



ANNUAL REPORT 2022

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Occupational Pensions Authority

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ANNUAL REPORT 2022

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ANALYSIS AND ASSESSMENT OF THE CONSOLIDATED ANNUAL ACTIVITY REPORT 2022 BY THE BOARD OF SUPERVISORS

EIOPA's Board of Supervisors (BoS) takes note of the Consolidated Annual Activity Report (CAAR) 2022, submitted by the Authorising Officer in accordance with Article 48(1) of the Financial Regulation (FR) applicable to EIOPA. Analysing and assessing the CAAR 2022, the BoS has made the following observations:

- The report contains a comprehensive and thorough account of the activities carried out by EIOPA in the implementation of its mandate and programme of work during 2022. EIOPA has met its obligations under Article 48(1), providing a detailed account of the results achieved in relation to the objectives set in the Annual Work Programme 2022, financial and management information, as well as the risks related to the organisational activities and measures taken to address them.
- The BoS acknowledges the continued challenges EIOPA faces in terms of its constrained resources to manage a demanding workload towards monitoring and mitigating risks, contributing to supporting the recovery of the economy, assisting in building more resilient and inclusive insurance and pensions sectors and further strengthening a common supervisory culture. The BoS welcomes EIOPA's efforts to prioritise and make processes more efficient in order to deal with a demanding workload and a challenging macro-economic environment.
- The BoS welcomes EIOPA's strategy for the period 2023 – 2026 designed to strengthen the resilience and sustainability of the insurance and pensions sectors, and to ensure the strong and consistent protection of consumer interests across the European Union.
- The BoS welcomes EIOPA's achievements in the area of sustainable finance aiming to ensure that (re)insurers and occupational pension funds reflect climate and other ESG risks and, at the same time, contribute to a more sustainable and resilient society, through their investments, products and services. Furthermore, the BoS welcomes EIOPA's support to the European Commission's Sustainable Finance Agenda, including the Renewed Sustainable Finance Strategy and Climate Adaptation Strategy as well as the continued work relating to the Sustainable Finance Disclosure Regulation (SFDR).
- The BoS also welcomes EIOPA's work in developing an overall strategy for digital transformation in light of the European Commission's Digital Finance Package, focusing on the establishment of a common financial data space and monitoring the growing use of digital technology and Big Data Analytics to identify ways to better protect consumers without hindering innovation. This included work on open insurance, blockchain and smart contracts in insurance, cyber underwriting risk, differential pricing practices, and preparatory work in the context of the Digital Operational Resilience Act (DORA).

- The BoS welcomes the continued contributions EIOPA has made in the field of consumer protection and its work to address conduct risks for consumers through the support provided by EIOPA cross-border cooperation platforms, through the development of new supervisory guidance, methodologies, and by continuing highlighting key trends and risks for consumers via the consumer trends work which in 2022 focused on financial health in a disruptive environment as well as active engagement with and visits to National Competent Authorities (NCAs). In particular, the BoS welcomes EIOPA's increased efforts in addressing value for money risks for consumers and protection gaps and exclusions. Furthermore, the BoS welcomes EIOPA's technical advice to the European Commission concerning certain aspects relating to retail investor protection.
- The BoS supports EIOPA's supervisory convergence plan and acknowledges the comprehensive set of objectives and activities established in this plans to achieve supervisory convergence. In particular, the BoS welcomes EIOPA's supervisory statements and other tools addressing the continued risks stemming from the Covid-19 pandemic and other systemic events such as the invasion of Ukraine by Russian forces and the new macro-economic environment as well as the tools addressing supervisory convergence in the new areas such as sustainability and digital finance.
- The BoS welcomes EIOPA's continued contribution to building an effective and consistent level of supervision across the EU. In particular, the BoS welcomes the ongoing focus on cross-border business, particularly with regards to EIOPA's cross-border cooperation platforms and work on cross-border cases with possible detriment to consumers.
- The BoS also welcomes EIOPA's support to NCAs through the regular delivery of analytical reports on cross border activities, peer groups reports, colleges of supervisors' reports, completeness and data quality reports and regular submission of information to IAIS on behalf of its members.
- The BoS welcomes EIOPA's work on the implementation of Solvency II. In particular, the BoS welcomes the flawless and timely publication of the Risk-Free Rate (RFR) information, including the continuous implementation of the methodological changes, the submission of Implementing Technical Standards up-dating supervisory reporting and disclosure requirements under Solvency II so they remain fit-for-purpose to contribute to a better protection of policyholders and better reflecting the principle of proportionality, as well as the revised Guidelines on contract boundaries and valuation of technical provisions.
- The BoS welcomes EIOPA's work to provide technical input and advice to the EU Institutions, with the aim to further support an evidence-based decision-making process within the broader context of the Solvency II review negotiations. Furthermore, the BoS welcomes EIOPA's efforts to increase understanding and raise awareness with regard to the proposal for an Insurance Recovery and Resolution Directive, which is currently under discussion.
- On the pensions side, the BoS welcomes EIOPA's report on cross border IORPs (Institution for Occupational Retirement Provision), as well as its work on the supervision of multi-sponsor IORP providers.
- Furthermore, the BoS welcomes the preparatory work EIOPA initiated in the context of the IORP II Directive review.
- The BoS welcomes EIOPA's international work in the context of the IAIS, contributing to the development of a global standard, the Insurance Capital Standard (ICS), and the holistic framework on systemic risks.

