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**European Insurance and  
Occupational Pensions Authority**

**Single Programming  
Document 2017-2019**

**(AWP 2017)**

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## Foreword

EIOPA's work is designed and developed to provide value to Europe and its citizens. The way to do so is to act as a modern, competent and professional organisation, with sound and effective governance arrangements, efficient processes and a positive reputation. To achieve its goal our Authority is following the principles of independence, transparency and accountability.

To develop EIOPA further as a credible supervisory Authority within the European System of Financial Supervision we are following three main strategic priorities: First, enhancing supervisory convergence, second, reinforcing preventive consumer protection and third, preserving financial stability.

Supervisory convergence becomes key in a period where effective implementation of Solvency II is both a challenge and an opportunity, and we want to make the utmost out of the latter. A true Single market demands level playing field and quality regulation and supervision.

The trust of consumers in the area of financial sector, including insurance and pensions, deserves being enhanced, and EIOPA is targeting a range of measures to be a key contributor to its enhancement, with the customer interest at its centre.

Coming out of an unprecedented financial crisis, that has severely affected the economy and the people, we are fully committed to contribute anticipating and mitigating unintended developments for the financial sector and will make use of stress tests, risk indicators and other tools to be in the frontline of action for the Insurance and Pensions sectors.

This is the first Single Programming Document (SPD) produced by EIOPA in accordance with the new requirements of the European Commission. The SPD consists of two parts. The first part sets up the direction of the development of our Authority and the relevant business strategic objectives and actions for the period 2017 - 2019. The second part outlines the tasks EIOPA is mandated to, and will perform, in the course of the specific year in which the SPD applies (2017, 2018 and then 2019).

The current document combines the aim of providing clear information to stakeholders on our goal and mandate, including a transparent description of deliverables, together with concrete business objectives for the teams and individuals working at EIOPA, key for internal management.

This SPD is the reflection of efficient internal governance, planning and coordination followed within EIOPA in the past years. All the actions and deliverables indicated have undergone a solid prioritisation assessment and were carefully checked against required and available financial and human resources, expertise and skills. Each work stream and project indicated in the SPD is monitored by robust performance indicators supported by clear internal control standards. In order to ensure business continuity and high-quality deliverables, dedicated focus is given to associated risks and how they are managed within EIOPA.

In line with EIOPA's principles of transparency and accountability, the SPD presents our revenues, expenditures, staffing and organisational structure in a detailed and comprehensive manner. Full transparency, efficiency and

accountability are building blocks for managing public resources, as they belong to all European citizens.

The needle in our compass when performing our tasks has been, and will continue to be, bringing added value to the European Union financial supervision and by that contributing to financial stability and addressing the needs of European citizens.

## **Mission**

EIOPA's mission is to 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.

This mission is pursued by promoting a sound regulatory framework and consistent supervisory practices in order to protect the rights of policyholders, pension scheme members and beneficiaries and contribute to the public confidence in the European Union's insurance and occupational pensions sectors.

## Acronyms

<b>3CB</b> – 3r country branches	<b>IORP</b> - Institutions for Occupational Retirement Provision
<b>ABAC</b> - Accrual Based Accounting	<b>IRSG</b> – Insurance and Re-insurance Stakeholder Group
<b>AD</b> – Administrator	<b>ITS</b> – Implementing Technical Standards
<b>AML</b> – Anti-Money Laundering	<b>KID</b> – Key Information Document
<b>AST</b> - Assistant	<b>MDP</b> – Market Data Provider
<b>ATC</b> – Advisory Technical Committee	<b>MFF</b> – Multi-annual Financial Framework
<b>AWP</b> – Annual Work Programme	<b>MS</b> – Member States
<b>AWG</b> – Analytical Working Group	<b>NA</b> – Not applicable
<b>BI</b> – Business Intelligence	<b>NCA</b> – National competent authority
<b>CA</b> – Contract agent	<b>NTNI</b> – Non-Traditional Non-Insurance
<b>DC</b> – Defined Contribution	<b>OPSG</b> – Occupational Pensions Stakeholder Group
<b>DB</b> – Defined Benefit	<b>ORSA</b> - Own Risk and Solvency Assessment
<b>DPM</b> – Data point model	<b>POG</b> – Product oversight and governance
<b>EBPR</b> – Evidence-based policy review process	<b>PRIIPs</b> – Packaged retail and insurance-based investment products
<b>ECB</b> – European Central Bank	<b>PWC</b> – Price Waterhouse Coopers
<b>EEA</b> – European Economic Area	<b>QRT</b> – Quantitative Reporting Templates
<b>EFTA</b> – European Free Trade Association	<b>RFR</b> – Risk Free interest Rate
<b>EIOPA</b> – European Insurance and Occupational Pensions Authority	<b>RTS</b> – Regulatory Technical Standards
<b>ESRB</b> – European Systemic Risk Board	<b>SAA</b> – Strategic Action Area
<b>FICOD</b> - Financial Conglomerates Directive	<b>SNE</b> – Seconded National Expert
<b>FTE</b> – Full time equivalent	<b>SPV</b> – Special Purpose Vehicle
<b>GIS</b> – Global Insurance Supervision	<b>SRP</b> – Supervisory Review Process
<b>GSIIIs</b> – Globally systemically important insurers	<b>SSM</b> – Single Supervisory Mechanism
<b>HR</b> – Human resources	<b>TA</b> – Temporary Agent
<b>IAIS</b> – International Association of Insurance Supervisors	<b>XBRL</b> – eXtensible Business Reporting Language
<b>IBIPs</b> - Insurance-based investment products	
<b>ICS</b> – Insurance Capital Standards	
<b>IDD</b> – Insurance Distribution Directive	
<b>IMOGAPIs'</b> - Internal Model On-going appropriateness indicators'	

## **Section I: General Context**

Triggered by the implementation of Solvency II, a new phase is marked in the development of EIOPA. Already starting in 2015, the organisation is shifting its focus in the insurance area from regulation to supervision. This creates an opportunity to further improve the functioning of the internal market, in particular by ensuring a high, effective and consistent level of supervision, preventing supervisory arbitrage, guaranteeing a level playing field and ensuring a similar level of protection to all policyholders.

This shift is impacting the whole of the organisation, also the tasks and responsibilities not directly affected by the introduction of Solvency II, such as the tasks related to consumer protection and financial activities or its role in the monitoring and assessment of market developments. The main focus for the organisation for the period covered by this document will be the transition to more focus on oversight and supervision to build EIOPA as a credible European supervisory authority.

Also the other areas covered by EIOPA's wide ranging tasks and responsibilities will continue to develop in these years. In the pensions area the challenge remains regarding ensuring safe, sustainable and adequate pensions for European citizens, and we will see national reforms incentivising the creation of funded complementary pension schemes, be it 2nd pillar occupational pensions or 3rd pillar personal pensions. This creates the opportunity to strengthen the EU regulatory framework in order to regain the trust and confidence of EU citizens in private pension savings. In the insurance sector the gradual development of risk based international capital standards will over time be a major evolution.

The insurance and pensions regulatory frameworks will face developments in the consumer protection area, where the shift of focus for the Authority is reflected by a stronger emphasis on convergence in the supervision of conduct of business. Regulatory developments in this area will focus amongst others on good product oversight and governance, fairness and transparency, reinforcing the cross sectoral consistency.

Overall, the focus on better and smart regulation will create more scrutiny on the regulatory agenda and will put more pressure on post-evaluation in order to access cumulative effects and unintended consequences. The review of Solvency II will be a critical project.

Insurance companies and pension funds will continue to face a challenging economic and financial environment, with persistent low interest rates contributing to a search for yield behaviour. Simultaneously, insurers and pension funds will be called to provide further funding to the economy and will play an important role in the emergence of a Capital Markets Union. These developments call for an active and engaged supervisory community.

Finally, EIOPA must consider the impact of UK EU membership referendum across all areas of its work. The uncertainty surrounding Brexit will, for example, create some turbulence in the market and EIOPA must be able to monitor such developments and be able to respond to issues as they arise. Brexit, depending on the outcome of negotiations, will also present some practical issues, for example, the number and make-up of cross-border groups along with their legal structure may change, and EIOPA will need to adapt to.

## **Section II: Multi-Annual Work Programme**

### **1. Multi-annual objectives**

#### **Strategic Objective 1: to strengthen the protection of consumers**

Significant reputational and financial damage has resulted from consumer mis-selling scandals in Europe. Consumers have lost confidence and for it to return, the financial service sectors need to move away from seeing the consequences of sub-optimal and mis-sold products as just another operational expense. Instead, they must perceive that there are real benefits for industry itself and for consumers in providing quality services and products to satisfied consumers. This means the senior management of companies taking on responsibility for ensuring proper product oversight and governance arrangements, whereby for all phases of the life of a product the consumer's best interest are decisive for the decision of the undertaking and intermediary, as relevant. EIOPA must therefore, amongst others, work to engender a more consumer-centric culture in firms to ensure transparency, simplicity, accessibility and fairness across the internal market for consumers.

#### **Strategic Objective 2: to improve the functioning of the EU internal market in the field of pensions and insurance**

An effective internal market is important for the future economic well-being of the European Union. In the field of pensions and insurance, it means that consumers in every member state can expect a similar high standard of protection of their expectations and supervision of the providers in the market. For those providers, it means a proportionate level of regulation, applied consistently across the Union so there is a level field of competition.

EIOPA has played a leading role in the development of a modern, risk-based regime for insurance (Solvency II) and will now focus on overseeing its effective and consistent implementation. The regulatory cycles for pensions and for international capital standards for insurance are at different stages of development, although EIOPA's priorities remain the same: the development and implementation of risk-based regimes to protect consumers.

#### **Strategic Objective 3: to strengthen the financial stability of the insurance and occupational pensions sectors**

Preventive supervision is based on anticipating risks and ensuring action is taken in advance to mitigate or eliminate them. EIOPA continually monitors and assesses risks and vulnerabilities to the stability of the insurance and occupational pensions sectors, and broader financial stability with a view to facilitate and coordinate supervisory action. To fulfil its role EIOPA must maintain a broad awareness of the developing risks through the provision of regular risk assessments and reports to inform the Authority's key stakeholders, e.g. the European Systemic Risk Board (ESRB), the European Parliament and the European Council, on whether action is necessary.

#### **Strategic Objective 4: EIOPA to be a responsible, competent and professional organisation**

Achievement of EIOPA's core business strategic objectives is only possible when supported by strong, effective and efficient internal governance and management mechanisms. During the period of the Multi-Annual Work

Programme, EIOPA will be developing in line with its vision to become a credible supervisory authority. This means a shift from being an organisation primarily focused on delivering regulation to one that is capable of supporting the strengthening in convergence and quality of supervision in the European Union. This will place additional demands on the effective and efficient internal functioning of the Authority during the period of change, as new and developing tasks will require adaptation in EIOPA's working processes, information technology infrastructure and most importantly in its staff. All this will need to be undertaken whilst EIOPA continues to deliver against its mandate.

## 2. Key Performance Indicators

### Strategic Objective 1: to strengthen the protection of consumers

Average number and diversity of respondents to public consultations on consumer protection topics per consultation.			
Target	2017	2018	2019
	20	20	20
Rationale	Indication of engagement of EIOPA with stakeholders and useful feedback by a sufficient diversity of respondents on topics in the domain of consumer protection to enable the Authority to factor in the broadest possible views for Better Regulation		

Number of national initiatives taking inspiration from deliverables (reports, thematic reviews etc. ...) of EIOPA's conduct of business supervision framework and broader consumer protection work.			
Target	2017	2018	2019
	3	5	5
Rationale	Demonstrates the value of EIOPA's strategic framework in providing a trigger for more intensified conduct of business supervision at the national level through e.g. national surveys, thematic reviews, intensified on-site supervision, policy/legislative initiatives etc.		

### Strategic Objective 2: to improve the functioning of the EU internal market in the field of pensions and insurance

A technically sound and participatory review of the Solvency II insurance regulation by EIOPA.			
Target	2017	2018	2019
	EIOPA's proposals for changes to Solvency II implementing measures are supported by evidence received in the formal consultation process.	Timely and high quality advice delivered to the Commission on the changes to Solvency II implementing measures.	EIOPA technical advice provides a sound basis for regulatory review
Rationale	This is a way of indicating that there is agreement with key stakeholders regarding the extent of improvements/ interventions to the regulatory framework for insurance and that EIOPA is addressing them in a timely fashion, ensuring a sound and prudent regulatory framework.		



Pursuit of Solvency II as the practical implementation of the International Association of Insurance Supervisors' (IAIS) International Capital Standard.			
Target	2017	2018	2019
	Final ICS 1.0 and emerging outcomes from the review of Solvency II capital requirements to be in line.	Ongoing development of the ICS remains in line with Solvency II principles: market consistency and risk-based.	IAIS international capital standard to be published in 2019 is in line with the principles of Solvency II: market consistency and risk-based.
Rationale	Demonstrates the role of EIOPA in the development of an international capital standard on a global level and reducing burden for undertakings to cope with several layers of regulations.		

EIOPA contributes to the development of the internal market in pensions.			
Target	2017	2018	2019
	Proposals delivered by EIOPA for occupational pan-EU Defined Contribution.	Proposals delivered by EIOPA on improved standardised information to Members in the context of IORPS II.	Implementation of EIOPA's vision on pensions data.
Rationale	EIOPA has an important role in support of development of an internal market for pensions and through its proposals and strengthening of the data it collects and uses to inform policy-making, EIOPA can strengthen the evidenced based regulation that can bring about this objective.		

Percentage of insurance undertakings reported on with valid data by national competent authorities, as evidenced by the completeness ratio of technically valid reports of the Quantitative Reporting Templates (QRTs).			
Target	2017	2018	2019
	95%	97%	100%
Rationale	This measure will provide an indication of the extent of coverage of the European insurance sector EIOPA maintains in its Central Repository. This is a valuable measure in relation to the functioning of the common supervisory reporting and data framework.		

Timely and high quality publication of the Risk Free Rate.			
Target	2017	2018	2019
	12 Publications a year	12 Publications a year	12 Publications a year
Rationale	A mandated task for EIOPA stemming from Solvency II the timely provision of the information is of strategic importance to the Authority.		

Number of supervisory or policy actions taken by National Competent Authorities following observations and feedback from EIOPA's Oversight team.			
Target	2017	2018	2019
	10	15	20
Rationale	This KPI demonstrates EIOPA's impact in influencing National Competent Authority approach to supervision.		

Number of bi-lateral engagements with National Competent Authorities on oversight topics.			
Target	2017	2018	2019
	15	20	25
Rationale	Capturing all substantive engagements with National Competent Authorities in support of higher quality and more consistent supervision, this is a measure of the effort EIOPA invests in directly working with National Supervisors.		

**Strategic Objective 3: to strengthen the financial stability of the insurance and occupational pensions sectors**

Citations of EIOPA's Financial Stability Report in research journals and publications from other public institutions in the field of financial stability.			
Target	2017	2018	2019
	3	3	4
Rationale	EIOPA's goal within this SAA is to provide valuable and insightful assessments of the stability of the insurance and occupational pensions sectors. The quality and broader acceptance of EIOPA's financial stability analysis can be indicated by the use and reporting of EIOPA's works in publications on the two sectors.		

The EIOPA Stress Test triggering supervisory or policy actions on an EU level.			
Target	2017	2018	2019
	1	1	1
Rationale	EIOPA will run insurance and pensions stress tests on a revolving basis i.e. insurance stress test one year and pensions the next. The exercises should serve as a basis for supervisory or policy actions, where deemed necessary, or trigger further work within the European System of Financial Supervision. This KPI assesses the extent to which this is happening.		

### **Strategic Objective 4: EIOPA to be a responsible, competent and professional organisation**

Percentage of audit findings from European Court of Auditors and Internal Audit Service addressed by improvement measures by the agreed deadline, or if no deadline was set, within twelve months of the finding being issued.			
Target	2017	2018	2019
	100%	100%	100%
Rationale	A key priority of EIOPA is to demonstrate its maturity and compliance and its ability to address audit findings represents this.		

Implementation rate of EIOPA budget: Percentage of the approved budget committed.			
Target	2017	2018	2019
	99%	99%	99%
Rationale	A concrete measure of the effectiveness of the management of EIOPA's budget.		

### **3. Multi-annual programme**

#### **Strategic Action Area 1.1: develop and strengthen the regulatory framework for the benefit of protection of consumers**

Product oversight and governance (POG) arrangements refer to internal processes, functions and strategies of manufacturers in their system of governance aimed at designing and bringing products to the market and monitoring and reviewing them over their life cycle. EIOPA is empowered under the Insurance Distribution Directive (IDD) to develop delegated acts in 2017 on POG relating to internal approval processes, the identification of target markets for each product together with regular reviews of the products. EIOPA stands ready to develop Level 3 guidance as a follow-up to ensure a Union-wide consistent approach to the detailed implementation and application of such POG arrangements. Moreover, further investigations into the functioning of such arrangements and the cultural change POG will bring about in board rooms of industry is foreseen. Such further analysis may be undertaken jointly by staff responsible for conduct regulation and supervisors together, ensuring the necessary expertise and insight to assess compliance.

One of the elements necessary to ensure fairness across the internal market for consumers is the accessibility of insurance and pension products including for low-income households. In this manner, access to insurance services can play an important role in mitigating welfare losses. One way of facilitating such access is by fostering a supervisory framework that promotes fair products e.g. by means of standardisation measures.

EIOPA will actively take part in ensuring that European consumers are well informed, as this remains a pre-condition for sound insurance and pension markets. Information for consumers, whether prior to purchasing an insurance contract or throughout the duration of an insurance or pension contract, should objectively address the purpose, risks and the costs of the products, relevant

regulatory requirements and complaints-handling procedures, as relevant. Consumers should also be able to understand the information that is given i.e. it should be clear, fair and not misleading. Comparability of information between products can also be important, so standardisation of information is often desirable.

In deciding what might be the appropriate level of protection for consumers, there is a general principle that consumers should take responsibility for their decisions. However, ordinary consumers do not behave as the so-called perfectly rational person ('homo economicus') who reads terms and conditions, makes optimal purchasing decisions and has a perfect knowledge of the market. Therefore, EIOPA will take into account the lessons from behavioural economics in pursuing its objectives. As an example, when addressing the overly complex, obscure and incomparable information regarding the risks, rewards and costs of different investment products, the use of consumer testing is an indispensable element for developing a Key Information Document (KID). The work is mandated under the packaged retail and insurance-based investment products (PRIIPs) Regulation with EIOPA leading the cross-sectoral work.

Advice to consumers should best suit their profile and their needs, taking into account the complexity of the contract and the risks involved, with a view to purchasing an appropriate product. This means that selling practices, whether through intermediaries or direct selling, should be up to standard.

In this respect, rapid Information Technology developments are a trigger for reshaping the financial services, creating the conditions for new types of products and distribution channels, potentially leading to new types of risks to consumers. This should be seen in the context of the increasingly digital lives led by consumers, and the rapid development of new communication and business modes. This may facilitate consumers' increased access to information but, at the same time, new sales models incorporating algorithmic or automated recommendations may blur the boundary between advice and self-service. For these reasons, the digitalisation of financial services is an area of enhanced importance also for supervisors on a going forward basis and a development closely followed by EIOPA from a horizontal perspective, taking into account not only the impact on consumers but also more widely financial stability, oversight and supervisory policy.

A specific aspect of digitalisation relates to accessibility to insurance cover, due to the increased access by third parties to information about individuals via their use of smartphones, social media, and the internet. This holds the potential risk that some consumers may face difficulties, through the application of more and more sophisticated profiling, in getting access to insurance and pension products. EIOPA will be actively monitoring the issue of inclusion from a preventive point of view, pursuing supervisory consistency, as required.

EU retail financial services legislation is less harmonised than other areas within the financial sector, and the current and recent financial turbulence has underlined the importance of ensuring effective consumer protection across all financial sectors. In this respect, it is important, in order to raise consumer protection standards and thereby rebuild trust in consumers, to make the regulatory treatment of the distribution of insurance products more uniform across the EU. IDD seeks to achieve these objectives and provides a large number of deliverables for EIOPA, enabling it to contribute to such protection

measures. More specifically, EIOPA will be delivering on four detailed empowerments in early 2017, together with one Regulatory Technical Standard, one Implementing Technical Standard and one set of Guidelines. Despite the key focus of work being carried out in 2016 it is likewise conceivable that additional Level 3 measure will be needed going-forward. In addition, IDD contains a number of requirements for EIOPA to establish various registers, updates and reports either as one-off measures or as recurrent tasks. These deliverables require additional staff also in 2017 with a high level of technical and practical expertise in order for EIOPA to deliver on its mandate and empowerments.

As regards the specific case of insurance-based investment products (IBIPs), the IDD requires that they are 'suitable' for the consumer, which inter alia means a need for sales staff to take a number of elements into account, when providing advice with the ultimate aim of ensuring that products are not sold unduly. These include the need to obtain the necessary information regarding the consumer's knowledge and experience with the specific type of product or service, that person's financial situation, including his ability to bear losses and risk tolerance. EIOPA is empowered under the IDD to develop delegated acts on suitability of IBIPs and also stands ready to develop Level 3 guidance as a follow-up to ensure a Union wide consistent approach to their detailed implementation and application.

