

Response to EIOPA's consultation on IORP II review

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Chapter 2. Governance and prudential standards

Q2.1: *Does the IORP II Directive in your view achieve a proportionate application of prudential regulation and supervision to IORPs?*

- Yes

Insurance Europe believes that the IORP II Directive provides for a proportionate application of the legislation and for the prudential supervision of IORPs, as specified in the following Articles of the Directive:

- Art. 21 states that the system of governance shall be proportionate to the size, nature, scale and complexity of the activities of the IORP.
- Art. 25 sets up that the risk-management system that IORPs should have in place shall be proportionate to the size and internal organisation of IORPs, as well as to the size, nature, scale and complexity of their activities.
- Art.28 states that member states shall require IORPs to carry out and document their own-risk assessment in a manner that is proportionate to their size and internal organisation, as well as to the size, nature, scale and complexity of their activities.

Therefore, the reviewed Directive should not unbalance the situation in each of the member states where the framework is already balanced. In particular:

- The Directive should maintain a risk-based approach to the application of requirements. In fact, since there are high-risk, small IORPs and low-risk, large IORPs, a criterion such as size is not adequate.
- Moreover, companies should receive an appropriate amount of time to establish and analyse the costs and charges of complying with those parts of the Directive concerning the own risk assessment (ORA) and the national competent authority (NCA) assessment. This interval should be allowed before any new pieces of legislation, such as those proposed in the consultation paper, are imposed.

Q2.2: *Should in your view the threshold for the small IORP exemption of 100 members be increased?*

Proposed response:

- Yes

The threshold for the small IORPs exemption should follow a risk-based approach and be proportionate to the nature, complexity and scale of risks characterising the activities of IORPs.

In this sense, Insurance Europe would be in favour of an increase in the threshold that entails exempting more low-risk IORPs, regardless of their size. In fact, since there are high-risk, small IORPs and low-risk, large IORPs, a sole criterion such as size is not adequate.

However, an excessive increase in the threshold, such as the one proposed in the consultation paper, which would be ten times larger than the original, should be avoided, as this would exempt a large proportion of IORPs, leading to distortions in competition.

If yes, do you agree with the proposed new threshold (both 1000 members and beneficiaries and EUR 50 million in assets) under option 1 in sub-section 'Small IORP exemption' of section 2.3.5?

- No

The increase proposed in the consultation paper, which would set the threshold at a level that is 10 times larger than the original, should be avoided, as this would exempt a large proportion of IORPs. According to EIOPA (p. 33/251 of the consultation paper) "*Combining these individual and aggregate results allows for the conclusion that 30% to 45% of IORPs (excluding those in CY, GR and IE) would fall within the small IORP threshold proposed under this option*". Such a large exemption would lead to distortions of competition.

Q2.3: *Do you agree with the draft advice to restrict the proportionality formulations throughout the IORP II Directive to 'proportionate to the nature, scale and complexity of the (risks inherent in the) activities of the IORP', i.e. removing the 'size' and 'internal organisation' criteria?*

- Yes

Insurance Europe agrees with the removal of "size" and "internal organisation" criteria from the formulations of proportionality throughout the IORP II Directive. In fact, since there are high-risk, small IORPs and low-risk, large IORPs, a sole criterion such as size is not adequate.

The Directive should follow a proportionality criterion based on the nature, complexity and scale of risks entailed in the activities undertaken by the IORPs.

Q2.4: *Do you support option 1 in sub-section 'Low-risk profile IORPs subject to proportionality measures' of section 2.3.5 of defining a category of low-risk profile IORPs in the IORP II Directive and allowing Member States to exempt such IORPs from certain minimum standards in the IORP II Directive?*

- No

Insurance Europe does not support the creation of a new category of "Low-risk profile IORPs subject to proportionality

measures". Such an approach could lead to distortions of competition between those IORPs pertaining to the new category and the ones left out of it, regardless of the real risks entailed in the IORPs' activities.

Insurance Europe would instead suggest a proportionality principle based on a broader application of the risk-based approach. The requirements of the revised Directive should be based on the nature, complexity and scale of risks entailed in the activities undertaken by the IORPs.

Which minimum standards in the IORP II Directive should in your view be considered for the possible exemptions or should be applied in a less onerous way?

Q2.5: *The analysis of options in sub-section 'Low-risk profile IORPs subject to proportionality measures' of section 2.3.5 proposes four conditions for IORPs to qualify as 'low-risk profile IORPs', in line with the conditions proposed by EIOPA for life insurers to qualify as 'low-risk profile insurance undertakings'. Do you have comments on the four proposed conditions or suggestions for other conditions?*

Proposed response:

- Yes (we have comments)

Insurance Europe does not support the creation of a new category of "Low-risk profile IORPs subject to proportionality measures". Such an approach could lead to distortions of competition between those IORPs in the new category and the ones left out of it, regardless of the real risks entailed in the IORPs' activities.

