

Insurance Europe feedback on the European Commission's proposal for a regulation amending the ESRB regulation

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General points

Insurance Europe appreciates this opportunity to provide feedback to the European Commission at an early stage in the review of the European supervisory authorities (ESAs) via the "Have your say" platform. Additional comments on governance and the new and redefined powers in the ESAs review have been prepared in the feedback on the proposal for a regulation COM(2017)536/948972.

Insurance Europe believes that an efficient, effective and credible system of financial supervision is essential at EU level. The stability of the supervisory framework is crucial to achieving this.

Changes proposed to the regulation establishing the ESRB

The European Systemic Risk Board needs to have sufficient sector-specific expertise. Insurance Europe is not convinced that the proposed permanent appointment of the president of the European Central Bank (ECB) as ESRB chair would contribute to achieving this. Insurance Europe appreciates that the review addresses legal certainty concerns via the now permanent appointment of the president of the ECB as the chair of the ESRB. However, this, together with the general tasks assigned to the ESRB in the Capital Requirements Directive (CRD) and Regulation (CRR) and in the Capital Markets Union project, demonstrates that the focus of the ESRB is on the banking sector and capital markets. Insurance Europe is conscious that the process of identifying opinions and reports within the ESRB is undertaken upholding the highest professional standards, eg in its advisory technical committee. However, sector-specific expertise is crucial to take fully informed decisions, especially given the ESRB's role in designing insurance stress-test scenarios (see below).

The ESRB should be obliged to conduct stakeholder consultations in advance of finalising every report or other workstream, not just "where appropriate". It is appreciated that the proposal foresees an equivalent provision for stakeholder consultations in the remit of the advisory technical committee, as was already foreseen for the advisory scientific committee (Article 13 para. 4a of the ESRB Regulation). However,



Insurance Europe would encourage the ESRB to always consult with affected stakeholders in advance of finalising its reports or other workstreams (and not just “where appropriate”).

Although the ESRB’s powers are essentially non-binding (as stated in the staff working document, page 12), its reports and opinions nevertheless influence policymaking significantly (not least due to its highly technical content) and therefore in practice have strong effects on the industry. Furthermore, the European Insurance and Occupational Pensions Authority (EIOPA) and the national competent authorities (NCAs) are required by Article 36 of the EIOPA Regulation to act on recommendations received from the ESRB or explain the reasons for not doing so to the ESRB and Council in the case of EIOPA and to the EIOPA Board of Supervisors in the case of the NCAs. This suggests that the ESRB recommendations are indeed of a quasi-binding nature.

It should, therefore, be mandatory common practice that the ESRB seeks and considers stakeholder feedback before finalising opinions, reports, recommendations or any other (advisory) tools. Insurance Europe believes that, for example, the recent ESRB report on insurance recovery and resolution¹ would have benefitted from additional expert input from the industry in the later drafting process.

¹ [“Recovery and resolution for the EU insurance sector: a macroprudential perspective”, ESRB, August 2017](#)