EIOPA will continuously work to ensure that there are effective redress procedures for consumers. As facilitated by EIOPA's Complaints-Handling Guidelines, consumers should be able to lodge complaints, and insurance undertakings and intermediaries have to put in place a complaints management policy dealing with such complaints. Moreover, internal functions have to ensure that the investigation of a complaint is done fairly and that consequential follow-up is initiated, where relevant. Firms should also make available information on how to complain. Ultimately, subject to existing national specificities, consumers should be able to have access to an independent and competent alternative dispute resolution mechanism in addition to going to court.

**Strategic Action Area 1.2: develop and strengthen a comprehensive risk-based and preventive framework for conduct of business supervision that serves as basis for appropriate supervisory action**

EIOPA's comprehensive risk-based and preventive framework for conduct of business regulation and supervision focuses on the whole product life cycle. Traditional approaches to conduct of business regulation and supervision, focussed on point of sale (disclosure and selling practices) with a tick-box approach that has proven insufficient to prevent mass miss-selling, and too reactive to keep up with changing business realities. Smarter regulation and supervision is needed. Therefore, EIOPA's approach seeks to focus on improving outcomes for consumers through a more preventive and risk-based approach.

By being risk-based, the objective is to focus priorities and resources where they matter most to build a common European supervisory perspective and approach, with constant monitoring and 'dynamic' capacity to respond to innovation and change. The focus on prevention means anticipating consumer detriment early, rather than just reacting following the emergence of problems. This can only be done through a forward-looking approach, which concentrates on how to best identify and tackle, in a timely and effective manner, emerging risks for

consumers. Market monitoring, data gathering and the ability to read data intelligently are crucial to this approach. International developments are also mirroring EIOPA's approach – for example, the work of the International Association of Insurance Supervisors (IAIS) on conduct of business risks, emphasising the increasing importance of adequate monitoring of retail risks.

Better prevention will be achieved by a greater understanding of the underlying dynamics across national markets and improved market monitoring to observe detriment at an earlier stage. This will be facilitated by ensuring better data via the retail risk indicators, renewed strategic impetus for the consumer trends framework together with a rethink of the monitoring obligation under EIOPA's founding Regulation, the PRIIPs Regulation and IDD.

Furthermore, EIOPA will perform thematic reviews as part of its supervisory role, allowing a deeper analysis to explore issues that go beyond purely one national market either because those issues have a cross-border element to them or, due to the fact that they arise or are likely to arise in several national markets. Recalling EIOPA's mandate to foster supervisory convergence across the EU also in the conduct of business area, additional tools to thematic reviews will be developed to facilitate supervisory convergence, e.g. by collecting supervisory examples and good practices and offering a forum for discussion and exchange.

In this respect, EIOPA may further investigate, through a thematic review, whether firms have in place appropriate claims-handling procedures to ensure effective and fair treatment of claims. Consumers are often not familiar with the procedures relating to the process of claims and/or do not have the sufficient level of financial literacy to fully understand what happens when the need to claim arises. The thematic review would need to consider the key steps of the claims-handling process: initial notification of the loss by the policyholder, assessment of the loss and settlement of the claim.

An enhanced monitoring regime will ultimately also ensure that, where detriment does arise and where it is of a material nature, EIOPA will be informed and able to take action under its warning and banning powers.

### Strategic Action Area 2.1: leading the development of a sound and prudent regulatory framework

The development of a sound and prudent regulatory framework can be structured according to four areas: development of the framework, assessment, implementation, and seeking to influence stakeholders.

The 'frontier' of development of capital standards will shift from Solvency II – where the focus will be increasingly on supervision – to the development of an international capital standard by the International Association of Insurance Supervisors (IAIS). In the area of pensions, the sustainability of pensions promises is measured by stress tests which assess the impact of adverse economic scenarios on pension funds and by moving towards measurement on a European basis of the assets and liabilities of pension funds. Another area where development of a regulatory framework will be ongoing is in respect of information to members of pension funds. Finally, the development of an internal market in personal pensions will continue. In all these areas, policy will be developed during 2017-19.

Consistent with a shift of focus from regulation to supervision will be the assessment of a number of activities under the Solvency II framework. These include the provision of long term guarantees by insurance undertakings and the assessment of the regulatory framework underpinning these. In addition, the solvency capital requirements for the different elements of the standard formula under Solvency II will also be reviewed. More generally, the improved provision of data will play an important role in assessing the new regulatory framework for insurance and in the development of policy on pensions. The assessment of third countries via the equivalence procedure will continue. Finally, the implementation by undertakings and National Competent Authorities of specific aspects of Solvency II will be assessed. More generally, towards the end of the relevant period, there will be a review of the standards and guidelines under Solvency II. Internationally there will be ongoing review of the methodology to determine globally systemically important insurers (GSIIIs)

One key part of the Solvency II framework is the requirement on EIOPA to provide risk free rate curves for various currencies and the associated measures of the fundamental spread and the volatility adjustment. There will be significant developments in terms of the operational processes by which the risk free rates and associated curves are produced. This includes reviews of methodology and of production. On pensions, there will be a continued focus on the extent and activities of cross-border pension schemes and on the enhanced collection of high-quality, meaningful and reliable pensions data.

The close cooperation of the European Supervisory Authorities under the forum of the Joint Committee ensuring cross-sectoral consistency will continue to grow in importance, in particular in the area of consumer protection, in line with the outcome of the first European System of Financial Supervisors review in 2014.

EIOPA's stakeholder groups will continue to play a key role in EIOPA, including via the provision of opinions. EIOPA's dialogues with third countries will continue with a particular focus on fast growing economies including China. The important dialogue with the US will continue.

During this period EIOPA will continue to contribute to developments on accounting and auditing, in the field of insurance and pensions.

#### Strategic Action Area 2.2: to maintain and develop a common supervisory reporting and data framework

The introduction of Solvency II will lead to the availability of undertaking specific detailed and harmonised information to EIOPA, which will completely change the way it executes its tasks in the area of financial stability, market monitoring and data dissemination. It also entrusts EIOPA to deliver on specific tasks involving processing and analyses of large sets of data, such as the determination of the Risk Free interest Rate curves (RFR). The information framework needed for these tasks will comprise Registers, Central Repository and Business Intelligence (BI) projects.

By 2017 the systems will be in place, the processes developed and a number of regular reports already being produced fulfilling a range of business intelligence needs. From this point on, the focus will shift to operation and maintenance of the new systems. This will generate the need to develop EIOPA's data management capacities and the establishment of a dedicated team, with the

required skillset to manage the process of data collection and interact with the national authorities and ensure the timely provision of good quality information. It will establish a central hub with dedicated staff in EIOPA to deal with data dissemination, be it in the form of specific data marts (sets of information for a specific objective) for end-users, ready for analysis, standard reports or the publication of statistics in the area of pensions and insurance.

EIOPA has been entrusted with new duties and powers introduced by the Directive 2014/51/EU (Omnibus II): One of the new requirements is, according to Art. 77(e), the determination of the risk-free interest rate structure to be used as the basis for the calculation of the value of the liabilities of insurance undertakings and, to a large degree, the amount of capital that European insurers need to hold against their liabilities. Differences of decimals quickly lead to large differences in the financial position of undertakings.

Discovery of any error in the risk free rates that generates under-provisioning would cause financial market participants to re-evaluate the strength of both the sector and individual undertakings.

This task has no precedent in any other international public institution due to the impact on companies' balance sheets and the broad array of currencies to be dealt with. It not only requires the production of a RFR, but also requires EIOPA to be able to justify the decisions made and be able to react to unforeseen circumstances. Feedback during 2015 from an external review of EIOPA's risk free rate process concluded that EIOPA calculated the risk free rate accurately but also stated that "The RFR process is dependent on a small number of EIOPA staff" and in particular further work on IT and automated processes should be initiated. In 2017, the comprehensive process analysis for automation would need to be finalised, the building of the respective integrated IT system initiated and its pilot implementation and testing with parallel runs of the current and future systems to be started. Resources are needed for IT and data experts as well as RFR technical experts. A further investment in EIOPA's data collection and processing systems is needed to develop a RFR automated calculation engine.

### Strategic Action Area 2.3: leading in convergence to consistent and high-quality supervision

EIOPA's focus will continue to be leading in convergence towards a consistent implementation of Solvency II across Europe that is towards consistent and high-quality supervision of insurers.

On-site activity – EIOPA staff participating in college meetings and inspections or bilateral visits to National Competent Authorities – will continue to be an important part of the oversight approach. As EIOPA's Business Intelligence capability develops, off-site analysis, research and preparation will grow in importance.

In order to deploy its resources effectively, EIOPA will develop and implement a risk-based, flexible approach to planning. The first part of this will be to collect the evidence and information gathered via its meetings with the colleges and group supervisors and the bilateral visits to the national authorities, issues raised by rating agencies and other market participants, and the insights from in-house analysis of quantitative reporting by undertakings. An aggregated view



of this information will enable risks and issues to be identified, understood and prioritised for further action. The planning approach will be flexible to accommodate newly occurring issues.

EIOPA will continue to participate in colleges, although the nature of the participation will vary according to the potential risk and specific issues of each college. The focus of the work will be to promote effective, shared supervision of the group. Information exchange within each college, using best-practice reports and analysis from EIOPA's central reporting tools, can form the basis of a deep understanding of the risks faced by a group. Increasingly, the college will develop a supervisory plan based on this risk analysis and make best use of the skills within the college to deliver the plan.

The support for the Globally Systemically Important Insurers (GSII) Forum as a means of direct access to group supervisors and a platform for the discussion of practical supervisory matters will be continued. Over time it is intended to formalise the activities of the Forum in order to identify best/good practice and better understand the specific supervisory issues arising in a GSII context, with a feedback into the Supervisory Handbook.

Bilateral visits and engagement with national authorities will continue. As EIOPA continues to understand and review practices in all authorities, these bilateral engagements will provide tailored challenge and insightful feedback rooted in the extensive expertise and experience of EIOPA's staff and European level perspective on supervisory and market developments.

Over this period, the number of new, large internal model applications will reduce, although group models may still generate regular major changes that must be approved by the relevant college members. EIOPA's attention will move to the question of assessing the consistency of the implementation and calibration of internal models, carried out by a series of quantitative and qualitative benchmarking exercises. These exercises, repeated over time, will provide supervisors with the means to detect gradual weakening of model calibrations. Model indicators will be developed and their effectiveness should improve as the number of periods for which there is model data increases. In the area of internal models, where EIOPA staff cannot currently provide deep expertise in all areas, EIOPA will continue to cultivate networks of technical experts to provide input into the consistency projects. In at least some areas, EIOPA will begin to develop an independent, in-house view of appropriate quantification of risks.

EIOPA will also continue to deliver peer reviews and following the semi-hiatus imposed during the application of Solvency II to reduce the burden on National Competent Authorities, the peer review process will re-focus on insurance and assessing parts of the Solvency II framework.

EIOPA will continue to build and enhance a common supervisory culture and consistent supervisory practises by means of its sectoral and cross sectoral annual training programme, together with the public events it organises such as the annual EIOPA conference, joint consumer protection days, public hearings, etc. In doing so, going forward, the topics covered in the training and events programme implement EIOPA's overall strategy shifting focus from regulation to supervisory convergence. In executing the programme EIOPA will use a state of the art approach to stage arrangements and modern interaction tools, including the recording of video tutorials placed on EIOPA's homepage.

### Strategic Action Area 3: identify, assess, monitor, report and mitigate risks and threats to the financial stability of the European insurance and pensions sectors

Identification of system-wide risks and vulnerabilities will increasingly rely on the application of the dashboards and early warning indicators to inform EIOPA in strategic risk areas for supervisory or regulatory action. Crisis management in a broad sense would increasingly need to pay attention on the financial soundness of undertakings and the stability of markets, in order to identify in a pro-active manner risks developing. This will involve additional work in the recovery and resolution area, as well as the declaration of exceptional adverse market situations.

EIOPA will further develop the stress testing toolkit and its expertise in using these techniques. The aim here is to devote resources to developing new methodologies for assessing resilience, new validation methods and new reporting/collation and analysis templates. The bar in terms of depth of analysis could also be raised with the publication of individual results..

The transition into Solvency II and the increased data availability will inevitably transform the methodological framework for assessing risks and vulnerabilities. The development of robust analytical toolkits and econometric models will be a major enhancement in that direction while the provision of horizontal risk analysis will be one of the core targets for the identification, assessment and monitoring of risks.

Finally, the challenging financial-economic environment, the geo-political uncertainties around the world and the challenges accompanying a big transition such as Solvency II, will lead EIOPA into a period of increased awareness on the stability of the financial system. The Authority needs to bring its preparedness of crisis management to the next level, amongst others by increasing its capacity in this area and actively engaging in preparatory exercises with its Members. The focus on prevention will need to be further enhanced through risk assessment techniques and an active role on the shaping of a potential framework on recovery and resolution.

### Strategic Action Area 4: effective and efficient internal functioning built upon strong culture, proper governance and skilled and committed people

This strategic area of action has two key elements, the first is to ensure EIOPA delivers both value for money and real added benefit for Europe and its citizens, the second is to manage effectively the transition from an organisational perspective of EIOPA to become a credible supervisory authority. These will be delivered across three domains; the effective management of EIOPA's work and resources, the provision of services and facilities to staff and stakeholders, and the maintenance of a strong and positive culture in a staff population with a high level of expertise and skill commensurate with the demanding tasks of a credible supervisory authority.

In terms of its governance, EIOPA will continue to build upon its positive reputation in order to maintain a strong moral authority. Transparency and

accountability therefore remain central to its operations and management. This will require the support of competent and knowledgeable staff working in corporate functions and delivering effective and compliant budgetary and financial management. EOPA will also centralise and strengthen the support provided to the core business units in many of these areas e.g. procurement and obtain efficiencies through collaboration with other European Union agencies and the European Commission.

The expanding demands placed on the Authority in the face of a limited growth in its resources will require an even stronger emphasis on efficient governance in terms of planning, project and process management. The Authority has already strengthened and embedded robust project management principles in response to the complex and demanding work surrounding preparations for Solvency II and will continue to apply its enhanced capability to current and new work streams.

EIOPA is committed to providing its staff and stakeholders when visiting its headquarters in Frankfurt the services and facilities they require to undertake their tasks. The further implementation of EIOPA's Open Office Space initiative will increase the number of open plan layouts, with the effect of reducing the floor space to headcount ratio. The Authority will also continue to enhance and support its information technology infrastructure and applications. Effort will be invested in further aligning EIOPA's information technology investments with its business priorities, facilitating relationships with strategic partners, and balancing risk with value for EIOPA. EIOPA will continue to update and expand its administrative business solutions bringing increased managerial oversight and efficiencies, implementing for example financial management solutions (ABAC, e-Finance).

EIOPA's credibility is predicated on the reputation of its staff, and they need the requisite skills and competencies to interact with National Competent Authorities on an equal level, providing support and where necessary challenge. EIOPA's recruitment, retention and training will therefore target in a strategic manner areas for development particularly in the field of Solvency II reporting and making best use of the available information to support supervision across Europe. Competency management within the organisation will gain a greater focus and feature more heavily in strategic planning.

The way in which EIOPA communicates with its stakeholders will also develop. The implementation of Solvency II has raised the Authority's profile in 2016 and it will be valuable to capitalise on the heightened awareness to advance many of EIOPA's objectives in the public sphere for example in raising awareness of consumer protection issues.

## **4. Human and financial resource outlook for the years 2017 - 2019**

### **4.1 Overview of the past and current situation**

#### **Staff Population overview**

In January 2016 the EIOPA Management Board approved a reduction of the AST total number by 1 post and the increase of the AD total number by 1 post. This change, already incorporated in the SPD 2016-18, has not been taken on board by the approved budget 2016. The budget remained neutral as the exchange was done at similar grade.

On 1 November 2016 EIOPA implemented a re-organisation to support the change in EIOPA strategy "From regulation to supervision", to enhance synergies and coordination as well as to improve decision making processes and information flow. The re-organisation implied an increase of the middle managers by 5. Internal recruitment will be favoured to provide for career development and budget neutrality.

In 2017 EIOPA will not make use of the flexibility rule, but will need to capture the exchange done in 2016, which was not included in the approved budget for 2017.

### Overview of all categories of staff

Staff population		Filled end 15 <sup>1</sup>	In EU Budget 2016 <sup>2</sup>	Filled end 2016 <sup>3</sup>	Voted EU Budget 2017 <sup>4</sup>	Draft EU Budget 2018	Envisaged in 2019 <sup>5</sup>
Officials	AD	n/a	n/a	n/a	n/a	n/a	n/a
	AST	n/a	n/a	n/a	n/a	n/a	n/a
	AST/SC	n/a	n/a	n/a	n/a	n/a	n/a
TA	AD	73	78	76*	85	96	96
	AST	13	15	13	16	16	16
	AST/SC	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total<sup>6</sup></b>		<b>86</b>	<b>93</b>	<b>89</b>	<b>101</b>	<b>112</b>	<b>112</b>
CA GF IV		9	11	10	11	11	11
CA GF III		5	7	8	6	16	16
CA GF II		18	17	16	18	8	8
CA GF I		0	0	0	0	0	0
<b>Total CA<sup>7</sup></b>		<b>32</b>	<b>35</b>	<b>34</b>	<b>35</b>	<b>35</b>	<b>35</b>
<b>SNE<sup>8</sup></b>		<b>19</b>	<b>27</b>	<b>16</b>	<b>25</b>	<b>25</b>	<b>25</b>
Structural service providers <sup>9</sup>		2		2			
<b>TOTAL</b>		<b>139</b>	<b>155</b>	<b>141</b>	<b>161</b>	<b>172</b>	<b>172</b>
External staff <sup>10</sup> for occasional replacement <sup>11</sup>		0.9		0.5			

\* 4 offer letters sent.

<sup>1</sup> Offer letters sent should be counted as posts filled in with a clear reference in a footnote **with a number how many posts/positions it concerns.**

<sup>2</sup> As authorised for officials and temporary agents (TA) and as estimated for contract agents (CA) and seconded national experts (SNE).

<sup>3</sup> Offer letters sent should be counted as posts filled in with a clear reference in a footnote **with a number how many posts/positions it concerns.**

<sup>4</sup> As authorised for officials and temporary agents (TA) and as estimated for contract agents (CA) and seconded national experts (SNE).

<sup>5</sup> Figures should not exceed those indicated in the Legislative Financial Statement attached to the founding act (or the revised founding act) minus staff cuts in the context of 5% staff cuts over the period 2013-2017.

<sup>6</sup> Headcounts

<sup>7</sup> FTE

<sup>8</sup> FTE

<sup>9</sup> **Service providers** are contracted by a private company and carry out specialised outsourced tasks of horizontal/support nature, for instance in the area of information technology. At the Commission the following general criteria should be fulfilled: 1) no individual contract with the Commission; 2) on the Commission premises, usually with a PC and desk; 3) administratively followed by the Commission (badge, etc.) and 4) contributing to the value added of the Commission. FTE

<sup>10</sup> FTE

<sup>11</sup> For instance replacement due to maternity leave or long sick leave.

Structural service providers:

1. Communication, open tender procedure, 1 FTE for 12 months in 2016
2. IT Service Helpdesk, open tender procedure, 1 FTE for 12 months in 2016

## Expenditure

The EIOPA Annual Work Programme 2016 and the allocation of the related expenditure that were adopted by the BoS had to be revised at the beginning of 2016 as a consequence of the reduced EIOPA Budget 2016 decided by the EU Budgetary Authority in November 2015. A Re-prioritisation exercise was conducted and alignment was sought with the strategic steer provided by the Management Board in the discussion on the Work Programme 2016. The table below provides with a summary of the main features regarding expenditure during 2016:

Title	Initial 2016 Budget €	2016 Budget after transfers € <sup>12</sup>	Var. %	Committed	% Committed	Paid	% Paid	Carry-forward	% Carry-forward
Title I – Staff expenditure	14,258,975	13,786,939	-3.31%	13,750,028.71	99.73%	13,405,887.89	97.24%	344,140.82	2.50%
Title II – Administrative expenditure	3,627,300	3,742,455	3.17%	3,739,641.79	99.92%	3,021,325.29	80.73%	718,316.50	19.19%
Title III – Operational expenditure	3,876,225	4,233,106	9.21%	4,203,639.69	99.30%	2,934,637.12	69.33%	1,269,002.57	29.98%
<b>Total</b>	<b>21,762,500</b>	<b>21,762,500</b>	<b>0.00%</b>	<b>21,693,310.19</b>	<b>99.68%</b>	<b>19,361,850.30</b>	<b>88.97%</b>	<b>2,331,459.89</b>	<b>10.71%</b>

EIOPA's operational expenditure in 2016 has been driven to a large extent by the need to develop the information and data framework capabilities.