Insurance Europe would instead suggest a proportionality principle based on a broader application of the risk-based approach. The requirements of the revised Directive should be based on the nature, complexity and scale of risks entailed in the activities undertaken by the IORPs.

Q2.6: *The analysis of option 2 and 3 in sub-section 'Low-risk profile IORPs subject to proportionality measures' of section 2.3.5 proposes proportionality measures relating to the IORP II governance standards that low-risk profile IORPs would be allowed to use. Do you have comments on the proposed proportionality measures or suggestions for other proportionality measures to be used by low-risk profile IORPs?*

- Yes (we have comments)

Insurance Europe does not support the creation of a new category of "Low-risk profile IORPs subject to proportionality measures". Such an approach could lead to distortions of competition between those IORPs in the new category and the ones left out of it, regardless of the real risks entailed in the IORPs' activities.

Insurance Europe would instead suggest a proportionality principle based on a broader application of the risk-based approach. The requirements of the revised Directive should be based on the nature, complexity and scale of risks entailed in the activities undertaken by the IORPs.

Q2.7: *The IORP II Directive takes a minimum harmonisation approach, laying down minimum governance and prudential standards. If the concept of low-risk profile IORPs was to be introduced in the IORP II Directive, should institutions that are not low-risk profile IORPs be subjected to standards exceeding the current minimum, as proposed in the analysis of option 3 in sub-section 'Low-risk profile IORPs subject to proportionality measures' of section 2.3.5?*

- No

Insurance Europe does not support the creation of a new category of “Low-risk profile IORPs subject to proportionality measures”. Such an approach could lead to distortions of competition between those IORPs pertaining to the new category and the ones left out of it, regardless of the real risks entailed in the IORPs’ activities.

Insurance Europe would instead suggest a proportionality principle based on a broader application of the risk-based approach. The requirements of the revised Directive should be based on the nature, complexity and scale of risks entailed in the activities undertaken by the IORPs.

Q2.8: *Do you have any other suggestions to ensure a proportionate application of the requirements in the IORP II Directive?*

- No

Q2.9: *Should in your view explicit requirements be introduced in the own-risk assessment (ORA) and the supervisory review process (SRP) on liquidity risk assessments for IORPs with material derivative exposures?*

- Yes

Insurance Europe agrees with the possibility to include the ORA and SRP on liquidity risk assessment for IORPs with material derivative exposures. However, as such requirements are already set up by national law, the modification of the requirements proposed by EIOPA should respect the principle of minimum harmonisation and avoid any contradiction with the legislation in place in the member states.

Q2.10: *Do you agree that in some situations conflicts of interest between IORPs and service providers can give rise to specific risks which justify requirements on the management of conflicts of interest with the service provider connect to the IORP?*

- No

It is not clear from the consultation paper to what specific “conflicts of interest” EIOPA refers and what the proposed solutions are.

Insurance Europe suggests not to introduce new requirements for the management of conflicts of interest with the service provider connected to the IORP in the reviewed Directive. At national level, there are already specific requirements in place which address the management of such risks. Moreover, requirements are already included in Solvency II and IORP II. Such risks are already covered by legislation, both at national and EU level.

Furthermore, some parts of the underlying advice are not related to the resolution of potential conflicts, such as the proposed amendments on Art. 9 (registration or authorisation) and Art. 10 (operating requirements). In addition, Insurance Europe considers the proposal to separately ensure independence as part of the general governance requirements (Art. 21), the fit and proper management (Art. 22) and outsourcing (Art. 31) as unnecessarily burdensome.

Q2.11: *Do you agree that the conditions of operation for IORPs should be strengthened to ensure the proper functioning of the internal market and protect adequately the rights of EU members and beneficiaries from potential conflict of interest between IORPs and service providers?*

- No

Q2.12: *What are your views on introducing an explicit provision in Article 50 empowering supervisors to collect quantitative information from IORPs on a regular basis? Please explain your answer.*

The possibility already exists in member states (eg, France and Germany), where IORPs provide specific quantitative information to the NCA. This procedure is based on the EIOPA Board of Supervisors’ Decision concerning the regular information requests to NCAs regarding the provision of occupational pensions.

The IORP II Directive should follow a principle of minimum harmonisation, meaning that it sets out minimum requirements and that each member state may set out additional requirements, through national legislation, for national supervisors to gather additional information. Therefore, any new requirement should not conflict with those provisions that are already in place at national level.

Q2.13: *Do you have suggestions to resolve the double reporting burden in some Member States, i.e. one template for the purpose of national supervision and one for the purpose of reporting to EIOPA?*

- Yes

A potential reporting burden might stem from legislation that does not take into account the specifics of each member state.