- The BoS welcomes EIOPA's continued monitoring and analysis of vulnerabilities in the market and financial stability risks. In particular, the BoS acknowledges the EIOPA publication of its quarterly risk dashboard and half-yearly financial stability report and the focus on current risks, especially the impact of inflation on markets and consumers.
- Furthermore, the BoS welcomes the first IORPs climate stress test to gain insights into the effects of environmental risks on the European occupational pension sector.
- The BoS notes the results of successful management of the Authority's tasks and resources, indicated by the high rate of delivery of products and services as planned or within a minor delay, as well as the targets met in terms of EIOPA's key performance indicators on management of its financial resources. Furthermore, the BoS also welcomes EIOPA's continued efforts to gain efficiencies in the area of governance.
- The BoS notes EIOPA's diligent response to findings from the European Court of Auditors, the Internal Audit Service and the Authority's Quality Control Committee and supports EIOPA's efforts in its transparent implementation of the respective recommendations.
- The BoS considers that EIOPA is running effectively and efficiently and is delivering the expected products and services to high standards of quality.

Petra Hielkema

Chairperson of the Board of Supervisors

[signed]

CHAIRPERSON



FOREWORD BY THE CHAIRPERSON

I am pleased to introduce the achievements and activities of the European Insurance and Occupational Pensions Authority (EIOPA) in 2022.

The year 2022 kicked off with Russia's unprovoked invasion of Ukraine, which resulted in a human, political and economic crisis first of all in Ukraine, but with impact much beyond that. While standing with Ukraine, EIOPA remained committed to delivering on our mandate, while also chairing the Joint Committee.

Despite the challenging macro-economic and geopolitical environment, the insurance and pensions sectors remained resilient and EIOPA continued to monitor the situation very closely. As part of our work to identify and mitigate risks and vulnerabilities, EIOPA published a supervisory statement on inflation, focusing on how inflation affects technical provisions, investments and solvency capital requirements.

As inflation has caused major disruption to household finances, financial literacy remains fundamental in helping consumers manage their finances both in the short- and long-term. A key focus of EIOPA's work on consumer trends this year was therefore on financial health.

I also appreciated the initiative of the Joint Committee of the European Supervisory Authorities high-level conference on financial education and literacy. It was a pleasure to welcome Her Majesty Queen Máxima of the Netherlands to open the event.

Closing protection gaps remains a priority. The launch of the natural catastrophe dashboard, bringing together data on economic and insured losses, risk estimations as well

as insurance coverage from 30 European countries, is just one example of our work in this area.

EIOPA also conducted the first climate stress test of the European occupational pensions sector, gaining insight into the effects of environmental risks on the sector.

In light of the introduction of more horizontal regulation that targets financial services more broadly, EIOPA's role is to make sure that such regulations are workable for the sectors we supervise, reflecting the specificities of the sectors, without stifling innovation.

In the area of digital innovation, EIOPA kept abreast of new developments as well as furthering work on, for example, Open Insurance, the use of block chain and machine learning. Work also progressed in the areas of cyber risk and cyber insurance.

During 2022, EIOPA also took to the opportunity to review its strategy. We did so in recognition of the fact that we – the sector, the economy, society – are in a time of transformation. While the fundamentals of our mission are unchanged, our new strategy for the period 2023 – 2026 is designed to continue to boost the resilience and sustainability of the insurance and pensions sectors in Europe. Be it through cooperation and coordination to share knowledge and enhance supervisory convergence, or, when necessary, to intervene when policy holder rights are at stake, EIOPA will continue to ensure strong and consistent protection of consumer interests across the EU.

As in previous years, EIOPA benefited from the expertise and input from the Board of Supervisors, and it was a pleasure to welcome our Board members to Frankfurt once again. Similarly, it was a pleasure to be able to reconnect with so many of our stakeholders, including those at the European Parliament and European Commission, in person. I thank all for our dialogue and consultation as they are such an important element of our work. Indeed, good regulation and good supervision are always the outcome on good cooperation.

The need for good dialogue and cooperation also holds for EIOPA's international work, be it in bilateral supervisory dialogues of the work in the International Association of Insurance Supervisors. Exchanges on fintech, sustainability, supervisory practices and risk-assessments as well as our work on a global capital standard for insurance continued in 2022 with some positive steps made.