Funds for Operational Information and Data Management have covered for initiatives under the Core IT Programme, which is divided into the following categories:

1. Data Standardisation deals with projects where EIOPA is working on the industry standardisation of financial data reporting using the XBRL technology. The XBRL Taxonomy project and the Tool for Undertakings form the pivotal projects.
2. Data Management incorporates those projects which allow the secure collection, storage and dissemination of the data that EIOPA receives from its stakeholders. Key projects in this area are the Central Repository and the Registers.
3. Data Analysis governs the added value that EIOPA brings to the data it receives from its stakeholders. The Business Intelligence project provides the tools to analyse the data stored in the Central Repository.
4. Further review of Solvency II, Risk Free Rate methodology as well as continued production.

<sup>12</sup> Figures rounded

5. Security, availability and efficiency measures for core infrastructure and tools for knowledge management and coordination and collaboration on European level.

## 4.2 Resource programming for the years 2017-2019

### 4.2.1 Financial resources

The BoS adopts EIOPA's budget as a part of the Single Programming Document after it is approved by the European Union's Budgetary Authority at the end of each calendar year or beginning of the following year.

The European Union grants EIOPA a subsidy of 40%. The remaining 60% are contributions from the Member States (MS). In addition since 2016 the Member States and EFTA states pay the 'employers contributions to the EU pensions' scheme'. EFTA states pay their contributions according to the weighting factor on the top of the Member States contributions and possibly with effect from July 2017 according to a percentage based on the gross domestic product on the top of the EU subsidy.

The following tables represent EIOPA's budget requests for 2017-2019 taking into account EIOPA's ambitions to be a credible Supervisory Authority. Specifically the areas of increased budget expenditure is foreseen in building and developing EIOPA's approach to risk based and preventative conduct supervision. Furthermore the increase is necessary to build the supervisory reporting framework and to increase support provided to the National Competent Authorities to achieve convergent and high quality supervision.

<b>REVENUE<sup>13</sup></b>	<b>2017 (EUR)<sup>14</sup></b>	<b>2018 (EUR)<sup>15</sup></b>	<b>2019 (EUR)<sup>16</sup></b>
EU subsidy	8,946,404	9,570,895	9,778,564
EFTA contributions on EU subsidy <sup>17</sup>		236,401	241,530
Contributions from National Competent Authorities	13,412,076	14,356,343	14,667,846
EFTA contributions on top of NCA contributions	380,776	407,720	416,567
Pensions contributions	1,260,000.00	1,310,000	1,370,000

<sup>13</sup> The figures are rounded

<sup>14</sup> Including surplus from 2015.

<sup>15</sup> Excluding surplus from 2016 as not known at this stage yet, therefore the total budget should be higher.

<sup>16</sup> Excluding surplus from 2017 as not known at this stage yet, therefore the total budget should be higher.

<sup>17</sup> 2.47% EFTA contributions will be applied on top of the 40% EU subsidy with effect from July 2017 (amount 210,103), pending confirmation by the European Commission

(NCA and EFTA)			
<b>Total</b>	<b>23,999,256</b>	<b>25,881,359</b>	<b>26,474,507</b>

<b>EXPENDITURE</b>	<b>2017 (EUR)<sup>13</sup></b>	<b>2018 (EUR)<sup>13</sup></b>	<b>2019 (EUR)</b>
Staff Expenditure	15,872,447	17,712,162	18,131,285
Administrative Expenditure	3,352,666	3,216,600	3,275,210
Operational Expenditure	4,774,143	4,952,597	5,068,012
<b>Total</b>	<b>23,999,256</b>	<b>25,881,359</b>	<b>26,474,507</b>

## 4.2.2 Human Resources

### Resource outlook over the years 2017-2019

The shift from regulation to supervision EIOPA is undertaking along with developments such as the application of Solvency II will result in new and growing demands.

To fully implement the risk-based and preventative approach to the supervision of conduct EIOPA will require additional resources to deliver the key tools underpinning this activity. Thematic reviews, for example, will be a demanding area of work and EIOPA will require additional staff with sufficient expertise and knowledge to engage with national competent authorities and other stakeholders on a wide range of often technical areas of interest.

In the domain of information, the undertaking specific detailed and harmonised information made available to EIOPA under application of Solvency II in 2016 will have a major impact on EIOPA's work in the domain of financial stability, market monitoring and data dissemination. The Authority is committed to effectively handling and making use of this information and will work further on the establishment of a dedicated team to manage data collection and deal with data dissemination, including the production of specific data marts (sets of information for a specific objective) for end-users, ready for analysis, standard reports or the publication of statistics in the area of pensions and insurance. It is essential that the information provided is timely and accurate and made available to end-users in a secure and confidential manner when required and EIOPA must therefore secure additional resources for this work.

With the application of Solvency II, EIOPA will also be requested to provide more direct and tailored support to National Competent Authorities including feedback and sometimes mediation on matters regarding the practical application of the Regulation. Furthermore, as the Authority increases its ability to identify risks and issues across the internal market or in a specific jurisdiction via the analysis of the reported information, EIOPA will need sufficient resources to be directed to address or mitigate them in a timely manner. It is therefore fundamental for EIOPA to strengthen its oversight and legal capability to meet these additional demands.

Negative priorities/decrease of existing tasks - in the insurance sector EIOPA will limit its work on regulation to only that specifically requested by the Commission or to provide updates and revision to existing regulation where deemed absolutely necessary.

Efficiency gains - EIOPA is seeking to achieve efficiency gains in a number of areas. In its Corporate Services Unit, the introduction of IT solutions is hoped to either reduce the number of staff to undertake tasks or at least maintain existing levels even when tasks are expanding. Further preparatory work for the implementation of E-Finance and SYSPER (a new electronic Human Resources management system) will be conducted in 2017.

The Authority will also continue to increase the efficient use of office space at its headquarters by introducing open plan office space use. This will reduce the ratio of floor space to headcount.

Redeployment – triggered by the shift in strategy towards supervision and the start of Solvency II implementation, resources will be redeployed to strive covering the new and growing demands, i.e. oversight and information, amongst others.



## Section III Annual Work Programme 2017

### Executive summary

EIOPA's Annual Work Programme 2017 is built on the tasks the Authority is mandated and required to undertake, its strategic objectives and priorities for the year agreed with its Management Board. Its work will be the result of joint efforts of EIOPA's staff and its Members. It will benefit from the input and discussions with relevant stakeholders, particularly its two Stakeholder Groups, the IRSG and the OPSG.

In order to **develop and strengthen the regulatory framework for the benefit of protection of consumers**, EIOPA will continue to contribute to the Insurance Distribution Directive, the key European Union legislative development in the domain of consumer protection. This includes Technical Advice and activities focusing on appropriateness of products, conflicts of interest and improving information to consumers on risks. In the same vein, EIOPA will continue to take the lead in the work delivered by the Joint Committee on PRIIPs, covering a number of follow-up deliverables to the Regulatory Technical Standards (RTS) on a Key Information Document (KID).

To **develop and strengthen a comprehensive risk-based and preventive framework for conduct of business supervision that serves as basis for appropriate supervisory action**, EIOPA will monitor and report on developments likely to result in consumer detriment and then be ready to take swift, yet robust and proportionate action to counter it. The Authority will engage in market monitoring, amongst others via identified Retail risk indicators. The Annual Consumer Trend Report, along with a number of follow-up activities related to trends identified in 2016 as required, will report on consumer trends that take place in the European insurance and pension sectors and possible consumer protection issues that could arise from such trends. The thematic review on market conduct addressing monetary incentives in unit-linked policies will also be undertaken and finalised. EIOPA also retains, and stands ready to make use of, the power to issue opinions, warnings, temporary restrictions and prohibitions, shall all other measures prove unsuccessful in challenging the threat or actual consumer detriment.

A central task for EIOPA in **leading the development of a sound and prudent regulatory framework** will be to monitor and support implementation of the Solvency II regulation. The Authority will implement an evidence-based policy review process leading to reporting on National Competent Authority progress in terms of implementation. EIOPA will also continue to publish, and review key information for the market such as the Risk Free Rate. Work will also be undertaken on the Reviews of the Standard Capital Requirements and the Long Term Guarantee measures, which are explicitly listed as projects to be carried out in the frame of the Solvency II Directive. The objectives of these

projects are also to achieve enhanced simplicity and proportionality whilst keeping the risk-sensitivity and avoid pro-cyclicality. With the aim of maintaining an active presence on the international scene, EIOPA will continue its active involvement with the International Association of Insurance Supervisors in its work on the International Capital Standards. The Authority will continue its work on the EU-US project, but also engage more deeply with China.

In the domain of pensions, EIOPA will focus on building on the quality and availability of meaningful and reliable data, essential for developing sound regulation that reflects the nature and needs of the sector. EIOPA will also play a crucial role in the implementation of the Institutions for Occupational Retirement Provision II Directive, particularly in relation to risk management, governance, information to members and beneficiaries as well as cross-border activities. Further policy work will be undertaken in the domain of the common framework for risk assessment and transparency for IORPs and for the pan-European Personal Pension product (PEPP). The development of an occupational pan-European Defined Contribution (DC) framework is supposed to foster cross-border IORPs activity.

Important cross-sectoral developments will also be worked on through EIOPA's contribution to the Joint Committee of European Supervisory Authorities, which will include promotion of the Capital Markets Union and the 4<sup>th</sup> Anti-Money Laundering Directive.

A number of key workstreams will continue into 2017 **to maintain and develop a common supervisory reporting and data framework**. Regulation, such as that pertaining to Solvency II, provides EIOPA with the mandate to collect, manage and use relevant data to support functioning of the internal market through consistent and convergent supervision. EIOPA's Central Repository is the core means of storing this data and will need to be properly run and maintained, in addition to the implementation of projects to enhance functionality and resolve any defects that may arise. To ensure a functioning data management infrastructure, EIOPA will also maintain and update its reporting taxonomies and existing registers. EIOPA will also enhance its Business Intelligence capability, ensuring it maintains the capacity to provide reliable information for risk as well as supervisory analysis, both at individual, group and system-wide levels as well as providing National Competent Authorities with aggregated analytical reports on national and EU level, adding value to the reporting data they have provided.

EIOPA's work in **leading in convergence to consistent and high-quality supervision** will focus on the quality, consistency and convergence of supervision by National Competent Authorities and group supervisors also in the domain of Internal Models. To support National Competent Authorities, EIOPA will conduct bilateral visits to provide feedback on specific themes selected as priorities to enhance supervisory convergence. EIOPA will also extend its tailored

support through the provision of its expertise to exercises such as Balance Sheet Reviews and increase resources allocated to peer reviews. To support group supervisors, the Authority will continue to work with the Colleges Theme Plan framework, to set and implement targets from enhancing the supervision of cross-border groups. EIOPA staff actively contributes to the Colleges that supervise these groups and to joint on-site examinations based on risk based prioritisation. In the domain of Internal Models, the Authority will provide direct support and tools to National Competent Authorities along with group supervisors. EIOPA will also continue its leading role in delivering peer reviews. To build the knowledge and understanding of supervisors in the legislative developments e.g. Solvency II's application, EIOPA will also deliver an extensive sectoral and cross-sectoral training programme.

With the aim to **identify, assess, monitor, report and mitigate risks and threats to the financial stability of the European insurance and pensions sectors**, EIOPA continually monitors and assesses risks and vulnerabilities, related to these sectors and to the stability of the broader financial system. This is with the view to facilitate and coordinate pre-emptive supervision to mitigate or eliminate risks. In 2017, the Authority will deliver its core tools to inform key stakeholders, e.g. the European Systemic Risk Board (ESRB), the European Parliament and the European Council and put further effort in updating and improving the underpinning methodologies. The plan, subject to the Board of Supervisors' approval, includes running a second Pensions Stress Test, proving a formal assessment of the resilience of pension funds to adverse market developments using a consistent methodology. EIOPA will also deliver its Financial Stability Report that provides comprehensive economic analysis of risks and vulnerabilities and its improved Risk Dashboard which monitors a common set of qualitative and quantitative indicators to identify and measure risks. Having identified risks and threats and whether trigger events have occurred requiring action, the Authority must then develop proposals for a policy response. Additionally, EIOPA will further work on its stance on Recovery and Resolution, also in relation to the mandated task under Solvency II to declare the existence of exceptional adverse situations.

By maintaining a strategic focus on **effective and efficient internal functioning built upon strong culture, proper governance and skilled and committed people**, EIOPA places great emphasis on undertaking and managing the tasks mandated to it in a professional and effective manner, ensuring quality, timely delivery and value for money for its stakeholders. EIOPA maintains the credibility and the moral authority required to develop in line with its vision i.e. move from regulation to supervision and become a credible supervisory authority by being managed in an open and transparent manner. A key priority for this area is to reinforce the legal and technical expertise of EIOPA. This will be achieved through the development and training of existing staff, as well as recruitment of highly qualified new staff. However, the very scarce pool of expertise from which staff can come presents a challenge for

maintaining appropriate staffing levels. Reflecting this, and budgetary constraint, EIOPA underwent a re-structure at the end of 2016 to enhance synergies across the Authority and will continue to implement policies and procedures such as reallocation of tasks and internal mobility to ensure it is making the best use of its staff and is remaining responsive to new demands that may arise throughout the year. It will also continue to strengthen project management as a discipline within the Authority to enhance successful delivery of its work. Finally, the security of the organisation (personnel, physical, IT) will continue to be strengthened.

## Introduction

EIOPA's Annual Work Programme 2017 is the outcome of the Authority's annual planning round, establishing where the greatest need for the Authority's work lies and where it should focus its resources. The work programme is structured around EIOPA's strategic objectives and action areas, and defined in terms of operational/horizontal activities. Each activity details its own operational objective and link to EIOPA's strategy, the planned products and services, and the required human and financial resources. This provides clarity on the purpose and value of EIOPA's work, and enables prioritisation of the many competing demands for the Authority's limited resources.

### Defined priorities for 2017

In consultation with its Management Board, EIOPA has devised its priorities for the year 2017, reflecting the major demands and important developments that need to be factored into planning. These have been further elaborated to align to the 'Planning Priorities' required to achieve EIOPA's vision of becoming a credible supervisory authority. This is the basis for the five priorities for 2017.

**Strengthen the protection of consumer protection: enhancing a risk based and preventive approach to conduct risk** - broadening the perspective to the entire value chain and strengthening the focus on risks and their prevention. Key areas to develop include consideration of an EU-wide common language along with qualitative and quantitative retail risk indicators and thematic reviews that facilitate overall enhanced monitoring and early identification of consumer detriment. Finally, priority will be provided to assist identifying the net performance of common investment products including long term savings products, forming part of the overall CMU programme.

**Improve the functioning of the EU internal market in the field of pensions and insurance: install an evidence based policy feedback loop** – it is crucial to maintain a focus on the underlying principles and rationale, to ensure that regulation is sound and risk based. Post-implementation analysis will provide an important source of evidence and close the loop to high-quality regulation. For Solvency II in particular, EIOPA will implement the framework monitor how the implementing measures work in practice and whether the rules are in fact delivering on the underlying principles.

**Leading in convergence to consistent and high-quality supervision: development of a risk-assessment framework** – cooperate and coordinate on evidence gathering to identify cases of inconsistent supervision enabling EIOPA to prioritise its resources to address areas where it can achieve the most impact in improving the quality and consistency of supervision via its work with National Competent Authorities and Colleges and through peer reviews.

**Strengthen the financial stability of the insurance and occupational pensions sectors: develop EIOPA's data management capacities** – as part of the Solvency II implementation, it is essential that EIOPA prepared its information systems and supporting technologies, so that it is capable of securely receiving information from National Competent Authorities and has the capacity and tools to analyse it. This will provide for the capacity to provide reliable risk as well as supervisory analysis, both at individual, group and system-wide levels.

**EIOPA to be a responsible, competent and professional organisation: reinforce legal and technical expertise** - continue to develop and build the knowledge of its staff to deliver robust policy work, credible supervisory analysis and deal appropriately with the expected increase of mediation and breach of union law processes.

### **Transparent Prioritisation**

To ensure transparent and objective decision making, the specified priorities for 2017, EIOPA's strategy and the legal requirements specific to 2017 all feature in the decision making on prioritisation. EIOPA's operational and horizontal activities have been allocated to one of three priorities, and the following criteria were applied in this exercise:

- **High** – the area of work supports EIOPA's defined priorities for 2017, it is a legal requirement that must be delivered in 2017 and is strategically aligned;
- **Medium** – the area of work is a legal requirement and is strategically aligned; and
- **Low** – the area of work is strategically aligned.

For each activity the priority is specified along with a clear and logical justification behind the allocation. Depending on its priority, decisions are made about the allocation of resources to an activity, its relative importance and continued presence in the Work Programme in the face of new demands arising in-year or budget cuts.

## Activities

Operational Activity (SAA 1.1): develop and strengthen the regulatory framework for the benefit of protection of consumers

### Delivering technical advice and policy work

**Operational Objective:** to strengthen the focus on consumer interests through a smart regulatory framework.

<b>High Priority</b>		<p><b>Legal requirement:</b> Article 9 of EIOPA's Regulation states that the Authority shall take a leading role in promoting transparency, simplicity and fairness across the internal market within its fields of competence. A central tool to achieving this is building the regulatory framework. In addition, the Insurance Distribution Directive holds a number of empowerments to EIOPA, some of which have the deadline for completion and delivery to the Commission in 2017.</p> <p><b>Priority 2017:</b> it is a priority to provide timely and high quality technical advice to the European Commission, where so required under Union law.</p> <p><b>Strategically aligned:</b> EIOPA's first strategic objective is to strengthen the protection of consumers and this activity is the basis for EIOPA to deliver its mandated role to achieve this.</p>
Legal requirement	X	
Priority for 2017	X	
Strategically aligned	X	

<b>Resources</b>	<b>7.25 FTE</b>	<b>Evolution (Growing):</b> the demands of this activity will be growing in 2017 in view of number of empowerments to provide technical advice, in particular related to the Insurance Distribution Directive.
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Products	Due Date
<ul style="list-style-type: none"> <li>EIOPA Instruments – initiation of work Regulatory Technical Standards on the amounts for professional indemnity insurance (for completion in 2018)</li> </ul>	Q4 (roll over to 18)
<ul style="list-style-type: none"> <li>Completion of Technical Advice to the Commission on Delegated Acts under IDD on: (i) POG (ii) conflicts of interest; (iii) inducements and (iv) assessment of suitability and appropriateness of insurance-based investment products</li> </ul>	Q1 2017
<ul style="list-style-type: none"> <li>Completion of draft Implementing Technical Standards on the standardised presentation format of a Product Information Document (PID) for non-life insurance products</li> </ul>	Q1 2017
<ul style="list-style-type: none"> <li>Guidelines – Guidelines under Art 30(7), IDD on the assessment of IBIPs that incorporate a structure, which makes it difficult for the customer to understand the risks involved</li> </ul>	Q4
<ul style="list-style-type: none"> <li>Other IDD deliverables: (i) initial preparatory work on market monitoring of ancillary insurance products; (ii) development of a 'single electronic register for passporting intermediaries' (hyperlink to national registers); and (iii) revision of the Luxembourg Protocol</li> </ul>	Q4
<ul style="list-style-type: none"> <li>Report on the level of reporting of complaints data under the Complaints – handling Guidelines on cross-border basis and whether the EIOPA template is being used (in conjunction with Peer Review on the Complaints Handling Guidelines)</li> </ul>	Q2 – Q4
<ul style="list-style-type: none"> <li>European Commission Action Plan on Retail Financial Services, e.g. certificate for professional indemnity insurance and/or a 29ths regime for life insurance policies</li> </ul>	Q4

Operational Activity (SAA 1.2): develop and strengthen a comprehensive risk-based and preventive framework for conduct of business supervision that serves as basis for appropriate supervisory action

**Analysis and (where necessary) concrete supervisory measures in relation to market developments and supervisory practices to avoid consumer detriment**

**Operational Objective:** early identification of potential consumer detriment that could otherwise materialise, allowing swift action, where necessary including supervisory measures to correct detriment or threat.