- Therefore, the EU institutions should look into the specifics of each IORP market and analyse, in collaboration with the NCAs, if there are any shortcomings stemming from additional EU-wide legislation.
- In principle, the NCAs should get enough flexibility to adapt the intrinsic objectives of each piece of EU-wide legislation, such as the IORP II Directive, to the specifics of the market.
- Insurance Europe also wishes to see a provision for NCAs to intervene with the objective of verifying/solving possible national double reporting burdens.

Q2.14: *What are your views on reiterating in the draft advice EIOPA's opinion to the EU institutions on a common framework for risk assessment and transparency, considering that the draft advice does not advise any change to the IORP II Directive in this area?*

Insurance Europe believes that in countries with a risk-based solvency requirement and a requirement to perform a solvency assessment, there is no need to regulate further risk assessment from the point of view of risk management and stability.

- Any requirements for other risk assessments, entailing other parameters and stresses, or with another balance sheet (eg, due to different discount rates), risk blurring the internal steering of the IORP.
- Any benefit for EIOPA stemming from a common framework is far outweighed by IORP's costs of compliance and governance risks and by the fact that the supervisory power still remains with the national supervisor.
- ORA has already been implemented in certain member states and, considering also the efforts and costs of its implementation, Insurance Europe believes that, for the moment, time should be given to evaluate these procedures.

Moreover, if a common framework for risk assessment is introduced:

- Insurance Europe suggests that it should not be complemented with supervisory powers. Adding supervisory powers to the common risk framework would, in practice, be the same as introducing harmonised capital requirements. IORPs would need to be sure to have capital beyond the results of the risk assessment.
- It is important that such requirements, if introduced, remain compatible with existing national requirements (for example Art. 13 on technical provisions, Art. 17 on the required solvency margin and Art. 19 on investments rules).

Q2.15: *Should the definition of sponsoring undertaking in Article 6(3) be expanded to include professional associations?*

- Yes

It is important to take into account in the system all types of associations subscribing to occupational pension schemes.

Q2.16: *Should the definition of regulated market in Article 6(14) be expanded to include equivalent markets in third countries?*

- Yes

Q2.17: *Should multilateral trading facilities (MTFs) and organised trading facilities (OTFs) be specified in Article 19(d) in order to ensure the same treatment as regulated markets?*

- Yes

Q2.18: *Should the requirement to have an ORA policy, including a specification of its main components, be introduced in the IORP II Directive?*

- Yes

Insurance Europe believes in the importance of respecting the principle of minimum harmonisation in the application of the Directive, implying minimum requirements allowing each EU member state to add national requirements in line with its regulatory framework.

At the same time, implementing the ORA, if risk-based, is an appropriate approach. Therefore, Insurance Europe agrees with the implementation of ORA in the Directive as long as the specification of its main components ensure that the NCAs have enough flexibility to adapt the ORA policy to the respective markets under supervision.

Q2.19: *Should a provision be introduced in the ORA that the risk assessment should take into account the risk tolerance limits approved by the IORP's management or supervisory body?*

- No

Insurance Europe believes that there should be no changes. The provision is already introduced at national level, in certain markets, with specific requirements. Since the supervisory authority ultimately decides, based on the information available, whether an IORP complies with the risk tolerance limits or not, there is no need to include an explicit provision on this topic in the ORA. It would have no impact on the company's assessment of how its risk profile has changed over the reporting period.

Do you have any other comments on the following sections in chapter 2:

	Yes	No
Section 2.2: Implementation and effectiveness		x
Section 2.3: Proportionality		x
Section 2.4: Liquidity risk management		x
Section 2.5: Conditions of operations and management of conflict of interest		x
Section 2.6: Effective use of data		x
Section 2.7: Standardised risk assessment		x
Section 2.8: Miscellaneous		x

Chapter 3. Cross-border activities and transfers

Q3.1: *Do you think the issue of potential regulatory arbitrage regarding the registration/authorisation process could be addressed based on the draft advice?*

Insurance Europe believes that the presence of potential regulatory arbitrage regarding the registration/authorisation process should not be considered a fundamental issue at this stage. It should be remembered that cross-border activities, in terms of assets managed, represent less than 0.4% of the total.

Also, the consultation paper does not give any examples of arbitrage opportunities, nor does it give any examples of IORPs exploiting arbitrage opportunities.

However, IORPs that only offer pension plans in member states other than their home might be a specific risk of regulatory arbitrage. In that situation, home and host supervisory authorities should cooperate to mitigate possible risks.

Therefore, before introducing additional rules, which would require extra resources, a quantification of the problem through an impact assessment is necessary.