I would also like to give my sincere thanks to all the staff at EIOPA, for their hard work during the year. Throughout the year, EIOPA continued in its efforts to foster a rewarding and inclusive working environment. I was very pleased to see the launch of the Female Talent Development Programme, a training programme to facilitate career advancement for women as well as our first participation in the Pride parade in Frankfurt.

One initiative to support continuous professional development of EIOPA staff and supervisors from national competent authorities is the Supervisory Digital Finance Academy that we have set up at the European University Institute in cooperation with our sister European Supervisory Authorities and the European Commission.

Times of transformation also give rise to opportunity. Looking ahead, our goal is to continue to build on our strong foundation and to deliver effective supervision, so that the insurance and pensions sectors can continue to deliver for policyholders and beneficiaries, business and the economy. This is both a challenge and opportunity that EIOPA is ready to embrace.

FAUSTO PARENTE



FOREWORD BY THE EXECUTIVE DIRECTOR

2022 was a year of uncertainties in Europe: the outbreak of a war waged by Russia on Ukraine, the resulting energy crisis and rising inflation have had far-reaching impacts on our citizens and businesses. These global developments informed the way in which EIOPA worked to meet its strategic objectives.

EIOPA's long-standing goals have been to protect consumer interests across the EU and to safeguard the financial stability of the insurance and pension sectors. In times of instability, this requires allocating our resources carefully and responsibly as to be able to tackle different priorities and remain responsive to emerging threats and new challenges.

EIOPA's operating budget for 2022 was EUR 34.6 million. Ninety-nine per cent of the approved budget was committed. We also continued to grow as an organisation and welcomed new staff members who filled four additional posts, bringing the total number of employees to 197.

Sustainability, digitalisation, and diversity have been key priorities of EIOPA's organisational governance throughout 2022. We remain committed to lowering the impact of our administrative operation on the environment. New digital processes to reduce the need for paper, increased use of video conferencing in place of travel, and hotdesking to optimise office space are among the numerous concrete measures we have taken to reach this goal.

In 2022 an external audit was carried out to assess EIOPA's implementation of EMAS, the European Union's Eco-Management and Audit Scheme. Based on the results, EIOPA

was certified and is expected to achieve the formal EMAS accreditation by the Hessen authorities in 2023.

We have also taken the next step in digitalisation by initiating a cloud migration project. This will enhance the security of our information and enable more seamless access.

After an extensive period of physical distancing and related COVID-19 measures, I am pleased that our staff have been able to meet in person much more regularly. To maintain the advantages of hybrid-work, EIOPA has implemented a new policy which gives staff the flexibility to work from home for two days per week, should they wish to do so.

Throughout the year EIOPA continued to implement its Diversity and Inclusion Strategy in line with the adopted EUAN Charter on Diversity. Numerous initiatives such as the European Supervisory Authorities (ESAs) Gender Equality Conference brought together staff and management. Open exchanges such as these contribute to an inclusive workplace culture and help to foster a workforce more mindful of diversity. This in turn makes EIOPA a modern and attractive employer.

For its core business activities, EIOPA benefits from a close interaction with counterparts in national competent authorities and fruitful relations with members of our Management Board and Board of Supervisors. We continue to seek input from a wide selection of stakeholders to inform our work, such as through our stakeholder groups, consultations, and events. In 2022, EIOPA staff conducted 214 speaking engagements, 47 more than in 2021.

In March 2023 EIOPA will take over as chair of the EU Agencies Network (EUAN). This too will present further opportunities to exchange ideas and coordinate our efforts in areas of mutual interest.

Finally, EIOPA has set out its strategy for the period 2023 – 2026. It is designed to further strengthen the resilience and sustainability of the insurance and pensions sectors, and to ensure the strong and consistent protection of consumer interests across the European Union.

I take this opportunity to thank EIOPA's staff, the Management Board and Board of Supervisors, and my counterparts in the other European Supervisory Authorities and EU agencies for their commitment and dedication throughout the year. I look forward to our close and fruitful cooperation as we continue our work to build a stronger insurance and pensions sector in Europe.