<b>High Priority</b>		<p><b>Legal requirement:</b> within Article 9 to take a leading role in promoting transparency, simplicity and fairness, EIOPA may also issue warnings where financial activities threaten EIOPA’s objectives or temporary prohibitions/restrictions where specifically mandated under Union Law (Articles 9.3 and 9.5). To fulfil its mandate in a robust and proportionate manner, EIOPA must develop and maintain the capability to monitor and report on developments likely to result in consumer detriment and then be ready to take swift action.</p> <p><b>Priority for 2017:</b> it relates to the strategic objective concentrating on the whole product life cycle-focused consumer protection with greater emphasis on preventive, risk-based regulation and supervision.</p> <p><b>Strategically aligned:</b> this activity provides EIOPA with a concrete and comprehensive risk-based and preventive framework for conduct of business supervision, pre-empting consumer detriment and therefore delivering against an important strategic objective for the Authority.</p>
Legal requirement	<b>X</b>	
Priority for 2017	<b>X</b>	
Strategically aligned	<b>X</b>	

<b>Resources</b>	<b>6 FTE</b>	<p><b>Evolution (Growing):</b> additional resources will be required especially with a view to the enhanced market monitoring including growing number of thematic reviews.</p>
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Products	Due Date
<ul style="list-style-type: none"> <li>Report – Finalisation of thematic review on market conduct addressing monetary incentives in unit-linked policies.</li> </ul>	Q1-Q4
<ul style="list-style-type: none"> <li>Report - Annual Consumer Trends Report (consumer protection and financial innovation, including digitalisation, InsurTech, etc.)</li> </ul>	Q4
<ul style="list-style-type: none"> <li>Retail risk indicators: annual report based on a staggered approach to develop market and product monitoring by means of retail risk indicators</li> </ul>	Q3
<ul style="list-style-type: none"> <li>European Commission mandate: Net performance of common investment products including long term savings</li> </ul>	Q1-Q4
<ul style="list-style-type: none"> <li>Opinions, warnings, temporary restrictions and prohibitions - As required</li> </ul>	To be decided
Services	Frequency
<ul style="list-style-type: none"> <li>Market monitoring generally and specifically under the PRIIPs Regulation with a view to potential product intervention on IBIPs</li> </ul>	Continuous



## Operational Activity (SAA 2.1): leading the development of a sound and prudent regulatory framework

### Ensure the ongoing appropriateness of the regulatory framework and processes for insurance and reinsurance supervision

**Operational Objective:** implement policy, with change where needed, in order to support convergent and consistent application of Solvency II through the use of reviews, processes and other tools.

#### High Priority

Legal requirement	X
Priority for 2017	X
Strategically aligned	X

**Legal requirement:** EIOPA is required to contribute to the establishment of high-quality common regulatory standards and to contribute to the consistent application of legally binding Union acts as well as to build a common supervisory culture and consistent supervisory practices in ensuring uniform procedures and consistent approaches (Article 1(a) and (b), 29 (1)(a),(c) and (d) EIOPA Regulation. In particular, the Review of the Solvency Capital Requirements' standard formula and the Review of the Long Term Guarantee measures are explicitly listed as projects to be carried out in the frame of the Solvency II Directive.

**Priority for 2017:** it is part of the policy development process to evaluate and review the Solvency II regulation after one year of implementation of Solvency II, based on experience. The further development of good quality regulation and support to policy development in new areas where relevant is a general priority of EIOPA. The impact assessment is an explicit tool for supporting the Better Regulation in EU regulation.

**Strategically aligned:** because of its focus on the implementation of Solvency II, requiring the establishment of an evidence-based policy feedback loop, in cooperation with other units.

Resources	9 FTE
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**Evolution (Growing):** Work on the reviews of the Long Term Guarantee and Solvency Capital Requirements for the standard formula will necessitate additional resources to be undertaken effectively.

Products	Due Date
<ul style="list-style-type: none"> <li>Long Term Guarantee review (annual data decision, annual report)</li> <li>Solvency Capital Requirements for the standard formula review (collection of evidence, CP, final advice)</li> <li>Opinions</li> </ul>	Q4 Q4 Contingent on demand Q4
<ul style="list-style-type: none"> <li>First considerations about an evidence-based policy review process (EBPR) for Solvency II (Progress report by National Competent Authorities, Errata, Revision of ITS/GL/RTS)</li> </ul>	
Services	Frequency
<ul style="list-style-type: none"> <li>Impact assessments in particular on IDD regulatory instruments but shift to pensions in 2HY</li> </ul>	Contingent on demand

## Pensions Regulation

**Operational Objective:** to lead the development of a sound and prudent regulatory framework for pensions to improve the functioning of the EU internal market in the field of pensions. To support the same objective this activity is to empower convergent supervisory practices, in particular in terms of cross-border accumulation and provision of pensions. Hereby EIOPA focuses its work on the analysis of high-quality pensions data leading to well-researched and sustainable innovative solutions.

### Medium Priority

Legal requirement	X
Priority for 2017	
Strategically aligned	X

**Legal requirement:** EIOPA's founding Regulation requires EIOPA to act in the field of activities of institutions for occupational retirement provision in order, amongst other objectives, to be actively involved in facilitating effective regulation and supervision. Hereby, EIOPA bases its conclusions and recommendation on factual evidence, research and close interaction with its members to attain a good understanding of the actual application of the IORP Directive and issues related to that act.

**Priority for 2017:** NA

**Strategically aligned:** strategic action areas 2.1, 2.2 and 2.3 set out that building blocks of an improved functioning of the internal market for pensions are based on an evidence-based development of regulation, which needs to be supplied by a high-quality data framework and which feeds back into high-quality and convergent supervisory practices.

Resources	5.5 FTE
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**Evolution (Growing):** starting from 2016, the data needs play a significant role in EIOPA's thinking of pensions regulation. That will be further enhanced by the needs to assess vulnerabilities in the pension sector and its impact on financial stability, as a follow-up to the 2015 pensions stress test. Further, EIOPA is expected to play a crucial role in the run-up to the implementation of the IORP II Directive, adopted in November 2016. The main areas of research cover risk management, governance, information to members and beneficiaries as well as cross-border activities. As a follow-up to the Commission's White Paper on pensions and EIOPA's previous work on personal pensions, EIOPA may need to continue working in this area. The new activities will require further staff members working in this field.

Products	Due Date
<ul style="list-style-type: none"> <li>Market development report on occupational pensions and cross-border IORPs</li> </ul>	Q4
<ul style="list-style-type: none"> <li>Policy development of pan-European occupational defined contribution schemes</li> </ul>	Q4
<ul style="list-style-type: none"> <li>Policy development on occupational pensions, covering in particular risk management, governance, information to members and beneficiaries and cross-border activities</li> </ul>	Contingent on demand
<ul style="list-style-type: none"> <li>Policy development on the implementation of the Opinion on risk assessment</li> </ul>	Contingent on demand
<ul style="list-style-type: none"> <li>Policy development on personal pensions including the PEPP</li> </ul>	Contingent on demand

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**Developing contacts and entering into administrative arrangements with supervisory authorities, international organisations and the administrations of third countries**

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**Operational Objective:** to coordinate the European position and contribute to the development of common international capital standards and convergence of international supervisory standards.

<b>High Priority</b>		<p><b>Legal requirement:</b> this activity will be a cornerstone of EIOPA's proactive approach to international developments in 2017. EIOPA's regulation requires that the Authority reaches out to third countries to address key global issues in the supervision of insurance and pensions. Article 33 of EIOPA's regulation provides the mandate to '...develop contacts and enter into administrative arrangements with supervisory authorities, international organisations and the administrations of third countries.'</p> <p><b>Priority for 2017:</b> the development of International Standards for Insurance can have substantial knock-on effects on the European Solvency II framework, including its reviews (from 2017 onwards).</p> <p><b>Strategically aligned:</b> EIOPA's work on the IAIS international capital standard is a high priority with the aim to increase the global convergence and consistency of supervisory practices, through the implementation of a sound risk-based supervisory framework (ComFrame - including the ICS), of which Solvency II can become a practical implementation.</p>
Legal requirement	X	
Priority for 2017	X	
Strategically aligned	X	

<b>Resources</b>	<b>3.5 FTE</b>	<b>Evolution (Growing):</b> the work at the level of the IAIS is increasing in volume and complexity.
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<b>Products</b>	<b>Due Date</b>
<ul style="list-style-type: none"> <li>Strategy papers on potential topic areas: global Insurance Capital Standard (ICS), G-SII designation and the work on systemic risk</li> <li>Delivery of Insurance Capital Standard version 1.0</li> </ul>	Contingent on demand Q3

**Assist in preparing equivalence decisions pertaining to supervisory regimes in third countries**

**Operational Objective:** equivalence decisions by the requesting body, whether the Commission or a group supervisor, are enhanced by the technical input of EIOPA in terms of the equivalence assessment, facilitating cross border business; finalisation of the EU-US Project and an intensified cooperation with China.

<b>Medium Priority</b>		<p><b>Legal requirement:</b> an important element of EIOPA’s mandate for international relations (EIOPA regulation: Article 33) is to assist in preparing equivalence decisions pertaining to supervisory regimes in third countries in accordance with the acts referred in Article 1(2).</p> <p><b>Priority for 2017:</b> NA</p> <p><b>Strategically aligned:</b> aim to increase the global convergence and consistency of supervisory practices.</p>
Legal requirement	X	
Priority for 2017		
Strategically aligned	X	

<b>Resources</b>	<b>1 FTE</b>	<p><b>Evolution (Declining):</b> this area of work is dependent on requests from Commission/National Competent Authorities, which will dictate the assessments carried out in 2017. Annual updates of previous assessments are scheduled for 2017. Also, the growing international presence of EU insurers makes it relevant for EIOPA to actively engage with an increased number of third country supervisory authorities; the EU-US Insurance Project is also ongoing in 2017, but since end 2015/2016 there is a particular emphasis on China.</p>
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<b>Products</b>	<b>Due Date</b>
<ul style="list-style-type: none"> <li>Maximum of 4 full equivalence assessments delivered in 2017</li> <li>Update of equivalence assessments carried out over the last years</li> <li>China: cooperation based on an Annual Work Program set up in 2016</li> <li>Technical advice to Commission on the negotiations of a bilateral EU-US Covered Agreement on reinsurance collateral, group supervision and professional secrecy and other activities as considered necessary</li> <li>EU-US project: 2017 priority to look at the impact of consumer protection on the business models of insurance companies</li> </ul>	<p>Contingent on demand</p> <p>Contingent on demand</p> <p>Contingent on demand</p> <p>Q1</p> <p>Q1-4</p>

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## Stakeholder Groups

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**Operational Objective:** enabling the two EIOPA Stakeholder Groups to provide constructive feedback and opinions on EIOPA Instruments and other relevant products/activities.

<b>High Priority</b>		<p><b>Legal requirement:</b> EIOPA has a responsibility to consult Stakeholder Groups and obtain their opinions and advice on its legal instruments and other relevant products (EIOPA Regulation Article, 15, 16, 37, 48, 47 and 49).</p> <p><b>Priority for 2017:</b> as part of the evidence based approach to policy, the role of Stakeholder Groups remains key to EIOPA.</p> <p><b>Strategically aligned:</b> Presently there are the two EIOPA's Stakeholder Groups established: Insurance &amp; Re-insurance (IRSG) and Occupational Pensions (OPSG), both of which provide valuable input from the consumer, industry and academic perspectives as EIOPA builds the regulatory framework.</p>
Legal requirement	<b>X</b>	
Priority for 2017	<b>X</b>	
Strategically aligned	<b>X</b>	

<b>Resources</b>	<b>1 FTE</b>	<b>Evolution (Stable):</b> continue the running of the existing groups.
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<b>Products</b>	<b>Due Date</b>
<ul style="list-style-type: none"> <li>Stakeholder Groups Opinions/ Feedback Statements on EIOPA Instruments and other relevant products</li> </ul>	Contingent on demand

<b>Services</b>	<b>Frequency</b>
<ul style="list-style-type: none"> <li>Stakeholder Group input on all relevant products, be it on public consultations, informal consultations or involvement in roundtables or public events. The support offered to the Groups ensures that EIOPA can benefit from the experience and knowledge of the members of the Stakeholder Groups</li> </ul>	9 meetings per year as a minimum in total

## Regular and close cooperation between the three European Supervisory Authorities to ensure cross-sectoral consistency

**Operational Objective:** where a matter is of cross-sectoral nature, the European Supervisory Authorities cooperation in the Joint Committee relating to supervisory and regulatory activities in the securities, banking and insurance & pension markets ensures consistency of supervisory standards and practises.

<b>Medium Priority</b>		<p><b>Legal requirement:</b> Article 54.2 of the EIOPA Regulation, lays down the following non-exhaustive list of areas for European Supervisory Authority cooperation on cross-sectoral themes: financial conglomerates, accounting and auditing, financial stability at the micro-prudential level, consumer protection, anti-money laundering and information exchange with the European Systemic Risk Board. The aim of this cooperation is to build consistency from a supervisory perspective across the financial markets. EIOPA has a key role to provide the insurance and pensions perspective.</p> <p><b>Priority for 2017:</b> NA</p> <p><b>Strategically aligned:</b> it leads the development of sound and prudent regulation for cross-sectoral matters. It contributes to promote supervisory convergence across financial sectors to the benefit of consumers. Consumer protection is in the focus of the Joint Committees' activities and key for its work.</p>
Legal requirement	X	
Priority for 2017		
Strategically aligned	X	

<b>Resources</b>	<b>2 FTE</b>	<b>Evolution (Stable):</b> the workload and demands of this activity are expected to remain similar to those of the previous year.
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Products	Due Date
• Technical Advice into the review of the Financial Conglomerates Directive (FICOD) by the European Commission	Q4
• Update the list of identified financial conglomerates (in close coordination with the European Central Bank/Single Supervisory Mechanism)	Q3
• Regulatory work to promote the establishment of a Capital Markets Union addressing securitisation and recovery and resolution issues	Q1-Q4
• Products to fulfil the various mandates under the 4th Anti-Money Laundering Directive and Anti-Money Laundering Regulation	Q1-Q4
• Products on consumer protection - (see separate Joint Committee precise work programme) will cover (i) PRIIPs KID follow up to Level 2 work including work on (a) a comprehension alert and (b) credit risk mitigation; (ii) Technical Advice to COM DA on PRIIPs with environmental and social objectives; (iii) finalisation of Report on Big Data; and (iv) work on cross-border supervision of financial services	Q1-Q4
• Joint Report on Risks and Vulnerabilities (presented at the Council's Economic and Financial Committee's Financial Stability Table)	Q2, Q4

Services	Frequency
• The fifth Joint Consumer Protection Day	Q2
• Functioning Joint Committee website	Continuous

## Operational Activity (SAA 2.2): to maintain and develop a common supervisory reporting and data framework

### Data standardisation

**Operational Objective:** taxonomies for full Solvency II reporting data, SPV, 3CB and Financial Stability Guidelines and European Central Bank add-ons for the insurance sector.

<b>High Priority</b>		<p><b>Legal requirement:</b> Article 29 of EIOPA's founding Regulation requires EIOPA to contribute to 'developing high quality and uniform supervisory standards, including reporting standards.'</p> <p><b>Priority for 2017:</b> as part of the Solvency II implementation, EIOPA will also prepare its information systems and supporting technologies, so that it is capable of securely receiving information from National Competent Authorities. The taxonomy is a prerequisite for a functioning data management infrastructure.</p> <p><b>Strategically aligned:</b> priority is put on the access and use of good quality data. This will be delivered through the implementation of a comprehensive information system based on the Solvency II reporting.</p>
Legal requirement	X	
Priority for 2017	X	
Strategically aligned	X	

<b>Resources</b>	<b>3.25 FTE</b>	<b>Evolution (Stable):</b> regular maintenance of the project, including adaption to new business needs due to changes of Implementing Technical Standard and Guidelines on reporting.
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Products	Due Date
<ul style="list-style-type: none"> <li>Insurance Taxonomy Release (2.2)</li> <li>Pensions Taxonomy</li> </ul>	Q3 Q4

Services	Frequency
<ul style="list-style-type: none"> <li>Taxonomy support (National Competent Authorities and market)</li> <li>Tool for Undertakings support (National Competent Authorities and market)</li> </ul>	Continuous Continuous until Q2

## Data management

**Operational Objective:** timely availability of high quality data to support EIOPA's work on crisis prevention, financial stability, oversight, policy and consumer protection.

<b>High Priority</b>		<p><b>Legal requirement:</b> the Solvency II Directive, Delegated Act, Implementing Technical Standards and Guidelines on reporting collectively define a framework for reporting of information from undertakings to National Competent Authorities, along with EIOPA's role in collecting, managing, using and reporting on this data. To deliver against its mandate, EIOPA must have in place the necessary infrastructure and tools to securely receive and manage data.</p> <p><b>Priority for 2017:</b> maintenance of a functioning data management infrastructure and the complete reference database (as a pre-condition for data collection and sharing information) constitute major elements in EIOPA's support to the proper implementation of Solvency II and therefore this activity fulfils the priority for 2017.</p> <p><b>Strategically aligned:</b> without the products and services delivered through this activity, EIOPA's strategic ambition to be the EU data-hub for the collection, use and dissemination of reference data on EU insurance companies and pension funds will not be fulfilled.</p>
Legal requirement	<b>X</b>	
Priority for 2017	<b>X</b>	
Strategically aligned	<b>X</b>	

<b>Resources</b>	<b>7 FTE</b>	<p><b>Evolution (Stable):</b> the Central Repository will be stable in 2017 and will be in business as usual maintenance mode. However an annual project will still be required to enable the systems to implement two versions of taxonomy annually, enhancements and defect resolution.</p>
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<b>Products</b>	<b>Due Date</b>
• Central Repository – Release for updated Taxonomy	Q4
• Set-up information and data dissemination flows	Q4

<b>Services</b>	<b>Frequency</b>
• Data collection and validation for Central Repository – according to annual submissions calendars	Continuous
• Functioning data collection system	Continuous
• Functioning Central Repository	Continuous
• Functioning Register of Insurance Undertakings	Continuous
• Functioning Register of Insurance Groups	Continuous
• Functioning Register of IORPs Prudential Provisions	Continuous
• Functioning Register of Institutions for Occupational Retirement Provision	Continuous
• Functioning Register of Financial Conglomerates	Continuous
• Functioning Database of Pension Plans and Products	Continuous



## Data analysis

**Operational Objective:** develop advanced functionality of business intelligence system and analysis tools for EIOPA business teams. Provide analytical reports to National Competent Authorities and EIOPA business teams.

### Medium Priority

Legal requirement	
Priority for 2017	X
Strategically aligned	X

**Legal requirement:** NA

**Priority for 2017:** as part of the Solvency II implementation, EIOPA will also prepare its information systems and supporting technologies, so that it is capable of securely receiving information from National Competent Authorities and has the capacity and tools to analyse it.

**Strategically aligned:** priority is put on the access and use of good quality data. This will be delivered through the implementation of a comprehensive information system based on the Solvency II reporting and by developing the capacity to provide reliable risk as well as supervisory analysis, both at individual, group and system-wide levels. Furthermore, EIOPA wants to use the reporting data received from National Competent Authorities to create added value to National Competent Authorities by providing them with aggregated analytical reports on national and EU level.

**Resources** 6 FTE

**Evolution (Growing):** the business intelligence system will be still in development in 2017.

Products	Due Date
<ul style="list-style-type: none"> <li>Business Intelligence Standard Reports</li> <li>Business Intelligence system – 2nd release including new standard reports and dedicated data marts</li> </ul>	Q1 Q4

Services	Frequency
<ul style="list-style-type: none"> <li>Functioning Business Intelligence system including system support and maintenance of data marts</li> <li>Creation of ad-hoc reports on request of business users</li> </ul>	Continuous  Contingent on demand
<ul style="list-style-type: none"> <li>Data preparation for analysis</li> <li>Information and data exchange with other authorities</li> </ul>	Continuous Continuous

## Further review of SII risk free rate methodology as well as continued monthly production

**Operational Objective:** EIOPA to calculate and publish key information fundamental to effective application of Solvency II.

### High Priority

Legal requirement	X
Priority for 2017	X
Strategically aligned	X

**Legal requirement:** the effective implementation of Solvency II is dependent on the provision by EIOPA of a set of technical information and the methodology on which firms will base their calculations of capital requirements and technical provisions. The determination of the risk-free interest rate structure, the fundamental spread and the volatility adjustment determine the value of the liabilities of the undertakings and, to a large degree, the amount of capital that European insurers need to hold against their liabilities. It is mandated as a legal requirement within Omnibus II that EIOPA provides this information.

**Priority for 2017:** timely and competent delivery of the risk free rate is a key part of the whole Solvency II framework and necessary for its full implementation, it forms the basis of the calculation of liabilities by all insurance undertakings.

**Strategically aligned:** Risk Free Rate production is a key component of the greater emphasis on operational processes and data.

Resources	7.5 FTE
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**Evolution (Growing):** this activity will grow compared to 2016 with the need to develop the systems required for automation. Based on internal assessment and the recommendations from the PWC external review, a specific project will need to be developed (analysis phase and building the system) to increase automation, therefore enhancing robustness of the full production cycle.

Products	Due Date
• Risk Free Rate review - Review of the methodology and external review	To be confirmed
• Renewed tender for Market Data Providers, update twice a year historical input data, improvements to the processes and coding	Q4
• Assessment and review of EIOPA Equity Index	Q4
• First phase of automated system	Q4

Services	Frequency
• Risk Free Rate Monthly production	Monthly

**Security, availability and efficiency measures for core infrastructure and tools for knowledge management and coordination and collaboration on a European level**

**Operational Objective:** maintenance of IT infrastructure essential for supporting core business data framework and of the structures and tools for knowledge management and coordination and collaboration on a European level.

**Medium Priority**

Legal requirement	
Priority for 2017	X
Strategically aligned	X

**Legal requirement:** NA

**Priority for 2017:** implementation of the data elements of Solvency II must be supported with flexible IT services available 24x7x365.