Q3.2: *What are your views on the policy options presented to address the issue of defining majority of members and beneficiaries needed for approval of a cross-border transfer?*

Insurance Europe prefers to leave the majority requirements to national legislation. The consultation paper does not provide any suggestion that the existing national majority requirements for national transfers are not proper.

Any requirements introduced in the Directive should comply with the principle of minimum harmonisation. An assessment should be done before introducing provisions in the Directive to ensure that they are in line with national regulations.

Q3.3: *What are your views on the need and options to develop an internal market for cross-border IORPs?*

Insurance Europe shares the objective of further deepening and strengthening the EU internal market. For IORPs, this could lead to more competition and better provision of services to pension beneficiaries.

However, the structures of pension provision in each member state should always be taken into account. This applies in particular to occupational pension systems, which are strongly determined by national labour, social security and tax laws. Therefore, Insurance Europe sees no reason for, and opposes, the development of a pan-European occupational pension product (PEOPP) (second regime).

Do you have any other comments on the following sections in chapter 3?

	Yes	No
Section 3.2: Implementation and effectiveness		x
Section 3.3 Relevant Legal provisions		x
Section 3.4 Other Regulatory Background		x
Section 3.5 Previous EIOPA Reports		x

Section 3.6 Prudential Assessment Within Process of Registration or Authorisation		x
Section 3.7 Cross-border Transfers		x
Section 3.8 Notification Procedures		x
Section 3.9 Supervisory Cooperation		x
Section 3.10 Potential learning from other frameworks		x

Chapter 4. Information to members and beneficiaries and other business conduct requirements

Q4.1: *Where a template for the pension benefit statement has been introduced already at Member State level, to what extent do you think this has led to improvements? Please explain your answer in terms of what has worked well and what has worked less well.*

Insurance Europe believes that it is very important to respect the principle of minimum harmonisation set up by the Directive at European level, allowing each EU member state to add specific national requirements in line with its regulatory framework. It is also important to consider the diversity of products in the member states and the particularity of national specific requirements for IORPs.

- Where members do not have choices between different pension schemes, there is no need for a standard template. Most templates require too many details and are not easy to understand (eg, SFDR templates). Even at national level, there are too many differences between schemes. Templates are not suitable for providing all the details in an understandable way. The provisions of IORP II on what information should be included already provide an adequate level of clarity and comprehensibility in the pension benefit statement (PBS). It also enables the IORPs to consider national specifics and features.
- It is understandable that standardisation should only be sought at national level, since most people have their occupational pension in a single member state. Insurance Europe agrees that there is not much added value in comparable statements across the EU, given the fact that pensions schemes vary significantly. However, targeting information to type of members and beneficiaries is not realistic:
 - Firstly, such documents would not be standardised, and members would not be able to compare them, while comparability is a feature that EIOPA deems to be important.
 - Secondly, it would be too burdensome, particularly for small IORPs.

In addition, Insurance Europe can provide the following information from the main European markets:

- In Italy, a PBS called "*Prospetto fase di accumulo*" (Accumulation phase prospectus) of the Italian NCA (COVIP) already exists. This document has led to an increase in transparency and standardisation as well as more awareness among members and beneficiaries.
- In the Netherlands, a PBS was introduced in 2008. This led to the foundation of a new institution (also in 2008): "*Stichting Pensioenregister*" (Foundation Pension Register). Everyone can log into the Foundation's website and access relevant pension information.
 - In the case of the Netherlands, the need to maintain a PBS is limited, as is the added benefit of providing information using a PBS.
 - The European initiative has not led to a substantial improvement in the Netherlands, while it led to an expansion of the existing PBS. The amount of information that a statement is required to contain and the objectives that need to be achieved are very extensive. This led to information overload, making it difficult for people to find the information they are truly interested in.
- In France, the regulation is very explicit and specific on the detailed nature and the scope of the information to be provided in the PBS.
- In Germany the PBS has been, so far, a useful tool for members and beneficiaries.

Q4.2: Do you agree to introduce summary information in the pension benefit statement relating to any sustainable investments? Please explain.

■ No

Insurance Europe believes that, as sustainability requirements are already set by the Sustainable Finance Disclosures Regulation (SFDR) at EU level, there should not be a new requirement for IORPs to include summary information on sustainable investments in the PBS. If such information on sustainable investments is included, it might overburdening readers, undermining the original informative purpose of the PBS.

Instead of the requirement to introduce summary information in the PBS, a link to the webpage including the sustainability-related information required by the SFDR (or an indication about where to find it) could be included.

Q4.3: What other improvements do you consider could be made to the pension benefit statement? Please explain your suggestions.

The information to be included in the PBS in the different member states is defined according to national legislation. The IORP II Directive review should follow the principle of minimum harmonisation. Moreover, the differences between IORPs would make it difficult to compare schemes even if the design of the PBS is harmonised.