ACRONYMS

BoS	Board of Supervisors	IRRD	Insurance Recovery and Resolution Directive
CAAR	Consolidated Annual Activity Report	ITDC	Information Technology and Data Committee
CCPFI	Committee on Consumer Protection and Financial Innovation	IRSG	Insurance and Reinsurance Sta
COM	European Commission	ITF	Insurance Technology Task Force
CPI	Credit Protection Insurance	ITS	Implementing Technical Standards
D&I	Diversity and Inclusion	InsurTech	Insurance Technology
DORA	Digital operational resilience act	JC	Joint Committee
DPM	Data Point Modelling	JC SC DOR	Joint Committee Sub-Committee on Digital Operational Resilience
EBA	European Banking Authority	MS	Member States
EEA	European Economic Area	N/A	not applicable
EFIF	European Forum of Innovation Facilitators	NCA	National Competent Authority
EFTA	European Free Trade Association	OPSG	Occupational Pensions Stakeholder Group
EIOPA	European Insurance and Occupational Pensions Authority	ORSA	Own Risk and Solvency Assessment
EMAS	Eco-Management and Audit Scheme	PAI	Principal Adverse Impact
ESAs	European Supervisory Authorities	PRIIPs	Packaged Retail and Insurance-Based Investment Products
ESG	Environmental, Social and Governance	PSC	Policy Steering Committee
ESRB	European Systemic Risk Board	RegTech	Regulatory Technology
EUAN	EU Agencies Network	RFR	Risk-Free Rate
EU SDFA	EU Supervisory Digital Finance Academy	RFSC	Risks and Financial Stability Steering Committee
FR	Financial Regulation	RTS	Regulatory Technical Standards
FTEs	Full-time Equivalents	SupTech	Supervisory Technology
IM	Internal Models	SRP	Supervisory Review Process
IMOGAPI	Internal Model On-Going Appropriateness Indicators	SSC	Supervisory Steering Committee
GSP	Group Specific Parameters	QCC	Quality Control Committee
HFI	Holistic Framework Implementation	QRT	Quantitative Reporting Templates
HR	Human Resources	Q&As	Questions and answers
IAIS	International Association of Insurance Supervisors	TSI	Technical Support Instrument
ICS	Insurance Capital Standard	USP	Undertaking Specific Parameters
ICT	Information and Communication Technology	XBRL	eXtensible Business Reporting Language
IDD	Insurance Distribution Directive		
IORP	Institution for Occupational Retirement Provision		

INTRODUCTION



The European Insurance and Occupational Pensions Authority (EIOPA) is a decentralised agency of the European Union (EU), based in Frankfurt am Main, Germany. Its overarching mission is to contribute to the short, medium, and long-term stability and effectiveness of the financial system for the benefit of Europe's economy, businesses, and citizens. EIOPA's main tasks are to enhance superviso-

ry convergence, strengthen consumer protection and preserve financial stability. Achieving these goals depends on close cooperation with national supervisory authorities, as well as regular consultation with stakeholders, notably consumer organisations and industry representatives. This ensures that the Authority's work meets the need of the people that it serves.

IN FOCUS



Under the general goal of building a safe and sustainable EU for its citizens in times of transformation, EIOPA's strategic objective for 2022 were to:

- Ensure strong and consistent protection of consumer interests across the EU; and
- Safeguard the financial stability of the insurance and pension sectors and effectiveness of the financial system

The Authority's strategic priorities for 2022 were to:

- Strengthen the protection of consumers
- Support the functioning of the EU internal market in the field of pensions and insurance
- Strengthen the financial stability of the insurance and occupational pensions sectors
- Contributing to sustainable finance, including climate change, and digitalisation
- Be a responsible, competent, and professional organisation

EIOPA's areas of action and annual priorities are established through a rigorous planning process. In 2022, EIOPA continued to adopt a flexible and responsive approach to its annual and multi-annual planning, in order to continue ensuring financial stability and consumer protection. Furthermore, EIOPA has been working on managing its resources in an agile manner to allow reprioritisation and accelerated decision-making. At the end of 2022, the Authority employed 197 people (full-time equivalents). Its operating budget for 2022 was EUR 34,571,000. The figures are excluding 2 temporary posts and EUR 245,039 of additional revenue stemming from the service level agreement REFORM/AA2022/003 signed with the DG REFORM¹.

¹ That includes 3 projects:

- EU Supervisory Digital Finance Academy – strengthening supervisory capacity in the area of innovative digital finance in line with the objectives of the EU Digital Finance Strategy;
- Transition to forward-looking IORP supervision in Ireland – enhancing the capacity of the Irish Pensions Authority's relevant experts and supervisors to effectively and efficiently implement and deploy a risk-based, forward looking supervisory approach;
- Insurance Conduct of Business Supervision - development of a risk assessment framework and supervisory methodology including mystery shopping in Hungary.

EXECUTIVE SUMMARY

Insurance and pensions are fundamental for the wellbeing of individuals, providing protection against foreseen and unforeseen events and security in older age. Throughout the course of 2022, EIOPA continued to play an essential role in the supervision of insurance and pensions in Europe, working closely with national supervisory authorities, European institutions, and other stakeholders to fulfil its strategic objectives set out in its annual work programme.

Following Russia's unprovoked invasion of Ukraine followed by an energy crisis, high inflation and uncertain economic growth, EIOPA focused on closely monitoring the economic situation and the capital and liquidity position of EU insurers and IORPs, using all available instruments.