**Strategically aligned:** appropriate and well-functioning IT solutions and services are a vital component to ensure the Agency's day-to-day functioning. Staff must always have technology and IT capacity available to get their work done, regardless of their location or the platform they are using. This activity will also deliver the elements to enhance information security capability within the Authority, which is essential for the secure handling of data.

**Resources** 4.5 FTE

**Evolution (Growing):** as EIOPA's systems to collect, manage, analyse and report on data grow, so do the demands for ensuring they are functioning correctly and securely.

Products	Due Date
<ul style="list-style-type: none"> <li>Document management system</li> <li>Virtual desktop environment</li> <li>Preparatory deliverables for data loss prevention and watermarking of documents</li> </ul>	<p>Q2</p> <p>Q4</p> <p>Q4</p>

Services	Frequency
<ul style="list-style-type: none"> <li>Document management</li> <li>Manage security threats</li> <li>Functioning IT infrastructure solutions</li> <li>Functioning Extranet</li> <li>External helpdesk</li> </ul>	<p>Continuous</p> <p>Continuous</p> <p>Continuous</p> <p>Continuous</p> <p>Continuous</p>

## Operational Activity (SAA 2.3): leading in convergence to consistent and high-quality supervision

### Drive the quality, consistency and convergence of supervision by National Competent Authorities

**Operational Objective:** an improvement in the quality, consistency and convergence of the supervision by National Competent Authorities, in particular a move towards a more proactive, forward-looking and risk-based supervision.

#### High Priority

Legal requirement	X
Priority for 2017	X
Strategically aligned	X

**Legal requirement:** it delivers part of EIOPA's responsibility under Article 29 to build a Common Supervisory Culture.

**Priorities of 2017 alignment:** it is part of the development of a risk-assessment framework by collecting observations from bilateral engagement with National Competent Authorities.

**Strategic alignment:** it will lead to increased consistency and quality of supervisory practices in the European Union.

#### Resources 10 FTE

**Evolution (Growing):** bilateral engagement with National Competent Authorities on their supervisory practices is a key part of delivering consistency and increased quality in supervision. Increased resources will allow engagement with all National Competent Authorities over the course of a year, as well as providing capacity to work on extended support to National Competent Authorities on projects like balance sheet reviews.

Products	Due Date
• Develop country profile reports and supervisory-focused peer comparisons based on (mostly) Quantitative Reporting Template reporting	Q1-Q4
• Supervisory Review Process Handbook - (new chapters)	Q4
• Annual reports on the use of Capital Add-Ons (CAO) and Limitations or Exemptions from Reporting (LER)	Q4

Services	Frequency
• Bilateral visits to National Competent Authorities, covering supervisory approach in general and specific risk topics selected as priorities for EIOPA's Oversight teams, providing a staff feedback report to National Competent Authorities on observations to enhance supervisory convergence	Continuous
• Extended National Competent Authorities support – project-based Balance Sheet Review and similar exercises	Continuous

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## Drive the quality, consistency and convergence of the supervision of cross-border groups

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**Operational Objective:** an improvement in the quality, consistency and convergence of the supervision of cross-border insurance groups by the group supervision and college members, in particular a move towards a more proactive, forward-looking and risk-based supervision.

<b>High Priority</b>		<p><b>Legal requirement:</b> it delivers EIOPA's responsibility under Article 21 (promoting and monitoring the efficient, effective and consistent functioning of the colleges), as well as the broader responsibility under Article 29 to build a Common Supervisory Culture.</p> <p><b>Priority for 2017:</b> EIOPA will monitor how the regulatory framework operates in practice and whether the rules are in fact delivering on the underlying principles.</p> <p><b>Strategically aligned:</b> it is part of the development of a risk-assessment framework by collecting observations from colleges. It will lead to increased consistency and quality of supervisory practices in the EU.</p>
Legal requirement	X	
Priority for 2017	X	
Strategically aligned	X	

<b>Resources</b>	<b>12.5 FTE</b>	<p><b>Evolution (Stable):</b> over 2016/17 EIOPA's colleges work moves to a new phase: EIOPA's involvement will become more risk-based, i.e. through a themes based approach setting the priorities for the content and taken into account risks of the groups and/or the specificities of the colleges. Colleges' focus on risks will be supported through the development of relevant tools.</p>
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Products	Due Date
• (Multi-)Annual thematic Action Plans for Colleges (two-fold approach) for 2018	Q3
• Twice a year report on quality, efficiency and effectiveness of group supervision and the functioning of the Colleges	Q1 and Q3
• Establishing an approach on how to include elements of risk-based conduct of business supervision by colleges	Q4
• Carry out two or three risk-topic reviews with colleges on topics selected as priorities for thematic work for EIOPA's Oversight teams	Continuous

Services	Frequency
• Attend college meetings, providing feedback and support to groups' supervisors and college members, in particular on the basis of data available to EIOPA.	Continuous
• Provide support to Group Supervisors in preparing the themes for their colleges	Continuous
• Identifying, monitoring new trends where financial entities and groups exercise cross-border activities, and then, ensure proper practical cooperation amongst National Competent Authorities	Continuous
• Provide formal documented feedback on functioning and implementation of group supervision/Action Plans to group and solo supervisors	Continuous
• Participate in selected joint on-site examinations based on a risk prioritisation	Continuous
• Organise workshops to facilitate exchange of experience, maintain the group supervisors expert network	at least once a year physical/bi-monthly virtual
• Expand existing supporting tools for National Competent Authorities - good practices of supervision.	Continuous

## Drive the quality, consistency and convergence of the supervision of internal models

**Operational Objective:** assess and enhance the consistency and quality of supervision of internal models in a small number of high-priority areas.

<b>High Priority</b>		<p><b>Legal requirement:</b> it delivers part of EIOPA's responsibility under Article 29 to build a Common Supervisory Culture.</p> <p><b>Priority for 2017:</b> safeguarding consistency will be the focus of EIOPA's work in the area of internal models. Convergence of supervisory practices is a long-term effort that demands day-to-day action.</p> <p><b>Strategically aligned:</b> it is part of the development of a risk-assessment framework by carrying out projects to assess the extent of convergence in the area of internal models. It will lead to increased consistency and quality of supervisory practices in the EU.</p>
Legal requirement	X	
Priority for 2017	X	
Strategically aligned	X	

<b>Resources</b>	<b>5.25 FTE</b>	<p><b>Evolution (Growing):</b> EIOPA anticipates inconsistencies between internal models that have been approved. EIOPA needs to grow the size and spread of specialism in its Centre of Expertise in order to tackle these inconsistencies and develop tools that will enable National Competent Authorities to monitor overall capital levels from internal models. EIOPA will also develop in-house understanding of particular modelling techniques.</p>
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Products	Due Date
• Drafting/updating relevant opinions and/or good practice papers	Q1-2
• Reports on comparative studies done by EIOPA in cooperation with National Competent Authorities (eg on uw risk) or on own	Q4
• Internal Model On-going appropriateness indicators' (IMOGAPIs') review	Q4
• Quantitative tools on Supervisory Review Process for National Competent Authorities done in cooperation with them	Q4

Services	Frequency
• Participating and giving feedback to joint on-site inspections on internal models	Continuous
• National Competent Authorities visits with a special focus on Supervisory Review Process, IMOGAPIs (Internal Model On-Going Appropriateness Indicators), in-house models and info-sharing plus potential areas of concern	Continuous
• Provide support and advice on Internal Models to National Competent Authorities	Continuous

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## Peer Reviews

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**Operational Objective:** identify best practices and issue respective recommendations to National Competent Authorities.

<b>High Priority</b>		<p><b>Legal requirement:</b> Article 8 of EIOPA’s regulation sets out the requirements for peer reviews, as a tool for fostering consistency in the application of the regulation and promoting convergent supervisory practices.</p> <p><b>Priority for 2017:</b> peer reviews are an important input into the policy feedback loop, providing analysis from the National Competent Authority and supervisory best practices that can inform reviews of the practical application of regulation.</p> <p><b>Strategically aligned:</b> EIOPA’s role organising and conducting peer reviews provides National Competent Authorities with a means of comparing practices and identifying opportunities to build supervisory convergence in specific and prioritised areas.</p>
Legal requirement	<b>X</b>	
Priority for 2017	<b>X</b>	
Strategically aligned	<b>X</b>	

<b>Resources</b>	<b>3.25 FTE</b>	<p><b>Evolution (Growing):</b> with the implementation of Solvency II in 2016, the focus moved more towards pensions and consumer protection areas, in 2017 however we expect that peer review on particular areas of Solvency II implementation should be conducted.</p>
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<b>Products</b>	<b>Due Date</b>
<ul style="list-style-type: none"> <li>Peer reviews (maximum 3)</li> </ul>	Q4

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## Mediation and breaches of Union Law

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**Operational Objective:** National Competent Authorities are operating according to Union Law and cooperating effectively.

<b>High Priority</b>		<p><b>Legal requirement:</b> according to article 17 of its founding regulation, EIOPA is mandated to investigate potential breaches or non-application of relevant Union law by National Component Authorities, and issue recommendation to the concerned Authority setting out the action necessary for its compliance with Union law. EIOPA is also obliged under articles 19 and 20 of its founding regulation to assist National Component Authorities in settling disagreements. As an impartial mediator with expertise in the domain of insurance legislation, EIOPA's support can be invaluable in reaching joint decisions, and more in particular, on cross boarder business.</p> <p><b>Priority for 2017:</b> this activity will contribute to the policy feedback loop by being a valuable source of information on where disputes and issues are arising in relation to existing regulation, which can then support the development of monitoring tools.</p> <p><b>Strategically aligned:</b> questions and disagreements may arise in relation to legislation with an impact on reaching supervisory convergence, EIOPA can therefore provide invaluable and impartial support in this area.</p>
Legal requirement	<b>X</b>	
Priority for 2017	<b>X</b>	
Strategically aligned	<b>X</b>	

<b>Resources</b>	<b>1.25 FTE</b>	<p><b>Evolution (Stable):</b> demand for this activity is likely to remain stable when compared to 2016.</p>
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<b>Products</b>	<b>Due Date</b>
<ul style="list-style-type: none"> <li>Recommendations on how the National Competent Authorities concerned should comply with Union Law</li> <li>Decisions towards National Competent Authorities concerned on how they should settle their disagreements by taking specific action or to refrain from action</li> <li>Individual decisions addressed to a financial institution requiring the necessary action to comply with its obligations under Union law including the cessation of any practice, in case National Competent Authorities do not comply with EIOPA's decisions and/or opinions from the European Commission</li> </ul>	<p>Contingent on demand</p> <p>Contingent on demand</p> <p>Contingent on demand</p>



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## Sectoral and cross-sectoral training and events programme, and working group organisation

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**Operational Objective:** to strengthen stakeholder and National Competent Authority understanding as to the practical supervisory use of EIOPA’s framework and instruments, together with a detailed insight into and possibility of influencing the policy considerations on various files via public hearings, conferences etc.

### Medium Priority

Legal requirement	X
Priority for 2017	
Strategically aligned	X

**Legal requirement:** Article 29.1(e) of the EIOPA Regulation, states that a sectoral and cross-sectoral training and events programme shall be established by the Authority. Through the delivery of training, EIOPA can take an active role in building a common Union supervisory culture and consistent supervisory practices, as well as to ensure uniform procedures and consistent approaches throughout the Union.

**Priority for 2017:** NA

**Strategically aligned:** having sufficient knowledge and understanding of the regulatory framework and instruments is a prerequisite for consistent, convergent and high-quality supervision. By providing training, EIOPA helps to build the necessary knowledge and skills of national supervisors.

### Resources 3.5 FTE

**Evolution (Stable):** the level of resource demand on this activity will remain comparable with 2016.

Products	Due Date
Setting up the sectoral and cross-sectoral training and events programme 2018	Q4

Services	Frequency
<ul style="list-style-type: none"> <li>Running/operating the sectoral and cross-sectoral training and events programme 2017, including the EIOPA annual conference and the Global Insurance Supervision (GIS) Conference</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Working group meetings’ organisation</li> </ul>	Continuous

Operational Activity (SAA 3): identify, assess, monitor, report and mitigate risks and threats to the financial stability of the European insurance and pensions sectors

**Monitoring, analysis, assessment and reporting of risks to the financial stability of the European Insurance & IORPS sectors**

**Operational Objective:** the provision of timely and accurate financial stability analysis and risk assessment.

<b>Medium Priority</b>		<p><b>Legal requirement:</b> EIOPA is mandated to identify potential risks and vulnerabilities under Article 42 of its regulation. By analysing and assessing the potential for adverse market developments, this activity is the chief means by which EIOPA delivers against this requirement. It is also the basis for coordinating Union-wide stress tests to assess the resilience of financial institutions to such developments. The provision of timely and accurate assessments of market developments supports pre-emptive measures to mitigate or avoid risks.</p> <p><b>Priority for 2017:</b> NA</p> <p><b>Strategically aligned:</b> risk identification and assessment are necessary to be able to take timely action to mitigate risks and threats to financial stability. The products and services of this activity make it possible to maintain a comprehensive and timely overview of developments in the European insurance and occupational pensions, which is a pre-requisite for directing action to mitigate and avoid risks.</p>
Legal requirement	X	
Priority for 2017		
Strategically aligned	X	

<b>Resources</b>	<b>10.5 FTE</b>	<b>Evolution (Stable):</b> the level of resource demand on this activity will remain comparable with 2016.
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Products	Due Date
<ul style="list-style-type: none"> <li>Bottom-up pension stress test</li> <li>Financial Stability Report</li> <li>Surveys and statistics on the insurance sector</li> <li>Risk Dashboard</li> <li>Risk Report</li> <li>Sectorial Risk data reports</li> </ul>	Q4 Q2, Q4 Q2, Q4 Q1, Q2, Q3, Q4 Q1, Q2, Q3, Q4 Contingent on demand Contingent on demand Contingent on demand
<ul style="list-style-type: none"> <li>Issuing recommendations and opinions in response to critical risks</li> </ul>	Contingent on demand
<ul style="list-style-type: none"> <li>Thematic reports</li> </ul>	Contingent on demand

Services	Frequency
<ul style="list-style-type: none"> <li>Participation in insurance related workstreams of the European Systemic Risk Board</li> <li>Add hoc analysis to monitor new emerging risks</li> </ul>	Continuous Contingent on demand
<ul style="list-style-type: none"> <li>Market information analysis</li> <li>Standard horizontal risk analysis, monitoring of key insurance ratios and indices</li> </ul>	Continuous Continuous

**Building the methodological framework to assess, monitor, report and mitigate risks to the financial stability of the European Insurance & IORPS sectors**

**Operational Objective:** a robust methodological framework for identifying, assessing, mitigating and managing risks and threats, to the insurance and IORPS sectors.

<b>Medium Priority</b>		<p><b>Legal requirement:</b> EIOPA’s mandated role (Article 42) to safeguard financial stability necessitates the early identification of trends, potential risks and vulnerabilities. In order to deliver accurate and valid assessment, EIOPA needs a robust methodological framework that accounts for developments in terms of tools and techniques to undertake financial stability analysis.</p> <p><b>Priority for 2017:</b> NA</p> <p><b>Strategically aligned:</b> building the European methodological framework is absolutely crucial for identifying, assessing, mitigating and managing risks and threats.</p>
Legal requirement	X	
Priority for 2017		
Strategically aligned	X	

<b>Resources</b>	<b>3.25 FTE</b>	<p><b>Evolution (Growing):</b> of the majority of tasks within this activity will be completely new in 2017 and will require substantial additional work and new resources compared to 2016.</p>
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<b>Products</b>	<b>Due Date</b>
• Developing risk metrics using available data sources (Solvency II reporting) – likelihood and impact – defining indicators	Continuous
• Continuous improvement of Risk Dashboard methodology to reflect on new emerging risks	Continuous
• Methodological improvement of top-down methodologies to test impacts of different stress scenarios or risk factors in real time	Continuous
• Financial stability report improvement – quality of external publication – new methodologies, expertise, thematic articles, later EIOPA discussion papers series	Continuous
• Updated stress testing methodology for the insurance sector	Continuous
• Updated stress testing methodology for the pension sector	Continuous
• Econometric modelling to underpin financial stability products and identify better all relevant risks	Continuous
• Possible development of Early Warning System	Continuous

<b>Services</b>	<b>Frequency</b>
Data mining, creating datasets to support methodological improvement	Continuous

## Crisis prevention, preparedness and management

**Operational Objective:** enhance European crisis management capacity and strengthen crisis prevention and preparedness and coordination between EIOPA and National Competent Authorities.

<b>High Priority</b>		<p><b>Legal requirement:</b> EIOPA is mandated with a coordination and facilitation role in the case of adverse developments risking the orderly functioning and integrity of financial markets or the stability of the financial system in the Union (Article 18). EIOPA must also contribute to the development and coordination of effective and consistent recovery and resolution and preventative measures, helping to shape the development of national supervisory practices bringing consistency (Article 25). The Authority is also empowered to make a declaration of an emergency situation and apply additional powers granted under Solvency II. The Authority may also contribute to the assessment of the need for a European network of national insurance guarantee schemes, which is adequately funded and sufficiently harmonised (Article 26).</p> <p><b>Priority for 2017:</b> this will enable EIOPA to have a pro-active approach policy stance on topics that are becoming more and more relevant at an international and European level. Globally Systemically Important Insurers based in Europe have a supranational dimension, giving EIOPA a central role in crisis prevention and management.</p> <p><b>Strategically aligned:</b> Globally Systemically Important Insurers based in Europe have a supranational dimension, giving EIOPA a central role in crisis prevention and management, thereby strengthening its role as a credible European supervisory authority.</p>
Legal requirement	<b>X</b>	
Priority for 2017	<b>X</b>	
Strategically aligned	<b>X</b>	

<b>Resources</b>	<b>4 FTE</b>	<p><b>Evolution (Growing):</b> the growing focus of the insurance sector on recovery and resolution, e.g. as a result of the Financial Stability Board's requests and the G-20's resolutions, means that the demands on this activity and subsequent resource requirements are increasing.</p>
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<b>Products</b>	<b>Due Date</b>
<ul style="list-style-type: none"> <li>• Updated crisis management processes and handbook</li> <li>• Notes, reports and presentations on specific topics for discussion at the RFSC</li> <li>• Products on recovery, resolution and Insurance Guarantee Scheme related topics</li> <li>• Updated insurers loss and near misses database and perform of quality checks</li> <li>• Opinions and recommendations in response to critical risks</li> </ul>	<ul style="list-style-type: none"> <li>Q4</li> <li>Continuous</li> <li>Contingent on demand</li> <li>Q4</li> <li>Contingent on demand</li> <li>Q4</li> </ul>
<ul style="list-style-type: none"> <li>• EIOPA Stance on Macroprudential Policy in Insurance (2017)</li> </ul>	<ul style="list-style-type: none"> <li>Q4</li> </ul>

<b>Services</b>	<b>Frequency</b>
<ul style="list-style-type: none"> <li>• Participation in Crisis Management Groups</li> <li>• Organisation and hosting of Global Systemically Important Insurers Forum</li> <li>• Development of an EIOPA stance on Global Systemically Important Insurers related topics</li> <li>• Participation in International Association of Insurance Supervisors ReWG and other related fora</li> <li>• Development of EIOPA stance on Recovery and Resolution</li> <li>• Engage in crisis preparedness exercises</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc</li> <li>Ad hoc</li> <li>Continuous</li> <li>Continuous</li> <li>Continuous</li> <li>Ad hoc</li> </ul>

Operational Activity (SAA 4): effective and efficient internal functioning built upon strong culture, proper governance and skilled and committed people

**Strategy, governance and management of EIOPA including corporate risks management**

**Operational Objective:** ensure EIOPA, its work and the resources allocated to it are effectively and professionally managed, with effective internal governance and efficient cooperation between EIOPA staff and relevant national competent bodies, and leading a high performance and supportive culture to enable the Authority to meet the ambitions of its stakeholders and deliver a demanding programme of work benefiting consumer protection, financial stability and a healthy internal market.

**Medium Priority**

Legal requirement	X
Priority for 2017	
Strategically aligned	X

**This is a legal requirement because:** regulation applying to EIOPA sets out the basic standards to which the Authority must comply in terms of management. This includes provisions on the planning and decision making process, internal control arrangements including risk and performance monitoring as well as the reporting to the stakeholders (EU institutions, management bodies).

**This aligns to the priorities of 2017 because:** NA

**This aligns to EIOPA's strategy because:** the strategic action area (No 4) points to the effective and efficient internal functioning built upon strong culture, proper governance and skilled and committed people. EIOPA has sought to build on these, implementing the process and structures to provide management oversight and accountability to stakeholders on its ambitious programme of work.

**Resources** 13.5 FTE

**Evolution (Shrinking):** EIOPA continues to search out efficiencies in its administrative processes. The Internal Control and Internal Audit Functions will be strengthened.