The results of PBS have been different in different markets. The EU institutions should take into account the diversity of products in the different member states and specific national requirements for IORPs.

Q4.4 Overall, what are your views on the extent to which the current pension benefit statement has delivered on its objectives (e.g. clear and comprehensive as well as relevant and appropriate information)?

The information to be included in the PBS in the different member states is defined according to national legislation. The IORP II Directive review should follow the principle of minimum harmonisation. Moreover, the differences between IORPs would make it difficult to compare schemes even if the design of the PBS is harmonised.

The results of PBS have been different in different European markets. The EU institutions should take into account the diversity of products in the different member states and specific national requirements for IORPs.

In addition, Insurance Europe can provide the following information from the main European markets:

- In Italy, a PBS called "*Prospetto fase di accumulo*" (Accumulation phase prospectus) of the Italian NCA (COVIP) already exists. This document has led to an increase in transparency and standardisation as well as more awareness among members and beneficiaries.
- In the Netherlands, a PBS was introduced in 2008. This led to the foundation of a new institution (also in 2008): "*Stichting Pensioenregister*" (Foundation Pension Register). Everyone can log into the Foundation's website and access relevant pension information.
 - In the case of the Netherlands, the need to maintain a PBS is limited, as is the added benefit of providing information using a PBS.
 - The European initiative has not led to a substantial improvement in the Netherlands, while it led to an expansion of the existing PBS. The amount of information that a statement is required to contain and the objectives that need to be achieved are very extensive. This led to information overload, making it difficult for people to find the information they are truly interested in.
- In France, the regulation is very explicit and specific on the detailed nature and the scope of the information to be provided in the PBS.
- In Germany the PBS has been, so far, a useful tool for members and beneficiaries.

Q4.5: *Are there other aspects that you think EIOPA should consider in order to facilitate or leverage digitalisation? If yes, please explain these other aspects.*

Insurance Europe suggests the following approach:

- PBS in digital format should be the default option, but the possibility to issue PBS in paper format should be maintained.
- Art. 38 should be modified to allow companies to include information on different topics in different links.
- There should not be a requirement imposing information for members and beneficiaries more often than once a year.

Q4.6: *Would there be challenges to implement the proposed additional requirements regarding cost transparency? Please explain.*

Insurance Europe suggests no changes. Every estimation of future costs, performance and impacts requires burdensome implementation in terms of time and costs for the IORPs. The current information on costs presented in the PBS is sufficient and clear for members and beneficiaries.

According to the minimum harmonisation principle, member states should be able to define the information expected in terms of the costs defined for retirement savings products in accordance with the nature of the products and national requirements.

Q4.7: *What are your views on the proposed options regarding projections? Are there additional costs or benefits that have not been identified? Please explain.*

Insurance Europe suggests that no changes are applied in the review of the Directive, since the current PBS already permits projected benefits.

If new projections are to be included, it is important to avoid the risk of imposing double requirements at EU and national level. Moreover, some companies would prefer to present projections digitally, where there are options to link extra (personal) information.

Insurance Europe agrees with EIOPA that information on the estimated benefits at retirement age is crucial for members to assess whether they are saving enough. Given that, provisions might be included to make sure that members understand that the outcome of the investment is not certain, such as being dependent on market fluctuations.

Q4.8: *Would you see benefit in further developing other elements regarding projections either in the Directive or using another tool in order to establish a more common basis or provide more guidance at EU level?*

n/a

Q4.9: *Do you think it is relevant to introduce requirements to ensure the appropriate structuring and implementation of the pension scheme by the IORP? Please explain.*

No, Insurance Europe does not support such requirements at EU level. Every member state should define pension benefit statements that are appropriate for the characteristics of its IORPs. Moreover, as EIOPA states, social partners are



usually responsible , for instance, the overall design of the scheme. Therefore, care needs to be taken not to interfere in the role of the social partners in member states and if and how to regulate should be decided at national level.

However, if a requirement is introduced on product oversight and governance (POG) for IORPs, this would have to take into account the diversity of pension schemes and providers in the different markets. It would, for instance, need to consider that, in many cases, IORPs have contractual obligations not only with the beneficiaries and members, but also with the employer. Any such requirements should, therefore, remain principle-based in order to accommodate all the different configurations.

Q4.10: *What types of choices made by the IORP do you think should be captured by the potential requirements on the appropriate structuring and implementation of the pension scheme? Please explain.*

No, Insurance Europe does not support such requirements at EU level. Every member state should define pension benefit statements that are appropriate for the characteristics of its IORPs. Moreover, as EIOPA states, social partners are usually responsible for, for instance, the overall design of the scheme. Therefore, care needs to be taken not to interfere in the role of the social partners in member states and if and how to regulate should be decided at national level.