INTEGRATING SUSTAINABLE FINANCE CONSIDERATIONS ACROSS ALL AREAS OF WORK

Key publications:

- *Discussion paper on European insurers' exposure to physical climate risks*²
- *Third paper on methodological principles of insurance stress testing climate risks*³
- *Fourth report on the costs and past performance of insurance and pension products*⁴
- *Updated Supervisory Handbook on the supervision of climate-related risks in Solvency II Pillar 2*
- *Guidance on the integration of customers sustainability preferences under the IDD*⁵
- *Guidance on running climate change materiality assessment and using climate change scenarios in the Own Risk and Solvency Assessment (ORSA)*⁶

² [European Insurers' exposure to physical climate change risk - Potential implications for non-life business](#)

³ [Methodological principles of insurance stress testing – Climate change component](#)

⁴ [Costs and Past performance report – 2022](#)

⁵ [Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive \(IDD\)](#)

⁶ [Application guidance on running climate change materiality assessment and using climate change scenarios in the ORSA](#)

- *Dashboard on insurance protection gap for natural catastrophes*⁷

- *Results of IORP climate stress test*⁸

EIOPA continued its work on the transition to a more sustainable economy. Building on its ambitious agenda, EIOPA published a number of papers, reports and guidance on the integration of sustainability risks in the risk management of (re)insurers and occupational pension funds.

EIOPA carried out its first IORP climate stress test to gain insights into the effects of environmental risks on the European occupational pension sector and developed a set of risk indicators for physical climate change risk for non-life business.

EIOPA integrated the emergence of new risks in its supervisory activities, namely it carried out greenwashing related monitoring activities and begun the work on the call for advice on greenwashing.

Lastly, EIOPA continued its joint work with other European Supervisory Authorities (ESAs) on the Sustainable Finance Disclosure Regulation (SFDR).

SUPPORTING THE MARKET AND SUPERVISORY COMMUNITY THROUGH DIGITAL TRANSFORMATION



Key publications:

- *Feedback statement on open insurance*⁹
- *Feedback statement following its public consultation on blockchain and smart contracts in insurance*¹⁰
- *Supervisory statement on differential pricing practices in non-life insurance lines of business*¹¹

⁷ [Dashboard on insurance protection gap for natural catastrophes](#)

⁸ [2022 IORP Climate Stress Test Report](#)

⁹ [Feedback Statement on Open Insurance: accessing and sharing insurance-related data](#)

¹⁰ [Feedback Statement on blockchain and smart contracts in insurance](#)

¹¹ [Supervisory statement on differential pricing practices in non-life insurance lines of business](#)

- › *Supervisory statement on management of non-affirmative cyber exposures*¹²

EIOPA continued to follow closely the growing use of digital technology and Big Data Analytics and published supervisory and feedback statements in diverse areas including open insurance, blockchain and smart contracts, differential pricing practices and non-affirmative risk exposures.

EIOPA followed the legislative developments related to the Artificial Intelligence Act (including by sending a letter to the Co-Legislators on the proposal) and the Digital Operational Resilience Act (DORA) and provided technical advice to the co-legislators.

In anticipation of the envisioned tasks for the ESAs following an agreement of the DORA, the ESAs have set up the Joint Committee Sub-Committee on Digital Operational Resilience (JC SC DOR).

EIOPA following the signing of service level agreements with the European Commission's DG REFORM through the Technical Support Instrument, set up together with the sister ESAs, the Commission and the European University Institute the "EU Supervisory Digital Finance Academy (EU SDFA)".



ENHANCING THE QUALITY AND EFFECTIVENESS OF SUPERVISION

Key publications to continuously promote quality and effectiveness of supervision:

- › *Supervisory Statement on inflation*¹³
- › *EIOPA methodology for assessing value for money in the unit-linked market*¹⁴
- › *Supervisory statement on exclusions in insurance products related to risks arising from systemic events*
- › *Supervisory statement on the supervision of run-off undertakings*¹⁵

¹² [Supervisory statement on the management of non-affirmative cyber exposures](#)

¹³ [EIOPA publishes supervisory statement on inflation](#)

¹⁴ [EIOPA issues its methodology for assessing value for money in the unit-linked market](#)

¹⁵ [Supervisory statement on exclusions in insurance products related to risks arising from systemic events](#)

- › *Thematic Review on Credit Protection Insurance (CPI) and warning to insurers and banks on CPI products*¹⁶
- › *Consultation paper on Supervisory statement on differential pricing practices in non-life insurance lines of business*¹⁷
- › *Peer review on outsourcing*¹⁸
- › *Monthly publication of the risk-free rate*¹⁹
- › *Report on data quality in Solvency II reporting*²⁰
- › *XBRL (eXtensible Business Reporting Language) Taxonomy package implementation documentation*²¹