Products	Due Date
<ul style="list-style-type: none"> <li>Programming document and implementation plan (Annual Work Programme 2018) – initiation of work on Annual Work Programme 2019 and Multi-Annual Work Programme)</li> </ul>	Q1, Q3, Q4
<ul style="list-style-type: none"> <li>Annual Activity Report 2016 and 2017 Six Month Implementation Report</li> </ul>	Q3
<ul style="list-style-type: none"> <li>EIOPA Anti-Fraud Strategy Implementation Project Products 2017</li> </ul>	Q4
<ul style="list-style-type: none"> <li>Internal Control Standards Work Plan 2017 and implementation reports, including to MB</li> </ul>	Q1-Q4
<ul style="list-style-type: none"> <li>Ex post verification report</li> </ul>	Q4
<ul style="list-style-type: none"> <li>Internal risks dashboard</li> </ul>	Quarterly
Services	Frequency
<ul style="list-style-type: none"> <li>Promoting EIOPA's role, business strategy and activities as well as preserving and further strengthening EIOPA's reputation towards the European institutions, including through regular contacts, meetings and other engagements</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Managing all contacts and relations with European institutions including public hearings, parliamentary questions, etc.</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Managing the smooth running of EIOPA's decision making bodies and internal management meetings based on sound processes</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Implementing the annual work programme under the guidance of the Board of Supervisors and under the control of the Management Board, setting and managing operational targets</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Take necessary measures, notably the adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Authority, in accordance with the relevant Regulation</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Implement the budget of the Authority in full compliance with EU Financial Regulation, including the Multi-annual Staff Policy Plan</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Delivery of Internal Audit Function and Internal Control Coordination</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Data Protection and Access to Documents</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Litigation and legal institutional support</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Anti-fraud measures</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Internal risks monitoring</li> </ul>	Continuous

## Budgetary, financial and procurement management

**Operational Objective:** sound management of EIOPA's finance, budget and procurement processes as well as establishment of sound financial annual accounts.

### Medium Priority

Legal requirement	X
Priority for 2017	
Strategically aligned	X

**Legal requirement:** Chapter VI of EIOPA's Regulation sets down the rules on the budget, its establishment and control. Article 65 requires the Authority to comply with the Financial Regulation. To comply with the Financial Regulation and EIOPA's Founding Regulation EIOPA must implement and control the budget adopted by the Board of Supervisors. This includes the establishment of provisional and final accounts by the Accounting Officer and the opinion of the Management Board on the final accounts.

**Priority for 2017:** NA

**Strategically aligned:** this activity encompasses a number of key tasks that ensures effective, efficient and compliant management of the finances allocated to EIOPA. Furthermore, through this activity, the required finance and procurement products contribute to the provision of professional services.

### Resources 9.5 FTE

**Evolution (Stable):** this activity will remain stable in terms of resources as the demands are not expected to evolve dramatically compared to 2016.

Products	Due Date
• EIOPA Draft estimate of revenues and expenditures 2018	Q1
• EIOPA Procurement Plan 2018	Q3
• EIOPA Annual accounts	Q2
• Database (software) for the contract management	Q2
• Regular budget, finance and procurement reports (internally, MB, BoS and European Commission)	Continuous
• Publication of annual contract lists on EIOPA's website	Q2

Services	Frequency
• Budget planning, implementation and reporting services	Continuous
• Management of processing of commitments, invoices, reimbursement requests and recovery orders	Continuous
• Management of procurement services	Continuous
• Management of EIOPA accounts	Q2
• VAT recovery management	Continuous
• Administration of EIOPA's finance systems	Continuous
• Delivery of procurement, ABAC, expenditure-life cycle and other finance related trainings	Continuous
• Travel management	Continuous

## Human Resources

**Operational Objective:** effective recruitment, management and development of EIOPA human capital.

### Medium Priority

Legal requirement	X
Priority for 2017	
Strategically aligned	X

**Legal requirement:** EIOPA, being a European Authority, must comply with EIOPA's founding regulations, European Staff Regulations and EIOPA's Human Resources Implementing Rules. These pieces of regulation clearly define the good governance of human resources and provide transparency and equal treatment on their application.

**Priority for 2017:** NA.

**Strategically aligned:** by performing the human resources related activities like recruitment, staff development, compensation and staff relations, the Authority will also strive to retain the necessary competencies in house and maintain an engaged and well performing staff.

### Resources 7 FTE

**Evolution (Growing):** more staff in the HR team is needed to deal with the growing number of EIOPA and additional demands on the HR team.

Products	Due Date
<ul style="list-style-type: none"> <li>HR implementing rules, policies and procedures</li> </ul>	Q4
<ul style="list-style-type: none"> <li>Implementation of SYSPER, the new electronic HR management system (preparatory deliverables)</li> </ul>	Q4
<ul style="list-style-type: none"> <li>Quarterly HR report (recruitment, absences, Teleworking, flexitime, training)</li> </ul>	Quarterly

Services	Frequency
<ul style="list-style-type: none"> <li>HR strategic and operational planning, monitoring and reporting services</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Recruitment services</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Training &amp; Development for EIOPA staff</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Staff Performance &amp; Retention services</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Health &amp; work/life balance support</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>HR Business Partnership and coaching services</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>Staff Committee relations management</li> </ul>	Continuous
<ul style="list-style-type: none"> <li>HR related finance and budget management, monitoring and implementation</li> </ul>	Monthly
<ul style="list-style-type: none"> <li>HR Administration</li> </ul>	Continuous

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## Adequate, safe and secure work environment

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**Operational Objective:** provide EIOPA staff and stakeholders with a safe and secure work environment equipped with the resources required to undertake their tasks.

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<b>Low Priority</b>
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Legal requirement	
Priority for 2017	
Strategically aligned	<b>X</b>

**Legal requirement:** NA

**Priority for 2017:** NA

**Strategically aligned:** effective and efficient internal functioning is dependent on staff having the support services and modern office space delivered through this activity.

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<b>Resources</b>	<b>4.5 FTE</b>
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**Evolution (Stable):** this activity is not expected to grow substantially in 2017 in terms of FTEs.

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Products	Due Date
<ul style="list-style-type: none"> <li>•</li> <li>• Report on Building Policy (Article 87 of EIOPA Financial Regulation)</li> <li>• Security plan implementation 2017 (strengthening personnel, physical and IT security)</li> <li>• Regular service reports (to internal and external stakeholders)</li> <li>• Processes, policies and service level agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Q3</li> <li>• Q1-Q4</li> <li>• Q1-Q4</li> <li>• Q1-Q4</li> </ul>

Services	Frequency
<ul style="list-style-type: none"> <li>• IT Workplace and helpdesk services</li> <li>• Maintained of administrative business solutions</li> <li>• Physical and information security management</li> <li>• Facility management</li> <li>• Office management and reception</li> <li>• Meeting support</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous</li> <li>• Continuous</li> <li>• Continuous</li> <li>• Continuous</li> <li>• Continuous</li> <li>• Continuous</li> </ul>



## Communications

**Operational Objective:** achieving EIOPA's strategic objectives Managing the complexity of communication in the current economic and financial environment marked by high industries challenges and national heterogeneity raising awareness and enhancing the knowledge of EIOPA's functions and its role amongst stakeholders, strengthening the confidence in EIOPA's ability to comply with its mandate, safeguarding and enhancing EIOPA's reputation, and building multipliers amongst all stakeholders.

### Medium Priority

Legal requirement	
Priority for 2017	X
Strategically aligned	X

**Legal requirement:** N/A

**Priority for 2017:** Supporting the achievement of EIOPA's strategic 2017 objectives namely enhancing supervisory convergence, reinforcing consumer protection and preserving financial stability.

**Strategically aligned:** Implementing EIOPA's communications strategy, developing and implementing external and internal communication plans based on EIOPA's strategic objectives, implementing communication policies and procedures, translating complex content into understandable language, addressing all stakeholders with a tailored message via means and products as well as relevant channels, supporting change management, staff motivation and commitment, **regularly evaluating of communication activities and deliverables.**

### Resources 5.5FTE

**Evolution (Growing):** addressing the communication challenges effectively as well as achieving the right level of communication, EIOPA needs to acquire new communication skills and expertise as well as further professionalise/enhance the existing ones.

Services	Frequency
• External communication activities (including management of the Website content)	Continuous
• Media relations and activities, such as interviews, contributions, press conferences, press releases, background talks, media enquiries, etc.	Continuous
• Speaking engagements – management, coordination and evaluation	Continuous
• Public enquiries – management, coordination and evaluation	Continuous
• Visits/meetings with external stakeholders – management, coordination and evaluation including quarterly public reporting	Continuous
• Drafting external communications, such as press releases, web alerts, speeches, presentations, speaking notes, briefings, lines to take, etc.	Continuous
• Editing key communications	Continuous
• Internal communication activities (including management of Intranet content and staff newsletter, communication support in change management)	Continuous
• Communication Network with NCAs in the European Union, ESAs and Communication Network of the European Agencies and of international authorities	Continuous
• Strategic and executive communication	Continuous
• Crisis communication	Continuous
• Corporate branding (visual identity, corporate templates)	Continuous
• Multi-media communication, such as Twitter, Facebook, photos, film, etc.	Continuous
• Media monitoring and analysis	Continuous
• Review and upgrade of design and content of external Website	One-off
• Review and upgrade of current media monitoring, media analysis, media subscription policy	One-off
• Functioning of Internet and Intranet	Continuous

## Annexes

### Annex I: EIOPA Strategic Objectives and Strategic Action Areas 2017-2019

<b>Strategic Objective 1: to strengthen the protection of consumers</b>	
Strat Action Area 1.1: develop and strengthen the regulatory framework for the benefit of protection of consumers	Strat Action Area 1.2: develop and strengthen a comprehensive risk-based and preventive framework for conduct of business supervision that serves as basis for appropriate supervisory action

<b>Strategic Objective 2: to improve the functioning of the EU internal market in the field of pensions and insurance</b>		
Strat Action Area 2.1: leading the development of a sound and prudent regulatory framework	Strat Action Area 2.2: to maintain and develop a common supervisory reporting and data framework	Strat Action Area 2.3: leading in convergence to consistent and high-quality supervision

<b>Strategic Objective 3: to strengthen the financial stability of the insurance and occupational pensions sectors</b>
Strat Action Area 3: identify, assess, monitor, report and mitigate risks and threats to the financial stability of the European insurance and pensions sectors

<b>Strategic Objective 4: EIOPA to be a responsible, competent and professional organisation</b>
Strat Action Area 4: effective and efficient internal functioning built upon strong culture, proper governance and skilled and committed people

## Annex II: Resource Allocation per Activity 2017

Activity	FTE	Title I	Title II	Title III	Total Costs
Develop and strengthen the regulatory framework for the benefit of protection of consumers	7.25	€ 732,963.30	€ 154,820.56	€ -	€ 887,783.87
Develop and strengthen a comprehensive risk-based and preventive framework for conduct of business supervision that serves as basis for appropriate supervisory action	6.00	€ 606,590.32	€ 128,127.36	€ -	€ 734,717.68
Leading the development of a sound and prudent regulatory framework	22.00	€ 2,224,164.50	€ 469,800.33	€ 350,000.00	€ 3,043,964.83
To maintain and develop a common supervisory reporting and data framework	28.25	€ 2,856,029.42	€ 603,266.33	€ 3,587,356.29	€ 7,046,652.04
leading in convergence to consistent and high-quality supervision	35.75	€ 3,614,267.31	€ 763,425.54	€ 164,024.29	€ 4,551,717.14
Identify, assess, monitor, report and mitigate risks and threats to the financial stability of the European insurance and pensions sectors	17.75	€ 1,794,496.36	€ 379,043.45	€ 38,500.00	€ 2,202,039.81
Effective and efficient internal functioning built upon strong culture, proper governance and skilled and committed people	40.00	€ 4,043,935.46	€ 854,182.42	€ 634,262.80	€ 5,532,380.68
<b>Total</b>	<b>157.00</b>	<b>€ 15,872,446.67</b>	<b>€ 3,352,666.00</b>	<b>€ 4,774,143.38</b>	<b>€ 23,999,256.05</b>

For 2017, activity areas are defined in terms of strategic action areas. The above table indicates how human and financial resources have been allocated across those activities.

### Annex III: Financial Resources

**Table 1: Expenditure**

Expenditure	2016	2016	2017	2018 <sup>13</sup>	2019
	Commitment/ payment appropriations adopted	Commitment/ payment appropriations executed	Commitment/ payment appropriations	Commitment/ payment appropriations	Commitment/ payment appropriations
<b>Title I</b>	14,258,975.00	13,786,938.61	15,872,446.67	17,712,162	18,131,285
<b>Title II</b>	3,627,300.00	3,742,455.14	3,352,666.00	3,216,600	3,275,210
<b>Title III</b>	3,876,225.00	4,233,106.25	4,774,143.38	4,952,597	5,068,013
<b>Total expenditure</b>	<b>21,762,500.00</b>	<b>21,762,500.00</b>	<b>23,999,256.05</b>	<b>25,881,359</b>	<b>26,474,508</b>

EXPENDITURE	Commitment appropriations		Budget 2017	Variance 2017 to 2016	Draft Budget 2018	Draft Budget 2019
	Executed Budget 2015	Adopted Budget 2016 <sup>18</sup>				
<b>Title I - Staff Expenditure</b>	<b>12,111,097.24</b>	<b>14,258,975</b>	<b>15,872,446.67</b>	<b>11.32%</b>	<b>17,712,162</b>	<b>18,131,285</b>
<b>11 Salaries &amp; allowances</b>	10,853,585.54	13,017,875	14,595,166.67	12.12%	16,425,162	16,794,285
<i>- of which establishment plan posts</i>	<i>8,436,721.58</i>	<i>10,413,275</i>	<i>11,716,666.67</i>	<i>12.52%</i>	<i>13,379,365</i>	<i>13,694,285</i>
<i>- of which external personnel</i>	<i>2,416,863.96</i>	<i>2,604,600</i>	<i>2,878,500.00</i>	<i>10.52%</i>	<i>3,045,797</i>	<i>3,100,000</i>
<b>12 Expenditure relating to Staff recruitment</b>	264,579.96	261,000	262,000.00	0.38%	300,000	300,000
<b>13 Mission expenses</b>	82,220	95,000	115,000.00	21.05%	115,000	115,000
<b>14 Socio-medical infrastructure</b>	164,173.60	220,100	245,000.00	11.31%	245,000	245,000
<b>15 Training</b>	209,391.51	295,000	220,530.00	-25.24%	220,000	220,000
<b>16 External Services</b>	535,238.32	360,000	428,000.00	18.89%	400,000	450,000
<b>17 Receptions and events</b>	1,908.31	10,000	6,750.00	-32.50%	7,000	7,000
<b>Title II - Infrastructure and operating expenditure</b>	<b>2,992,630.95</b>	<b>3,627,300</b>	<b>3,352,666.00</b>	<b>-7.57%</b>	<b>3,216,600</b>	<b>3,275,210</b>
<b>20 Rental of buildings and associated costs</b>	1,879,500.13	2,423,300	2,369,181.00	-2.23%	2,332,600	2,400,000
<b>21 Information and communication technology</b>	362,386.95	310,000	385,725.00	24.43%	380,000	380,000

<sup>18</sup> The figures of the adopted budget 2016 for the chapters differ to the actual executed budget 2016. The total amount remains the same.

<b>22 Movable property and associated costs</b>	228,250.68	150,000	30,000.00	-80.00%	30,000	50,000
<b>23 Current administrative expenditure</b>	84,064.97	169,000	163,260.00	-3.40%	167,000	170,000
<b>24 Postage / Telecommunications</b>	151,798.07	170,000	131,800.00	-22.47%	197,000	190,000
<b>25 Meeting expenses</b>	195,966.55	290,000	212,500.00	-26.72%	50,000	45,000
<b>26 Running costs in connection with operational activities</b>	0	0	0	0.00%	0	0
<b>27 Information and publishing</b>	90,663.60	115,000	60,200.00	-47.65%	60,000	40,210
<b>28 Studies</b>	0	0	0	0.00%	0	0
<b>Title III - Operational Expenditure</b>	<b>5,101,899.50</b>	<b>3,876,225</b>	<b>4,774,143.38</b>	<b>23.16%</b>	<b>4,952,597</b>	<b>5,068,012</b>
<b>31 Common Supervisory Culture and International Relations</b>	149,374.28	177,000	130,000.00	-26.55%	130,000	170,000
<b>32 Operational Information and Data Management</b>	4,246,404.39	3,041,225	3,771,380.58	24.01%	3,790,597	3,968,000
<b>33 General Operational Expenses</b>	706,120.83	658,000	872,762.80	32.64%	1,032,000	930,012
<b>TOTAL EXPENDITURE</b>	<b>20,205,627.69</b>	<b>21,762,500</b>	<b>23,999,256.05</b>	<b>10.28%</b>	<b>25,881,359</b>	<b>26,474,507</b>

**Table 2: Revenue**

<b>Revenues<sup>19</sup></b>	<b>2016</b>	<b>2017</b>	<b>2018<sup>15</sup></b>	<b>2019<sup>16</sup></b>
	<b>Adopted Budget</b>	<b>Adopted Budget</b>	<b>Budget Request</b>	<b>Budget Request</b>
<b>EU contribution</b>	8,461,389	8,946,404	9,570,895	9,778,564
<b>Other revenue</b>	13,301,111	15,052,852	16,310,464	16,695,943
<b>Total revenues</b>	<b>21,762,500</b>	<b>23,999,256</b>	<b>25,881,359</b>	<b>26,474,507</b>

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<sup>19</sup> The amounts are rounded

REVENUES	2015	2016	2017	2018		VAR 2017 /2018	2019	
	Executed Budget	Adopted Budget	Revenues estimated by the agency	Budget as requested by the agency	COM Proposal MFF		Budget Request	COM Proposal MFF
<b>1 REVENUE FROM FEES AND CHARGES</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>2. EU CONTRIBUTION</b>	8,206,206	8,461,389	8,736,301	9,570,895	9,365,000	9.55%	9,778,564	9,734,000
<i>of which assigned revenues deriving from previous years' surpluses</i>	227,055	339,389	210,103	not known before beginning of January 2017 <sup>20</sup>	not known before beginning of January 2017 <sup>20</sup>		not known before beginning of January 2018 <sup>20</sup>	not known before beginning of January 2018 <sup>20</sup>
<b>3 THIRD COUNTRIES CONTRIBUTION (incl. EFTA and candidate countries)</b>	330,462	367,428	415,583 <sup>21</sup>	680,309	666,452	63.70%	695,943	692,944
<b>of which EFTA<sup>22</sup></b>	330,462	367,428	415,583 <sup>21</sup>	680,309	666,452	63.70%	695,943	692,944
<i>of which Candidate Countries</i>	0	0	0	0	0		0	0

<sup>20</sup> The amounts will change, once the surplus is known.

<sup>21</sup> 2.47% EFTA contributions on top of EU contributions will most probably be entered with effect from July 2017.

<sup>22</sup> EFTA contributions on top of the 60% Member States contributions; EFTA contributions on top of the 40% EU contributions; EFTA part of pensions contributions.



<b>4 OTHER CONTRIBUTIONS (Member States Contributions 60% and pensions contributions)</b>	11,972,940	12,933,683	14,637,269	15,630,155	15,321,312	6.78%	16,000,000	15,933,155
<b>of which delegation agreement, ad hoc grants</b>								
<b>5 ADMINISTRATIVE OPERATIONS</b>	60,720							
<b>6 REVENUES FROM SERVICES RENDERED AGAINST PAYMENT</b>								
<b>7 CORRECTION OF BUDGETARY IMBALANCES</b>								
<b>TOTAL REVENUES</b>	<b>20,570,328</b>	<b>21,762,500</b>	<b>23,999,256</b>	<b>25,881,359</b>	<b>25,352,764</b>	<b>7.84%</b>	<b>26,474,507</b>	<b>26,360,098</b>

## Annex IV: Table 3 Budget outturn and cancellation of appropriations<sup>23</sup>

### Calculation budget outturn

Budget outturn	2012	2013	2014	2015	2016
Revenue actually received (+)	14,328,083.29	18,009,954.54	21,592,768.12	20,570,328.35	21,801,776.64
Payments made (-)	-10,521,469.47	12,928,454.50	-15,992,265.48	-16,935,296.33	-19,375,474.25
Carry-over of appropriations (-)	-3,667,063.19	-5,227,167.99	-5,613,560.03	-3,294,150.70	-2,345,562.88
Cancellation of appropriations carried over (+)	140,664.08	374,437.82	356,514.50	181,142.60	178,788.47
Adjustment for carry over of assigned revenue appropriations from previous year (+)	0.00	0.00	0.00	9,722.10	17,473.76
Exchange rate differences (+/-)	-3,283.78	-1,714.42	-4,067.86	-5,527.86	-8,867.06
Adjustment for negative balance from previous year (-)	0.00	0.00	0.00		
<b>Total</b>	<b>276,930.93</b>	<b>227,055.45</b>	<b>339,389.25</b>	<b>526,218.16</b>	<b>268,134.68</b>

<sup>23</sup> Will be updated when final data available

## Annex V: Human Resources – Quantitative

### Establishment plan evolution 2015-2019

Category and grade	Establishment plan in EU Budget 2016		Modifications in 2016 in application of flexibility rule <sup>24</sup>		Establishment plan in voted EU Budget 2017		Modifications envisaged in establishment plan 2017 in application of flexibility rule <sup>25</sup>		Establishment plan in Draft EU Budget 2018		Establishment plan 2019	
	officials	TA	officials	TA	officials	TA	officials	TA	officials	TA	officials	TA
AD 16		1				1				1		1
AD 15		1				1				1		1
AD 14		1				1				1		1
AD 13		3				3				4		4
AD 12		6				8				11		12
AD 11		9				10				14		15
AD 10		9		+1		10		+1		13		13
AD 9		10				12				15		17
AD 8		11				12				14		15
AD 7		12				12				11		10
AD 6		10				11				9		7
AD 5		5				4				2		0
<b>Total AD</b>		<b>78</b>		<b>+1</b>		<b>85</b>		<b>+1</b>		<b>96</b>		<b>96</b>

<sup>24</sup> In line with Article 32 (1) of the framework Financial Regulation, the management board may modify, under certain conditions, the establishment plan by in principle up to 10% of posts authorised, unless the financial rules of the body concerned allows for a different % rate.