However, if a requirement is introduced on product oversight and governance (POG) for IORPs, it would have to take into account the diversity of pension schemes and providers in the different markets. It would, for instance, need to consider that, in many cases, IORPs have contractual obligations not only with the beneficiaries and members, but also with the employer. Any such requirements should, therefore, remain principle-based in order to accommodate all the different configurations.

Q4.11: *Do you think there are other elements that should be addressed by requirements on the appropriate structuring and implementation of the pension scheme besides those set out under option 1 in section 4.6.1? If yes, please explain these other elements.*

No, Insurance Europe does not support such requirements at EU level. Every member state should define pension benefit statements that are appropriate for the characteristics of its IORPs. Moreover, as EIOPA states, social partners are usually responsible for, for instance, the overall design of the scheme. Therefore, care needs to be taken not to interfere in the role of the social partners in member states and if and how to regulate should be decided at national level.

However, if a requirement is introduced on product oversight and governance (POG) for IORPs, it would have to take into account the diversity of pension schemes and providers in the different markets. It would, for instance, need to consider that, in many cases, IORPs have contractual obligations not only with the beneficiaries and members, but also with the employer. Any such requirements should, therefore, remain principle-based in order to accommodate all the different configurations.

Q4.12: *Do you agree that it would be beneficial to introduce a duty of care on IORPs towards their member and beneficiaries? Please explain and, if yes, what types of responsibilities and expectations should, in your view, be placed on IORPs in this regard?*

n/a

Q4.13: *What are your views on how the requirements for a duty of care should be framed?*

n/a

Do you have any other comments on the following sections of Chapter 4?

	Yes	No
Section 4.2.1 General evaluation of the functioning of the PBS		x

Section 4.2.2 Previous EIOPA reports		x
Section 4.2.3 Relevant legal provisions		x
Section 4.2.4 Structure and format of the PBS		x
Section 4.2.5 Information in the PBS on sustainability factors		x
Section 4.2.6 Other considerations regarding the contents of the PBS		x
Section 4.3 Digitalisation		x
Section 4.4 Transparency on costs and charges		x
Section 4.5 Projections (Information on potential retirement benefits)		x
Section 4.6.1 Appropriate structuring and implementation of the scheme		x
Section 4.6.2 Duty of care		x

Chapter 5. Shift from Defined Benefit to Defined Contributions

Q5.1: *What are your views on the options for long-term risk assessments?*

In national regulations, obligations and practices in this area already exist (transparency of costs, particularly on plans, simulators of all kinds to simulate replacement rates and the impact of the retirement saving products, for example). Therefore, it would be redundant and would lead to a mass of increasingly confusing information for the insured to have very specific obligations in this area.

Q5.2: *What do stakeholders think about the relevance of long-term risk assessments in the case of IORPs where members can select their investments?*

In national regulations, obligations and practices in this area already exist (transparency of costs, particularly on plans, simulators of all kinds to simulate replacement rates and the impact of the retirement saving products, for example). The investment and risk strategy are determined and monitored by the social partners, which must act in the interests of members and beneficiaries.

Long-term risk assessments are very useful but must be adapted to the underlying risk-based approach of the IORP.

Q5.3: *What are, in your view, the advantages or disadvantages of DC IORPs reporting on an annual basis information on all costs and charges to its members and beneficiaries?*

Insurance Europe would like to highlight the need to respect the principle of minimum harmonisation set up by the Directive at European level, allowing each EU member state to add national requirements in line with its national regulatory framework.

The EIOPA proposal should not disregard the current framework in place at national level. It should be left to national supervisors to decide on the level of granularity of the reporting of costs.

We would also like to provide the following examples from national markets:

- In France, there are IORPs managing a multitude of contracts for both companies and individuals. An annual report would only make sense for the member or beneficiary if the equivalent was done for their own contract (which would be very cumbersome). It would be impossible to compare costs and charges if someone has subscribed individually with an entire IORP that can mix investments and thus have very heterogeneous costs. More generally, the transparency of charges implemented in France already provides this level of comparability to the saver.
- In Germany, a system for annual information on cost and charges already exists. According to the EIOPA Opinion on the supervisory reporting of costs and charges of IORPs, BaFin started a survey on all the costs and charges of IORPs in Germany to identify any shortcomings in the current reporting system. If there are any challenges, adaptations to the current regulation would make sense. This evolutionary process is suitable and adequate. In comparison to that, the proposed reporting standard by the EIOPA Opinion disregards current national legislation on cost reporting. This strategy is less efficient as it produces the risk of double reporting which ultimately produces additional costs, which members have to bear.
Moreover, due to the German supervisory law and the collective approach of German IORPs, members and beneficiaries are protected from dubious financial vehicles with unclear costs and charges. This safety net should be acknowledged when it comes to the reporting of costs and charges as there are also possibilities to use the concept of proportionality.