Publications regarding the monitoring of supervisory convergence:

- › *Report on European Insurance Overview*²²
- › *Report on Cross-border IORPs 2022*²³
- › *2022 Market and Credit Risk Comparative Study in internal models*²⁴
- › *Consumer trends report 2021*²⁵
- › *Costs and Past Performance Report 2022*²⁶
- › *Report on the use of limitations and exemptions from reporting during 2021 and Q1 2022*²⁷
- › *Report on 2021 supervisory activities*²⁸

EIOPA continued to promote a common supervisory culture and consistent supervisory practices across Europe, setting as supervisory priorities (i) the practical implementation of the key characteristics of the common supervisory culture and further development of supervisory tools, (ii) the risks to the internal market and to the level playing field which may lead to supervisory arbitrage and (iii) the supervision of emerging risks.

¹⁶ [Thematic Review on Credit Protection Insurance \(CPI\) sold via banks](#)

¹⁷ [Consultation on the supervisory statement on differential pricing practices in non-life insurance lines of business](#)

¹⁸ [Peer Review on outsourcing](#)

¹⁹ [Risk-free interest rate term structures](#)

²⁰ [Report on data quality in Solvency II reporting](#)

²¹ [Supervisory reporting - DPM and XBRL](#)

²² [European Insurance Overview 2022](#)

²³ [Report on Cross-border IORPs 2022](#)

²⁴ [Market and Credit Risk Comparative Study YE2022](#)

²⁵ [Consumer Trends Report 2021](#)

²⁶ [Costs and past performance report 2022](#)

²⁷ [EIOPA analyses the use of limitations and exemptions from reporting under Solvency II](#)

²⁸ [Report on EIOPA Supervisory Activities in 2021](#)

The Authority continued to participate actively in cross-border cooperation platforms and colleges, and conducted country visits and comparative studies. Additionally, EIOPA published its peer review on outsourcing and annual conduct of business reports.

In 2022, EIOPA used for the first time a number of powers and tools at its disposal that included an Art. 16 recommendation as well as an Art. 17 breach of union law recommendation. Also, an Art. 22 inquiry was conducted following the setting up of a dedicated Panel. Additionally, EIOPA received a request for technical assistance on internal models.

Throughout 2022, EIOPA continued to calculate and publish key information fundamental to the effective application of Solvency II and continued with the BI 2.0 programme, that leads EIOPA's transformation into a digital, user-focused and data driven organisation.

Lastly, EIOPA also provided additional and targeted support to NCAs via the DG REFORM Technical Support Instrument (TSI).



ENSURING TECHNICALLY SOUND PRUDENTIAL AND CONDUCT OF BUSINESS POLICY

Key publications on Solvency II:

- *Draft Amended Implementing Technical Standards (ITS) laying down supervisory reporting and disclosure requirements under Solvency II*²⁹
- *Revised Guidelines on Valuation of Technical Provisions, as well as on Contract Boundaries*³⁰

Key publications on the broader context of the Solvency II review negotiations (including a proposal for IRRD):

- *Opinion to institutions of the European Union on individual disclosures in the context of EU-wide stress test exercises*³¹
- *Letter to the Co-Legislators on diversity in management bodies*³²

²⁹ [Draft Amended Implementing Technical Standards \(ITS\) on supervisory reporting and disclosure](#)

³⁰ [Final Reports on the revision of EIOPA Guidelines on Contract Boundaries and Guidelines on the Valuation of Technical Provisions](#)

³¹ [Opinion to institutions of the European Union on individual disclosures in the context of EU-wide stress test exercises](#)

³² [Letter to the European Parliament, the Council of the EU and the European Commission on diversity in management bodies](#)

- *Staff papers on IRRD to provide more clarity on recovery and resolution in insurance*³³

EIOPA submitted to the European Commission Implementing Technical Standards laying down supervisory reporting and disclosure requirements under Solvency II as well as technical advice on retail investment protection.

In the broader context of the Solvency II review negotiations (including a proposal for an Insurance Recovery and Resolution Directive), EIOPA continued to provide technical input and advice to the EU Institutions, with the aim to further support an evidence-based decision-making process.

EIOPA continued to play an important role internationally in the context of the International Association of Insurance Supervisors (IAIS), contributing to the development of a global standard, the Insurance Capital Standard (ICS), and the holistic framework on systemic risks as well as forging close relationships with third countries' supervisors.