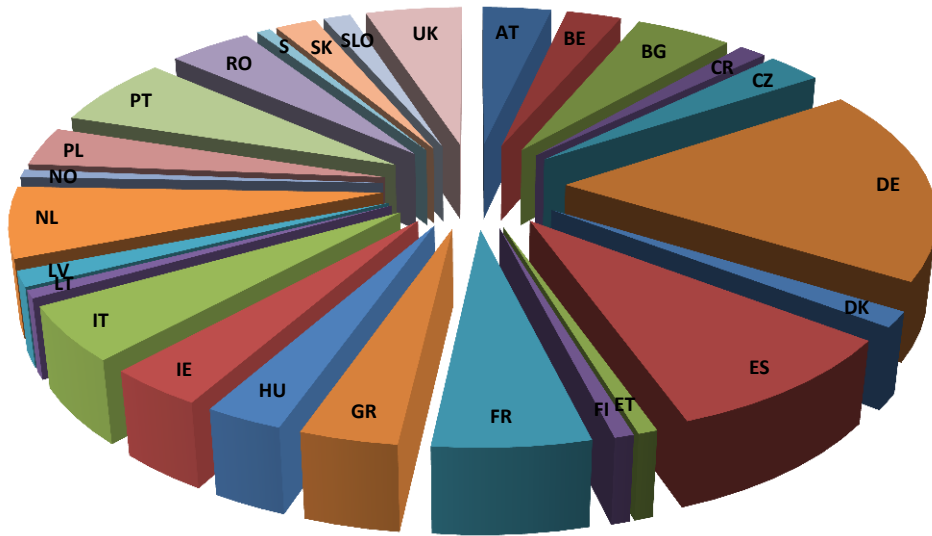
<sup>25</sup> *Ibid.*

Category and grade	Establishment plan in EU Budget 2016		Modifications in 2016 in application of flexibility rule <sup>24</sup>		Establishment plan in voted EU Budget 2017		Modifications envisaged in establishment plan 2017 in application of flexibility rule <sup>25</sup>		Establishment plan in Draft EU Budget 2018		Establishment plan 2019	
	officials	TA	officials	TA	officials	TA	officials	TA	officials	TA	officials	TA
AST 11		0				0				0		1
AST 10		1		-1		1		-1		1		1
AST 9		1				1				1		2
AST 8		2				2				3		4
AST 7		2				3				3		3
AST 6		3				3				3		3
AST 5		2				3				3		2
AST 4		2				2				2		0
AST 3		2				1				0		0
AST 2		0				0				0		0
AST 1		0				0				0		0
Total AST		15		-1		16		-1		16		16
AST/SC 6		0		0		0		0		0		0
AST/SC5		0		0		0		0		0		0
AST/SC4		0		0		0		0		0		0
AST/SC3		0		0		0		0		0		0
AST/SC2		0		0		0		0		0		0
AST/SC1		0		0		0		0		0		0
Total		0		0		0		0		0		0

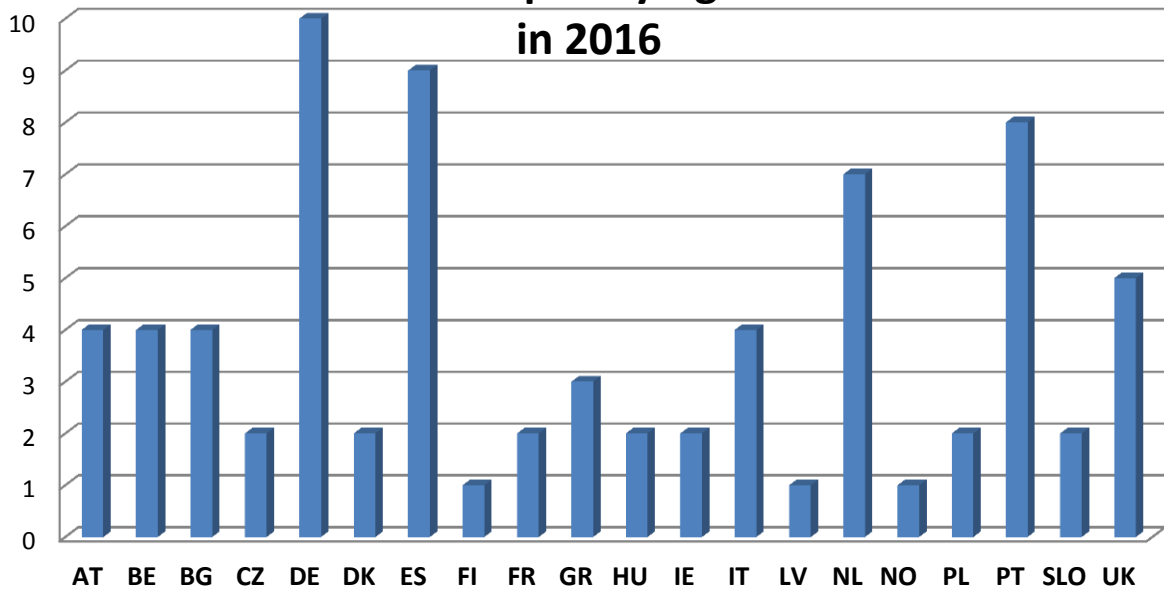
Category and grade	Establishment plan in EU Budget 2016		Modifications in 2016 in application of flexibility rule <sup>24</sup>		Establishment plan in voted EU Budget 2017		Modifications envisaged in establishment plan 2017 in application of flexibility rule <sup>25</sup>		Establishment plan in Draft EU Budget 2018		Establishment plan 2019	
	officials	TA	officials	TA	officials	TA	officials	TA	officials	TA	officials	TA
AST/SC												
TOTAL		93				101				112		112

## Nationalities at EIOPA in 2016

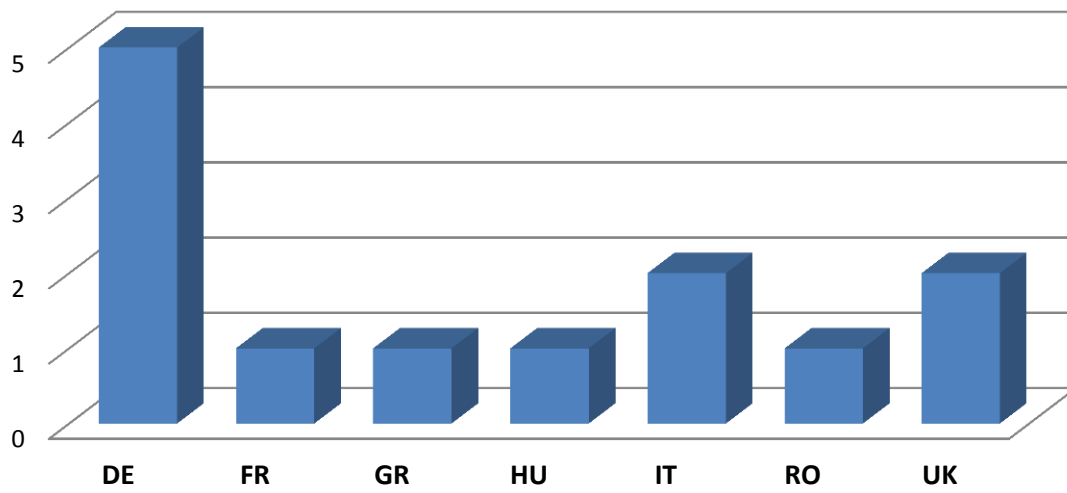
Total of 26 countries



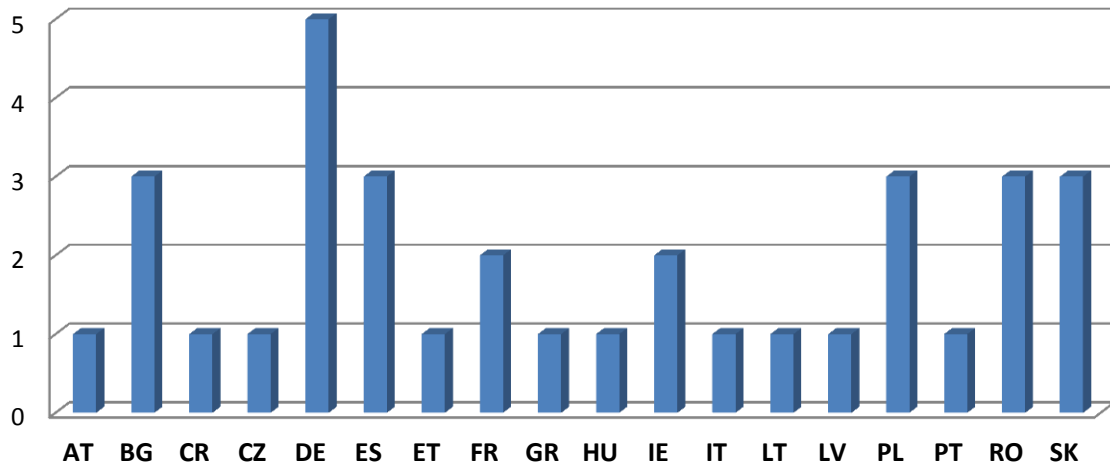
## Nationalities of Temporary Agents AD at EIOPA in 2016



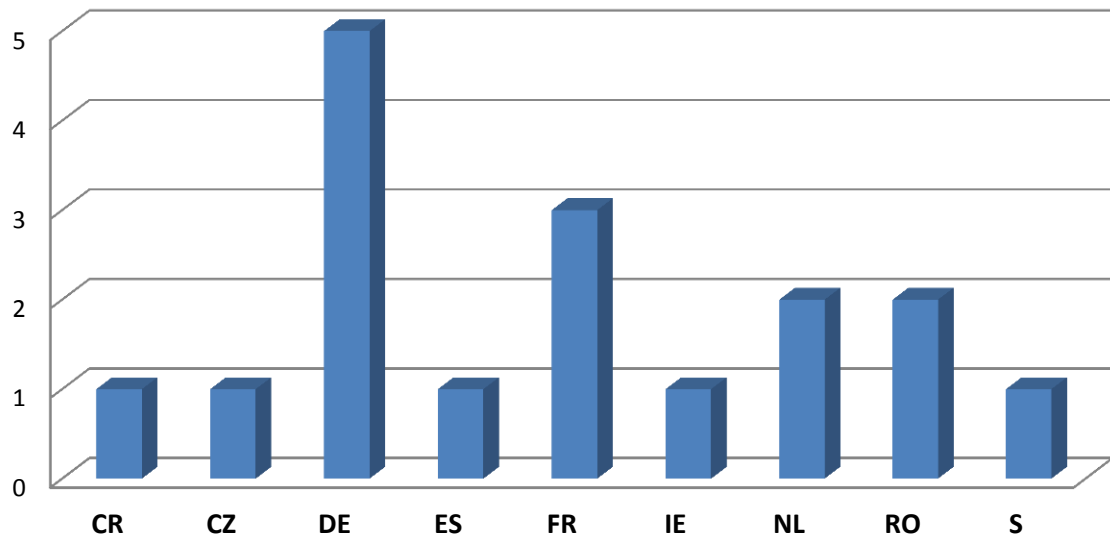
### Nationalities of Temporary Agents AST at EIOPA in 2016



### Nationalities of Contract Agents at EIOPA in 2016

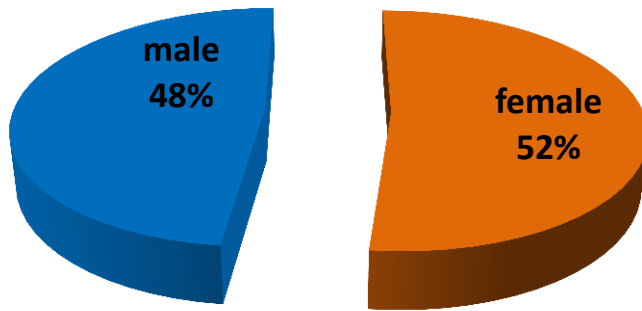


### Nationalities of Seconded National Experts at EIOPA in 2016

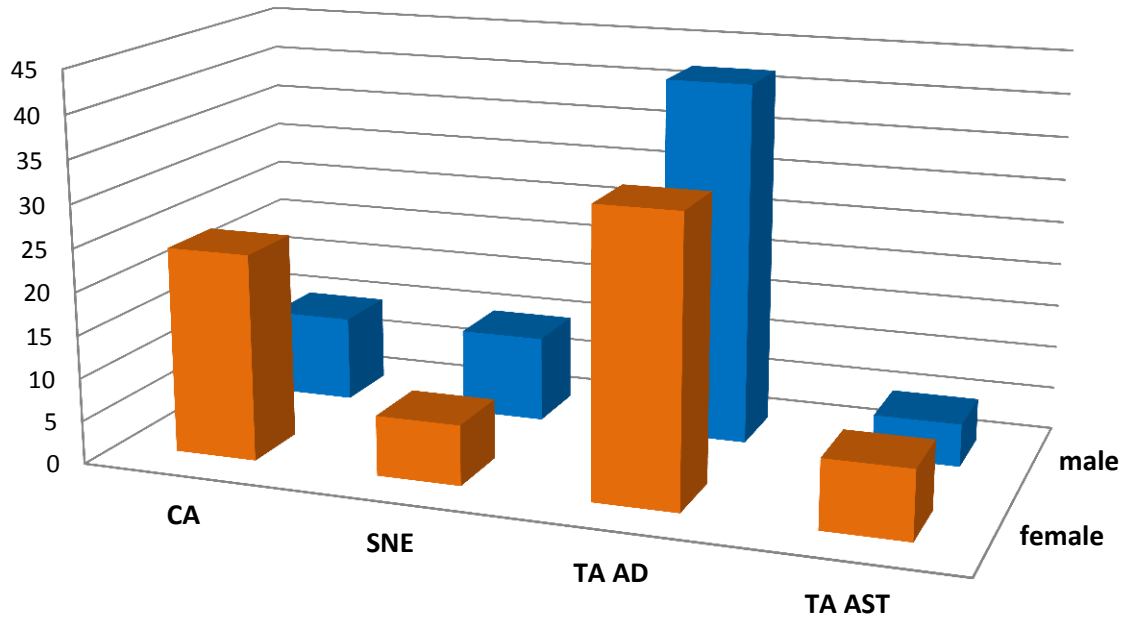




### Gender Distribution at EIOPA in 2016



### Type of Contract per gender at EIOPA 2016



## **Annex VI: Human Resources – Qualitative**

### **1. Recruitment policy**

As already explained in previous MSPPs, EIOPA's recruitment policy does not distinguish between different categories or types of contracts. We strive for efficiency and equal treatment, thus the recruitment process is similar for TA, CA and SNE. We focus on ensuring a timely process with an average 3-4 weeks between the deadline for application and the recommendation of the selection committee to the Appointing Authority. During the start-up phase there was no particular entry grade per function, as the priority was to recruit experienced people in the different fields.

EIOPA's selection procedure is based on its HR Implementing Rules, adopted by the Commission under Article 110. This means that based on the Establishment Plan the positions have been allocated to the different units according to the work programme.

All recruitment campaigns are externally published via our website as well as via EPSO. Each vacancy notice clearly specifies the essential requirements to be able to perform the main responsibilities of the job description, as well as the desirable skills which would provide added value to the performance. Behavioural competencies have also been specified. There are three behavioural competencies which are equally requested to all staff members working at EIOPA, whether in a management, assistant or administrator position. These competencies are team work, flexibility and continuous learning. The other behavioural competences are specific to the job and described in the vacancy notice.

The selection committee makes an assessment of the candidates to be invited for interview. For cost/efficiency purposes EIOPA has decided, as a general rule to invite three candidates per position. This implies that if there are more than three candidates that fulfil all the requirements, there will be a pre-screening phone interview with those candidates. The average has been to invite between five and seven candidates for pre-screening phone interviews. In terms of reserve lists we have had between zero and two candidates. The candidates shortlisted for panel interview are requested to have a written test, and if required for the position, to prepare a presentation.

Given EIOPA's mandate and tasks, and the fact that we are competing with the private financial sector for attracting the right level of resources, higher grades have to be used in order to recruit very specialised staff with long-term experience, as well as some SNEs at that high level. Lower grades have been used for less specialised profiles and for corporate support. CAs recruitment has been done for some corporate support profiles. All contracts, TAs and CAs, are currently issued for a three-year period with possibility of renewal, if specified in the vacancy notice. SNEs have been engaged for an initial period of two years.

We have the following profiles:

- a) Management: Chair, Executive Director, Head of Department and Head of Unit
- b) Financial Services: Policy/Regulation, Supervisory, Financial Stability and Information

c) Corporate Support: Finance and Procurement, Assistant, IT, Communications and HR

d) Legal

### 3. Appraisal of performance and promotion/reclassification.

EIOPA follows the HR Implementing Rules on Appraisal of staff as per revised Staff Regulations. All staff members are benefitting from feedback and development in the form of an appraisal, irrespective of the type of contract with EIOPA, including SNEs. In addition to this, and after their successful completion of the probationary period, we have introduced coaching to all staff as a development tool and optimisation of performance. The coaching is provided by HR.

In 2016 we have conducted the reclassification exercise of TAs in line with the relevant HRIR, adopted by analogy, and the reclassification exercise of CAs.

### 4. Reclassification of temporary staff/promotion of officials

Category and grade	Staff in activity at 1.01.2015		How many staff members were promoted / reclassified in 2016		Average number of years in grade of reclassified/promoted staff members
	officials	TA	officials	TA	
AD 16	n/a	0	n/a		
AD 15	n/a	1	n/a		
AD 14	n/a	1	n/a		
AD 13	n/a	3	n/a		
AD 12	n/a	5	n/a		
AD 11	n/a	7	n/a		
AD 10	n/a	8	n/a	1	5
AD 9	n/a	9	n/a	1	3
AD 8	n/a	11	n/a	1	3
AD 7	n/a	12	n/a	1	5
AD 6	n/a	9	n/a	2	2,5
AD 5	n/a	10	n/a		
Total AD	n/a	76	n/a	6	
AST 11	n/a	0	n/a		
AST 10	n/a	0	n/a		
AST 9	n/a	1	n/a		

Category and grade	Staff in activity at 1.01.2015		How many staff were promoted / reclassified in 2016		Average number of years in grade of reclassified/promoted staff members
	officials	TA	officials	TA	
AST 8	n/a	1	n/a		
AST 7	n/a	1	n/a		
AST 6	n/a	4	n/a		
AST 5	n/a	2	n/a		
AST 4	n/a	3	n/a		
AST 3	n/a	2	n/a		
AST 2	n/a	0	n/a		
AST 1	n/a	0	n/a		
Total AST	n/a	14	n/a	0	
AST/SC6	n/a	n/a	n/a		
AST/SC5	n/a	n/a	n/a		
AST/SC4	n/a	n/a	n/a		
AST/SC3	n/a	n/a	n/a		
AST/SC2	n/a	n/a	n/a		
AST/SC1	n/a	n/a	n/a		
Total AST/SC	n/a	n/a	n/a		
Total		90		6	

## 5. Reclassification of contract staff

Function Group	Grade	Staff in activity at 1.01.2015	How many staff members were reclassified in 2016	Average number of years in grade of reclassified staff members
CA IV	18			
	17			
	16	2		
	15			
	14	4	2	2
	13	3	1	3

Function Group	Grade	Staff in activity at 1.01.2015	How many staff members were reclassified in 2016	Average number of years in grade of reclassified staff members
CA III	12			
	11			
	10	1		
	9	2	1	2
	8	2		
CA II	7			
	6			
	5	14	5	2,5
	4	4	1	2
CA I	3			
	2			
	1			
Total		33	10	

## **6. Mobility policy**

Internal mobility: 8 colleagues moved within EIOPA outside the re-organisation that took place on 1 November 2016.

Mobility between agencies and the institutions: 8 colleagues joined from other Agencies or institutions and 6 colleagues moved to other Agencies or European institutions.

## **7. Gender and geographical balance**

Equal opportunities are mainly done through the recruitment procedure and access to training. We also strive for gender balance in our selection committees. We currently have a female population of 52% versus 48% male population. This changed by 1% towards balance as from previous years.