***Q5.4:** What are, in your view, the advantages or disadvantages of NCAs providing a high-level overview of their risk assessment framework, to be included as part of the requirements in Article 51(2), as public information available to their supervised IORPs?*

Insurance Europe does not support this proposal. The publication of such a report by the supervisors introduces constraints for the IORPs and the supervisors without bringing advantages to the affiliates, for example:

- Additional binding inputs (considered negligible in the document) for IORPs.
- The tendency of the local regulator to engage on obligations and standards, following this public report, not at European but at a national level.

Moreover:

- It is unrealistic to think that this report would provide members with any information and/or sense of security in the system.
- This binding task would take up the resources of the local regulator to the detriment of other missions with no real added value.

If changes are to be applied, only already available data should be used for the implementation. Additional burdens for IORPs should therefore be rejected.

Do you have any other comments on the following sections of chapter 5?

	Yes	No
Section 5.2: Europe and European Pensions Markets are shifting		x
Section 5.3: Background information on Defined Contributions	X	
Section 5.4: Previous EIOPA Reports		x
Section 5.5: Policy options to address the shift to DC		x
Section 5.5.1: Long-term risk assessment		x

Section 5.5.2: Supervisory reporting on costs and charges	X	
Section 5.5.3: Complaints procedure and Alternative Dispute Resolution (ADR)	X	
Section 5.5.4: Article 51.2 - Increased transparency of National Competent Authorities – Risk assessment framework		x
Section 5.5.5: Financial education	X	
Section 5.5.6: Member and/or beneficiary involvement in IORPs governance	X	
Section 5.5.7: Fit and proper requirements	X	

■ Please provide your comments on section 5.3 Background information on Defined Contributions

- The statement “in DC schemes the individual builds up their own pension pot and bears the risk of ensuring they have an adequate income in retirement” implies that only individual savings exist under the DC model. However, this is by no means the case in some markets, as in Germany. In collective models, a part of the investment can also be managed collectively.

■ Please provide your comments on section 5.5.2 Supervisory reporting on costs and charges

- Please see comments on Q5.3

Please provide your comments on section 5.5.3 Complaints procedure and Alternative Dispute Resolution (ADR)

- Easy and efficient opportunities to help members and beneficiaries in case of problems is important. Therefore, reliable and easy-to-use solutions in case of complaints and disputes are useful.

Please provide your comments on section 5.5.5 Financial education

- Insurance Europe supports the objective of promoting financial education.

Please provide your comments on section 5.5.6 Member and/or beneficiary involvement in IORPs governance

- If such a regulation were to be introduced, offering enough flexibility in how member states apply the potential requirement is useful.

Please provide your comments on section 5.5.7 Fit and proper requirements

- No changes are needed. These requirements should be defined at national level, specific to each country (local regulations). For instance, in France:
 - The fit and proper requirements are defined at national level for IORPs.
 - In the current state of French regulations, the establishment of fit and proper requirements are also defined at insurance group level, including also IORPs. This can present many difficulties.

Chapter 6. Sustainability

Q6.1: *What are your views on the consideration of sustainability risks in the recommended requirements, in particular, on how they should be applied in a proportionate manner?*

Although Insurance Europe agrees with the importance of taking into account the sustainability risks for the insurance industry and for the European economy, it also thinks that the IORP II review is not the right legislative tool for introducing further sustainability requirements. Sustainability risks are already dealt with in other pieces of legislation.

Moreover, to align governance and processes between savings and retirement, Insurance Europe requests the identical inclusion in IORP II of the Solvency II amendments in terms of sustainability risks (see DELEGATED

REGULATION (EU) 2021/ 1256 applicable since August 2, 2022). Double requirements, stemming from the overlapping of IORP II, Solvency II or specific regulation by sector, should be avoided.

Q6.2: *What are your views on the interaction between sustainability preferences of members and beneficiaries, and the requirement for IORPs to take into consideration the sustainability factors in investment decision-making (current Article 19(1)(b))?*

Although Insurance Europe agrees with the importance of taking into account the sustainability risks for the insurance industry and for the European economy, it also thinks that the IORP II review is not the right legislative tool for introducing further sustainability requirements. Sustainability risks are already dealt with in other pieces of legislation.

Moreover, to align governance and processes between savings and retirement, Insurance Europe requests the identical inclusion in IORP II of the Solvency II amendments in terms of sustainability risks (see DELEGATED REGULATION (EU) 2021/ 1256 applicable since August 2, 2022). Double requirements, stemming from the overlapping of IORP II, Solvency II or specific regulation by sector, such as the SFDR, should be avoided.

The responsibility for investments should be borne by the manager of the IORPs and not by beneficiaries.