IDENTIFYING, ASSESSING, MONITORING AND REPORTING ON RISKS TO THE FINANCIAL STABILITY AND CONDUCT OF BUSINESS AND PROMOTING PREVENTATIVE POLICIES AND MITIGATING ACTIONS



Key publications:

- *Insurance Risk Dashboards*³⁴
- *Financial Stability Reports*³⁵
- *European Insurance Overview 2022*³⁶
- *2021 insurance test recommendations*³⁷
- *Staff papers on Insurance Recovery and Resolution Directive (IRRD)*³⁸

In 2022, in addition to the effects of the Covid-19 pandemic, particular focus was placed on the economic con-

³³ [EIOPA issues staff papers related to the Insurance Recovery and Resolution Directive \(IRRD\) proposal](#)

³⁴ [Risk dashboard](#)

³⁵ [Financial stability](#)

³⁶ [European Insurance Overview 2022](#)

³⁷ [2021 Insurance Stress Test Recommendations](#)

³⁸ [EIOPA staff paper on the proposal for an Insurance Recovery and Resolution Directive](#)

sequences of Russia's invasion of Ukraine which caused an increase in the consumer price index and hampered the economic growth. The transition from accommodating to restrictive monetary policies and their implications for the markets and the insurance and pension sectors were also thoroughly scrutinised. In this context, EIOPA provided its technical expertise and analysis by continuing to contribute to discussions taking place at various EU fora, particularly the European Systemic Risk Board (ESRB) and the Financial Stability Table of the Economic and Financial Committee. Additionally, EIOPA enhanced the scope of the risks covered in the insurance risk dashboard including the ESG and Digitalisation and Cyber risk categories.

EIOPA continued to update and provide an extensive dataset available to the public both for the insurance and the IORP sectors and EIOPA ran its regular EU-wide IORP bottom-up stress test.

On crisis management, EIOPA continued working in the field of recovery and resolution, monitoring the legislative developments. EIOPA continued its work to promote a consistent approach in the EU regarding the implementation of the IAIS Holistic Framework for Systemic Risk in the Insurance Sector setting up a Holistic Framework Implementation (HFI) Forum. Additionally, and with the same aim of ensuring consistency, EIOPA continued its active participation in the EU-based Crisis Management Groups.

ENSURING GOOD GOVERNANCE, AGILE ORGANISATION, COST-EFFECTIVE RESOURCE MANAGEMENT AND A STRONG CORPORATE CULTURE



Key publications:

- › *EIOPA Strategy 2023-2025*³⁹
- › *Single Programming Document 2023-2025*⁴⁰
- › *2023 Work Programme of the Joint Committee of the European Supervisory Authorities*⁴¹
- › *Annual Report 2021*⁴²
- › *Joint Committee Annual Report 2021*⁴³

EIOPA continued to operate as an effective and efficient organisation, while at the same time seeking out further improvements to its administrative processes. In 2022, following the lift of the Covid-19 necessary measures by the German government, EIOPA implemented new rules and procedures offering efficient and secure working environment in the post-Covid “new normal” conditions. In a major push towards cloudification, EIOPA initiated the cloud migration project while at the same time it increased its environmental efforts, working towards EMAS certification. EIOPA staff continued its active participation in events, awareness sessions and trainings on different Diversity and Inclusion (D&I) topics including gender equality, persons with disabilities and staff with disabled dependants, Lesbian, Gay, Bisexual, Transgender, Intersex, Questioning/Queer (LGBTIQ+) and underrepresented age groups among staff.

Lastly, in 2022, EIOPA set out its strategy for the period 2023 – 2026. Building on a strong foundation, the strategy is designed to strengthen the resilience and sustainability of the insurance and pensions sectors, and to ensure the strong and consistent protection of consumer interests across the European Union.

39 [EIOPA Strategy 2023-2026](#)

40 [Single programming document 2023-2025](#)

41 [2023 Work Programme of the Joint Committee of the European Supervisory Authorities](#)

42 [Annual Report 2021](#)

43 [Joint Committee Annual Report 2021](#)

PART I - ACHIEVEMENTS OF THE YEAR

INTEGRATING SUSTAINABLE FINANCE CONSIDERATIONS ACROSS ALL AREAS OF WORK

Through its work on sustainable finance, EIOPA aims to ensure that (re)insurers and occupational pension funds integrate sustainability risks in their risk management, to protect consumers and secure financial stability, while contributing to the transition to a more sustainable economy.

Building on its ambitious agenda, and particularly on a previously published sensitivity analysis of asset-side transition risks, EIOPA published a discussion paper in May 2022 on European insurers' exposure to physical climate risks.⁴⁴ The paper presents the first results of a large industry data collection exercise assessing potential implications for non-life business of physical climate risks (focused on property, content and business interruption, insurance against windstorm, wildfire, river flood and coastal flood risks). EIOPA also developed a set of risk indicators for physical climate change risk for non-life business that were presented and discussed in the December Financial Stability Report.

In 2022, EIOPA carried out its first IORP climate stress test to gain insights into the effects of environmental risks on the European occupational pension sector. Sustainability and the management of environmental risks have become key considerations for long-term investors and in particular for European institutions for occupational retirement provision (IORPs). The results were published in December 2022⁴⁵.