We currently have 26 nationalities amongst our 139 staff. Germans represent 18% of the staff population in line with the fact that EIOPA's headquarters is in Frankfurt (DE). In relation to 2015, the percentage of German colleagues has decreased by 1%; thus, reducing the so-called "site effect".

## **8. Schooling**

EIOPA's staff members have access to the European School in Frankfurt for their children.

## **Annex VII: Building Policy**

### **Introduction**

In accordance with Article 87 of the EIOPA Financial Regulation, the Authority shall provide the European Parliament and the Council, by 1 July each year, with a working document on its building policy, which shall incorporate the following information:

- a) for each building, the expenditure and surface area covered by the appropriations of the corresponding lines in the budget of the Authority;
- b) the expected evolution of the global programming of surface area and locations for the coming years with a description of the building projects in planning phase which are already identified;
- c) the final terms and costs, as well as relevant information regarding project implementation of new building projects previously submitted to the European Parliament and the Council under the procedure established in Article 88 and not included in the preceding year's working documents.

The aim of the current document is to provide updated information on the situation of EIOPA's premises and on the relevant costs involved.

### **EIOPA's Building**

The Authority is currently renting five floors and underground parking places in a 28-floor skyscraper called 'Westhafen Tower' in Frankfurt am Main's Gutleutviertel (Westhafenplatz 1, 60327 Frankfurt am Main). The tower is well connected to Frankfurt's transport network (e.g. 10 minutes walking distance from the central railway station).

Before EIOPA's establishment in 2011, the building hosted the seat of CEIOPS, its predecessor organisation (Committee of European Insurance and Occupational Pensions Supervisors).

### **Gradual Office Occupation**

EIOPA's office space was gradually expanded over time to accommodate for the growing staff numbers. In order to avoid periods during which unused offices would be rented, it was agreed with the landlord that office space could be added in half-floor steps and that the remaining halves could be put on hold until the actual need arose.

The following table highlights the office expansions that have taken place, together with the related Contract or Contract Amendment<sup>26</sup>:

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<sup>26</sup>The functioning of the contracts is explained in Chapter 4. The full contract with the landlord and its amendments are provided as annex to the report.

### EIOPA Office Expansion

Expansion	Starting date	Contract / Amendment	Square metres added
14 <sup>th</sup> floor (CEIOPS)	01/06/2006	Main contract	823*
25 <sup>th</sup> floor North (CEIOPS)	01/04/2010	Amendment 2	423
25 <sup>th</sup> floor South	01/03/2011	Amendment 3	404
26 <sup>th</sup> floor North	01/10/2011	Amendment 4	424
26 <sup>th</sup> floor South	15/02/2012	Amendment 4	403
27 <sup>th</sup> floor North	01/11/2012	Amendment 6	444
27 <sup>th</sup> floor South	01/07/2013	Amendment 6	383
28 <sup>th</sup> floor	01/03/2014	Amendment 7	957
14 <sup>th</sup> floor (renewal)	01/03/2015	Amendment 8	-
2 <sup>nd</sup> floor	16/03/2016	Amendment 11	818

Notes:

\*It is no longer valid as of 01/12/2016.

\*\* Amendments No. 9 and 10 have no influence on the square metres rented.

In February 2015, a contract amendment was signed to secure the occupancy of the 14th floor (expiring on 30 November 2016) until the end of November 2026. The contract amendment foresees a 10-month lease-free period and 26 additional months with a 25% reduction on rent fees.

In March 2016 a new amendment was signed for exchange of 14<sup>th</sup> floor with 2<sup>nd</sup> floor as of 1 December 2016 until the end of November 2026.

The following table and chart show the number of staff members<sup>27</sup> per year and the average office space per staff member:

#### EIOPA office space per staff member

Year	Staff number	Office space (m <sup>2</sup> )	EIOPA office space per staff member (m <sup>2</sup> )	EIOPA office space per staff member (m <sup>2</sup> ) excluding 28 <sup>th</sup> floor <sup>28</sup>	EU Agencies 2010 – average office space per staff member <sup>29</sup> (m <sup>2</sup> )	Standard used by EU Institutions regarding office space in Brussels and Lux <sup>30</sup>
2011	56	2,074	37.04	37.04	44	35
2012	91	2,921	32.10	32.10		
2013	110	3,304	30.04	30.04		
2014	134	4,261	31.80	24.66		
2015	146	4,261	29.18	22.63		
2016	155	4,261	27.49	21.32		

<sup>27</sup> The figures of staff indicated in this table refer to EIOPA staff members (namely Contract Agents, Temporary Agents and Seconded National Experts) but are excluding the consultants and interim labour working at the EIOPA premises.

<sup>28</sup> The 28<sup>th</sup> floor is only equipped with meeting and conference rooms and therefore does not contribute as regular office space for staff.

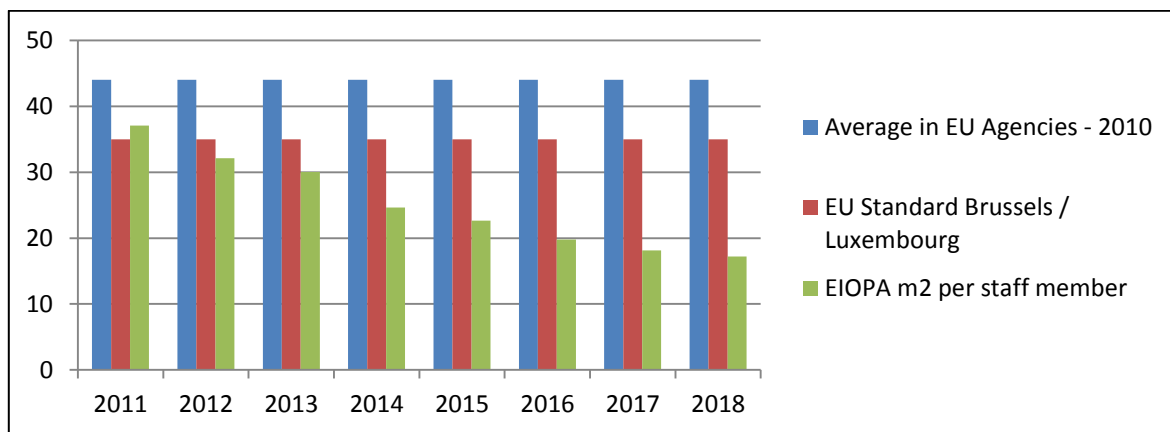
<sup>29</sup> European Court of Auditors, Cost benchmarking of EU Agencies, Version 1.5, 28th September 2011, page 39

<sup>30</sup> European Court of Auditors, Cost benchmarking of EU Agencies, Version 1.5, 28th September 2011, page 39



Year	Staff number	Office space (m <sup>2</sup> )	EIOPA office space per staff member (m <sup>2</sup> )	EIOPA office space per staff member (m <sup>2</sup> ) excluding 28 <sup>th</sup> floor <sup>28</sup>	EU Agencies 2010 – average office space per staff member <sup>29</sup> (m <sup>2</sup> )	Standard used by EU Institutions regarding office space in Brussels and Lux <sup>30</sup>
2017	161	4,261	26.43	20.49		
2018	172	4,261	24.74	19.18		

**Office space per staff member (m<sup>2</sup>)**



## Rental Contract – Terms and Conditions

EIOPA's contract with the landlord (GGM Mann Management) foresees a dedicated 10-year contract for every half floor, which has been demonstrated to be convenient and cost-effective, also considering the initial 10-month lease-free period. It is set up in the following way:

- First 10 months lease free;
- Following 26 months at a reduced rate of 75%;
- Remaining 7 years at full lease rate.

The rental fee per square meter, as governed by the contract, is € 29/month/m<sup>2</sup>, which results in an average expenditure of € 25/month/m<sup>2</sup> over a full 10-year period.

This particular schedule of lease payments is common practice for office space rentals in Germany and can be explained by potential advantages for the purposes of real estate valuation and taxes.

In addition, an Early Termination Clause has been established to anticipate potential future decisions by the EU Institutions or the Board of Supervisors regarding a change of the location of the Authority, and to guarantee a sufficient level of flexibility.

The monthly rent is subject to indexation in line with the German consumer price index. The following figures show the yearly expenditure for rent of office space:

### EIOPA yearly office rent cost per staff member

Year	Staff number	Yearly rent (€)	EIOPA yearly rent per staff member	EU Agencies 2010 average yearly rent per staff member <sup>31</sup> (€)
2011	56	452,053	8,072.37	9,004
2012	91	981,631	10,787.15	
2013	110	726,451	6,604.10	
2014	134	1,105,876	8,252.80	
2015	146	1,200,761	8,224.39	
2016	155	1,596,149.37 <sup>32</sup>	10,298	
2017	161	1,619,614.38 <sup>33</sup>	10,060	
2018	172	1,634,018.87 <sup>33</sup>	9,500	

The table below shows EIOPA's rental cost<sup>34</sup> per square metre:

### EIOPA yearly office rent cost per square metre

Year	Office space (m <sup>2</sup> )	EIOPA rent (€)	EIOPA rent per m <sup>2</sup>	EU Agencies average rent per m <sup>2</sup>
2011	2,074	452,053	217.96	234
2012	2,921	981,631	336.06	
2013	3,304	726,451	219.87	
2014	4,261	1,105,876	259.53	
2015	4,261	1,200,761	281.80	
2016	4,261	1,596,149.37 <sup>33</sup>	375	
2017	4,261	1,619,614.38 <sup>33</sup>	381	
2018	4,261	1,634,018.87 <sup>33</sup>	384	

<sup>31</sup> European Court of Auditors, Cost Benchmarking of EU Agencies, Version 1.5, 28th September 2011, page 39

<sup>32</sup> The figures are based on the latest invoices received for indexation costs for 2016.

<sup>33</sup> The amount does not include possible indexation (+/-).

<sup>34</sup> Rental cost in the documents includes basic rent, parking space and management fee – but excludes utilities costs (such as water, heating and electricity)

As explained above, due to the contractual conditions governing the rent contract and the application of free of charge months, the total average cost when referred to the full lifetime of the contract reduces from € 29 to 25.

The average cost per square metre rented by EU Agencies was € 234 in 2010. It should be noted, however, that some Agencies received subsidies or pay no rent at all, as a consequence of the Headquarters Agreements signed with Host Member states, which contributes to a lower average. EIOPA's Headquarters Agreement with the Federal Republic of Germany does not include any of such benefits.

## **Annex VIII: Privileges and Immunities**

EIOPA benefits from the privileges granted by the Protocol of Privileges and Immunities to EU organisations and institutions (mainly from the VAT exemption of supplier invoices).

EIOPA concluded a Headquarter agreement with Government of the German Federal Republic on 18 October 2011, capturing the privileges granted to staff.

## **Annex IX: Evaluations**

EIOPA is evaluated on a number of levels. As part of the European System of Financial Supervisors, the Authority is periodically subject to a review by the Commission. EIOPA also reports on its performance to the Parliament's Economic and Monetary Affairs Committee where on an annual basis the Chair details the main achievements since the last report.

Internally, EIOPA has developed its own framework for performance monitoring and evaluation. This framework exists across strategic, operational and individual performance levels, with each level cascading down to the next. At the top level EIOPA maintains Key Performance Indicators (KPIs) for judging progress against the objectives of its strategy. These are monitored and reported on internally and to EIOPA's Board of Supervisors after the second quarter of each year and to all stakeholders in the Consolidated Annual Activity Report in the following year.

Each year the Authority also establishes an Annual Implementation Plan that allows for more regular monitoring of delivery of the products and services described in the Annual Work Programme. Throughout the year progress is evaluated in terms of the described deadlines and milestones and reported to EIOPA's Board of Supervisors at the mid-year point and provides the basis for reporting successful completion of the Annual Work Programme in the Consolidated Annual Activity Report. Each product or service is assigned a 'red' (failure), 'amber' (serious risks/issues) or 'green' (successful delivery) status. In every case where a product or services has not delivered as originally planned, a review is undertaken and lessons learnt recorded and incorporated. This for example informs EIOPA's work logging and revising its business processes.

Finally, the objectives, products and services of the Annual Work Programme provide the basis for the objectives of individual staff members. Attainment of individual objectives is assessed based on the results recorded in the Annual Implementation Plan and is reviewed by the relevant team or unit on a bi-annual basis.

## **Annex X: Risks**

### **Introduction**

A risk is defined as 'an uncertain event or set of events that, should it occur, would have an effect on the achievement of (an) objective(s)'.<sup>35</sup> To manage such risks, EIOPA has initiated an approach to systematically identify, assess and then plan and if required, implement responses to potential risk events. Such events can originate from within the Authority or be driven by external forces e.g. changes in priorities and agendas at the political level. The likelihood of an event occurring and the impact of its consequences for an objective should it occur will vary. This variance is discussed in terms of 'risk exposure'. Based on the level of exposure, particularly if the impact would be negative, EIOPA considers steps to prevent the event from happening (if within its power), avoid it or mitigate the negative consequences. Staff at all levels of the authority are asked to consider risks in terms of their work, assess them using a standardised scale and then consider appropriate and proportionate responses, escalating material risks to management when needed.

### **Corporate Risk Management Process**

The aim of the process is to provide management with an overview of the aggregated risks and in particular to allow management to focus on those with a potential material impact on the commitments of the Authority as defined in its Work Programme and wider operations; and offer responses to mitigate and overcome risks as they occur. Such a picture is essential, and will aid management as they oversee implementation of an ambitious Work Programme.

EIOPA's risk management process has been developed in line with the Commission's Internal Control Standard No. 6 'Risk Management Process', which states a yearly assessment of risk is a basic requirement of the annual business planning process.

### **Risk Overview**

There are different ways to classify risks. EIOPA has chosen to focus on six key areas in which risks impact on EIOPA and its work:

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<sup>35</sup> OGC (2007) Management of Risk: Guidance for Practitioners

- planning, processes and systems;
- people and organisation;
- legal and regulatory aspects;
- external environment;
- communication and information; and
- reputational.

**Planning, Processes and Systems:** as a consequence of the developing responsibilities and duties imposed on EIOPA by different legislation and regulation, new tasks have been incorporated into the Authority's work programme. The allocation of additional budget and staff to EIOPA has not matched these new tasks e.g. those stemming from the Omnibus II Directive. The Risk Free Rate project, Annual Report to Parliament on Long Term Guarantees and EIOPA's role in the Extension of the Recovery Period are highly technical and resource intensive additional tasks and EIOPA is undertaking them without adequate additional resources.

The need to meet additional demands for this unplanned work arising in-year whilst still maintaining quality and timely delivery of planned work presents a major risk. In 2014, 2015 and 2016 a number of planned products had to be dropped, de-scoped or delayed into the following year as a result. To mitigate this risk EIOPA has implemented improvements in its approach to planning and management of work. This includes more accurate resource planning, a change management process for dealing with unplanned demands and re-prioritisation of projects. However, these measures offer little mitigation with such a disparity between new tasks and the lack of new resources and there remains substantial risk in this area with multiple impacts across the Authority and its work.

**People and Organisation:** for the previous three years EIOPA has not received the requested allocation of staff. This shortfall has been exacerbated with the need to recruit staff from a limited and highly contested pool of technical expertise. The contract and conditions EIOPA can offer, as stipulated by European regulation, is not always comparable with other potential employers.

Key processes and systems have been placed at risk as a result of resource constraints, particularly in specific technical areas such as information technology. Multiple 'key man' situations exist with only one member of staff having the experience/skills to undertake important tasks, which are put at risk if they leave the Authority. Without sufficient staff some important capability and capacity projects have run into delays. This has put at threat the Authority's ability to deliver its role under Solvency II as well as limiting ambition in important areas such as Financial Stability. Improved resource planning and management of additional tasks provides some mitigation, but as with the previous risk, there remain substantial challenges with multiple impacts across the Authority and its work.

**Legal and Regulatory Aspects:** as an EU body, EIOPA must operate within a specific legal framework (e.g. HR, Budget, Procurement) designed for much larger institutions, and as a relatively new organisation that is implementing the standards set out for it by the Commission with limited resources, non-compliance with those standards is a potential risk. If EIOPA does not meet the legal requirements and standards, its operations and reputation will be seriously undermined. To mitigate this risk, EIOPA works in close cooperation with the Internal Audit Service of the European Commission and European Court of Auditors, to ensure it is adhering to the standards laid down for it.

EIOPA's Legal Instruments (Technical Standards, Guidelines and Opinions) must also conform to predefined high standards. EIOPA's reputation and operational activities may be undermined, with considerable additional work and time to be invested should the quality and legal basis of EIOPA's Legal Instruments be questioned. In the context of already attenuated resources, this will place considerable burden on the Authority.

Thanks to the effectiveness of EIOPA's internal processes for legal quality control, this risk in terms of its Instruments has never materialised. However, EIOPA's limited legal services have been under considerable pressure in previous years, working to tight deadlines and dealing with topics from across the Authority's broad scope of mandate. EIOPA has expanded its Legal Team to ensure sufficient resource is assigned to the task of legal quality control on its Instruments.

**External Environment:** the consequences of the UK EU membership referendum may impact upon multiple areas of EIOPA's work and on it as an organisation. There remains considerable uncertainty and only once the outcome of the negotiations are understood and the nature of Britain's future relationship with the EU clearer, will it be possible to judge the effects. Until this is possible, EIOPA will monitor and respond to developments, also resulting from any turbulence in the market, and be prepared to adapt to the changing environment.

There remains diverging views on the role and powers of the Authority. EIOPA continues to invest effort into building trust with its Members, stakeholders and the political parties by ensuring it works under full accountability, with transparent positions and rationale; clear rules, procedures and governance; common understandings and agreement on strategic orientation and objectives.

There also exists a potential lack of alignment between the interests of the industry and of consumers with regard to the risk-based regulatory framework and an imbalance in the representation of industry versus consumer views during discussions on regulation. EIOPA endeavours to balance this relationship by enabling consumers to adequately bring across their views in the various fora e.g. consumer representatives expenses for attending are reimbursed and specific events are run such as the dedicated consumer day. Furthermore, by

ensuring all EIOPA technical standards, guidelines, advice etc. undergo appropriate impact assessments, identifying the impacts on both industry and on policyholders/members, the Authority maintains a focus on consumer interests.

Reporting of data is fundamental to delivery of EIOPA's mandated tasks. Reliance on data from external sources (e.g. National Competent Authorities and market data providers) means the potential for delays and/or the provision of misleading data presents a severe risk. The validity of EIOPA's analysis, statistics and conclusions can all be undermined. To mitigate this, EIOPA has established detailed reporting requirements for Solvency II data and various processes and tools have been implemented in the approach and means of collecting data.

**Communication and information:** this risk predominately focuses on lack of awareness in the stakeholder community of key developments or issues and managing stakeholder expectations. Moreover, technical failures of communication systems could lead to a blackout and make communication difficult or impossible for a certain time period. Changes to the European supervisory landscape and/or unstable institutional set-up could create uncertainties or inconclusive understanding of roles and responsibilities. To ensure state-of-the-art stakeholder communication, EIOPA defined a communications strategy and will be investing in enhancing the Authority's ability to engage with the media on key issues.

**Reputational:** the reputational risk has been alluded to in some of the previous categories, this includes potential: rejection by the Commission of technical/implementing standard and failing on the discharge of the Authority. As EIOPA's continued operational success is dependent on its good reputation with its stakeholder community, this risk is therefore considered in its own right. EIOPA ensures that risks across all other categories are sufficiently considered in terms of reputational harms. This is then factored into the assessment of the negative impact of a risk and if it were to materialise and mitigation also considers effort to reduce damage to reputation.



## Annex XI: Procurement Plan 2017

Ref	Indicative Initiation	Subject	Estimated value NET (in EUR, whole contract duration)	Estimated value NET (in EUR, for 2017)	Estimated start-end contract	Procedure / Type of contract (FWC, Direct)
1	Jan	External legal services: EU Law IT, IPR, Data Base, Data Protection	120,000	50,000	Q1 2017 - Q1 2021	Negotiated tender procedure with min 5 candidates
2	Jan	IT Operational Services	6,000,000	1,300,000	Q2 2017 - Q2 2021	Restricted procedure with publication of a contract notice in the Official Journal /FWC
3	Feb	Catering services	300,000	75,000	Q3 2017 - Q3 2021	Open or restricted procedure with publication of a contract notice in the Official Journal /FWC
4	Feb	Photographic services and films	40,000	10,000	Q2 2017 - Q1 2021	Negotiated tender procedure with min 3 candidates
5	April	Service provision for the XBRL-related developments	500,000	500,000	Q2 2017 - Q4 2018	Negotiated procedure without publication of a contract notice
6	April	Media monitoring and media analysis	600,000	150,000	Q3 2017 - Q3 2021	Open or restricted procedure with publication of a contract notice in the Official Journal /FWC
7	Nov	Review and upgrade of the design and content of the external and internal website	350,000	0	Q2 2018 - Q1 2019	Open or restricted procedure with publication of a contract notice in the Official Journal /FWC

# Annex XII: Organisation Chart

Status January 2017

