess whether a product generates sufficient value. There are several parameters to be considered. The insurance industry considers that efficiency and affordability are elements that largely depend on the market in which the products/schemes are offered and on the characteristics of the policyholders/members/beneficiaries. Therefore, **discussions on cost reporting should not attempt to define "good value for money" since this is unrealistic due to the diversity in Europe**.

Last but not least, **Insurance Europe has noted the increased use of supervisory tools (Level 3) in relation to IORPs since the adoption of the IORP II Directive**. During the negotiations on the Directive, policymakers willingly agreed not to introduce any Level 2 measures, leaving it up to member states to implement and supplement as they see fit the minimum harmonisation requirements it introduced. As a result, Insurance Europe feels that such detailed Level 3 provisions somewhat contradict the political agreement. **It is important that the "soft" powers granted to EIOPA by its establishing regulation do not replace ordinary regulatory and legislative procedures**. The impact of the use of these tools is significant and interferes with the existing regulatory framework. Therefore, the insurance industry strongly encourages EIOPA to only use them when there is a sufficiently clear and defined legal mandate stemming from EU legislation.