Q6.3: *What are your views on how sustainability considerations should interact with other investment objectives of the prudent person rule (Article 19(1)(a)(c))?*

Although Insurance Europe agrees with the importance of taking into account the sustainability risks for the insurance industry and for the European economy, it also think that the IORP II review is not the right legislative tool for introducing further sustainability requirements. Sustainability risks are already dealt with in other pieces of legislation.

Moreover, for reasons of alignment of governance and processes between savings and retirement, Insurance Europe requests the identical inclusion in IORP II of the Solvency II amendments in terms of sustainability risks (see DELEGATED REGULATION (EU) 2021/ 1256 applicable since August 2, 2022). Double requirements, stemming from the overlapping of IORP II, Solvency II or specific regulation by sector, such as the SFDR, should be avoided.

The responsibility for investments should be borne by the manager of the IORPs and not by beneficiaries.

Q6.4: *What are your views on the consideration of stewardship to address sustainability risks, in particular, on how it should be applied in a proportionate manner?*

Although Insurance Europe agrees with the importance of taking into account the sustainability risks for the insurance industry and for the European economy, it also thinks that the IORP II review is not the right legislative tool for introducing further sustainability requirements. Sustainability risks are already dealt with in other pieces of legislation.

Moreover, for reasons of alignment of governance and processes between savings and retirement, Insurance Europe requests the identical inclusion in IORP II of the Solvency II amendments in terms of sustainability risks (see DELEGATED REGULATION (EU) 2021/ 1256 applicable since August 2, 2022). Double requirements, stemming from the overlapping of IORP II, Solvency II or specific regulation by sector, such as the SFDR, should be avoided.

Do you have any other comments on the following sections of chapter 6?

	Yes	No
Section 6.2: Relevant provisions in IORP II Directive and other regulations		x
Section 6.3: Previous EIOPA reports		x
Section 6.4: Other regulatory background		x
Section 6.5: The integration of sustainability factors in investment decisions		x
Section 6.6: The fiduciary duties		x
Section 6.7: Stewardship		x
Section 6.8: Broader societal goals		x

Chapter 7. Diversity and Inclusion (D&I)

Q7.1: *What are your views on the recommended requirements on D&I in management bodies, in particular on how they should be applied in a proportionate manner?*

Insurance Europe agrees with the rationale behind the initiatives that have the goal of promoting D&I in management bodies. In March 2022, Insurance Europe, together with three other European insurance social partners issued a [joint declaration](#) of the commitment to provide equal opportunities, guarantee diversity and inclusion in the workplace and fight discrimination.

However, D&I requirements should not be dealt with in the context of the IORP II Directive review, which deals with the prudential and governance requirements of IORPs. D&I requirements should be dealt with in a dedicated, separate legislation dealing with D&I requirements in the economy in general.

Q7.2: *What are your views on a definition of diversity and inclusion at the European level? Which definition would you suggest? In particular, which diversity criteria should it include?*

Insurance Europe agrees with the rationale behind the initiatives that have the goal of promoting D&I in management bodies. In March 2022, Insurance Europe, together with three other European insurance social partners issued a [joint declaration](#) of the commitment to provide equal opportunities, guarantee diversity and inclusion in the workplace and fight discrimination.

However, D&I requirements should not be dealt with in the context of the IORP II Directive review, which deals with the prudential and governance requirements of IORPs. D&I requirements should be dealt with in a dedicated, separate legislation dealing with D&I requirements in the economy in general.

Q7.3: *What are your views on the public disclosure in the annual report of the representation target for the underrepresented gender in the management or supervisory body and the policy on how to increase the number of the underrepresented gender in the management body and its implementation?*

Insurance Europe agrees with the rationale behind the initiatives that have the goal of promoting D&I in management



bodies. In March 2022, Insurance Europe, together with three other European insurance social partners issued a [joint declaration](#) of the commitment to provide equal opportunities, guarantee diversity and inclusion in the workplace and fight discrimination.

However, D&I requirements should not be dealt with in the context of the IORP II Directive review, which deals with the prudential and governance requirements of IORPs. D&I requirements should be dealt with in a dedicated, separate legislation dealing with D&I requirements in the economy in general.

Do you have any other comments on the following sections of chapter 7?

	Yes	No
Section 7.2: Relevant legal provisions		x
Section 7.3: Previous EIOPA reports		x
Section 7.4: Some national practices		x
Section 7.5: D&I in management bodies		x
Section 7.6: Reporting on D&I		x

Insurance Europe is the European insurance and reinsurance federation. Through its 37 member bodies — the national insurance associations — it represents all types and sizes of insurance and reinsurance undertakings. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe’s economic growth and development. European insurers pay out over €1 000bn annually — or €2.8bn a day — in claims, directly employ more than 920 000 people and invest over €10.6trn in the economy.