Additionally, EIOPA published a third paper on methodological principles of insurance stress testing climate risks⁴⁶, a fourth report on the costs and past performance of insurance and pension products⁴⁷ and developed the Supervisory Handbook on the supervision of climate-related risks in Solvency II Pillar 2.

EIOPA also further integrated the emergence of new risks in its supervisory activities, namely it carried out greenwashing related monitoring activities and begun the work on the call for advice on greenwashing. Also, as part of prudential Oversight activities, EIOPA performed a series of climate change-related discussions for insurance groups where a college of supervisors is in place. The selection of colleges has been defined according to a materiality assessment based on the exposure of climate change risk on both assets and liabilities.

To promote convergence of industry and supervisory practices, EIOPA published guidance on the integration of customers sustainability preferences under the IDD⁴⁸ (Insurance Distribution Directive), as well as application guidance on running climate change materiality assessment and using climate change scenarios in the Own Risk and Solvency Assessment (ORSA)⁴⁹.

⁴⁴ https://www.eiopa.europa.eu/sites/default/files/publications/other_documents/discussion_paper_on_physical_climate_change_risks.pdf

⁴⁵ [Climate stress test for the occupational pensions sector 2022 | Eiopa \(europa.eu\)](https://www.eiopa.europa.eu/sites/default/files/publications/other_documents/discussion_paper_on_physical_climate_change_risks.pdf)

⁴⁶ [Methodological principles of insurance stress testing – Climate change component](#)

⁴⁷ [Costs and Past performance report – 2022](#)

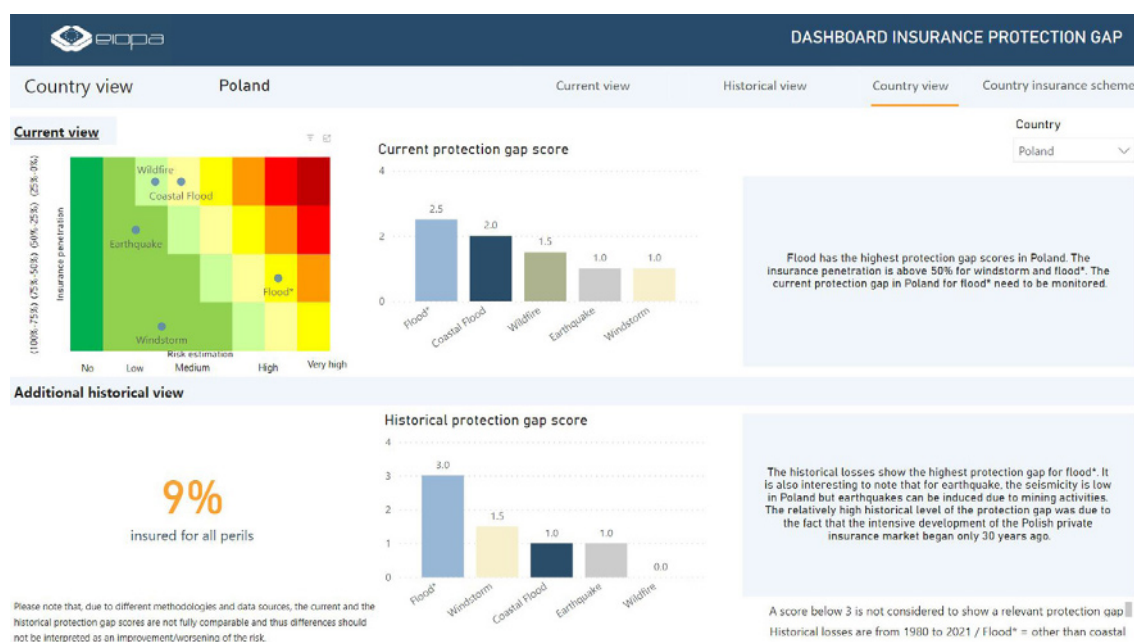
⁴⁸ [Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive \(IDD\)](#)

⁴⁹ [Application guidance on running climate change materiality assessment and using climate change scenarios in the ORSA](#)

To promote a science-based approach to protection gap management and policy making, EIOPA published its natural catastrophe dashboard⁵⁰ showing the protection gap for 5 different perils (windstorm, wildfire, earthquake, inland and coastal flooding) in 30 countries. It also started developing a tool to enable access to open source data for modelling climate risks. To further increase the awareness of the insurance protection gap and potential measures to address the gap, EIOPA conducted a pilot exercise to assess industry's underwriting practices for climate-related adaptation measures tool to maintain the future availability and affordability of non-life insurance products providing coverage against natural catastrophes. Addressing the demand for such products, EIOPA conducted a behavioural study analysing consumers' understanding of natural catastrophe insurance coverage. Reports on both studies are forthcoming in 2023.

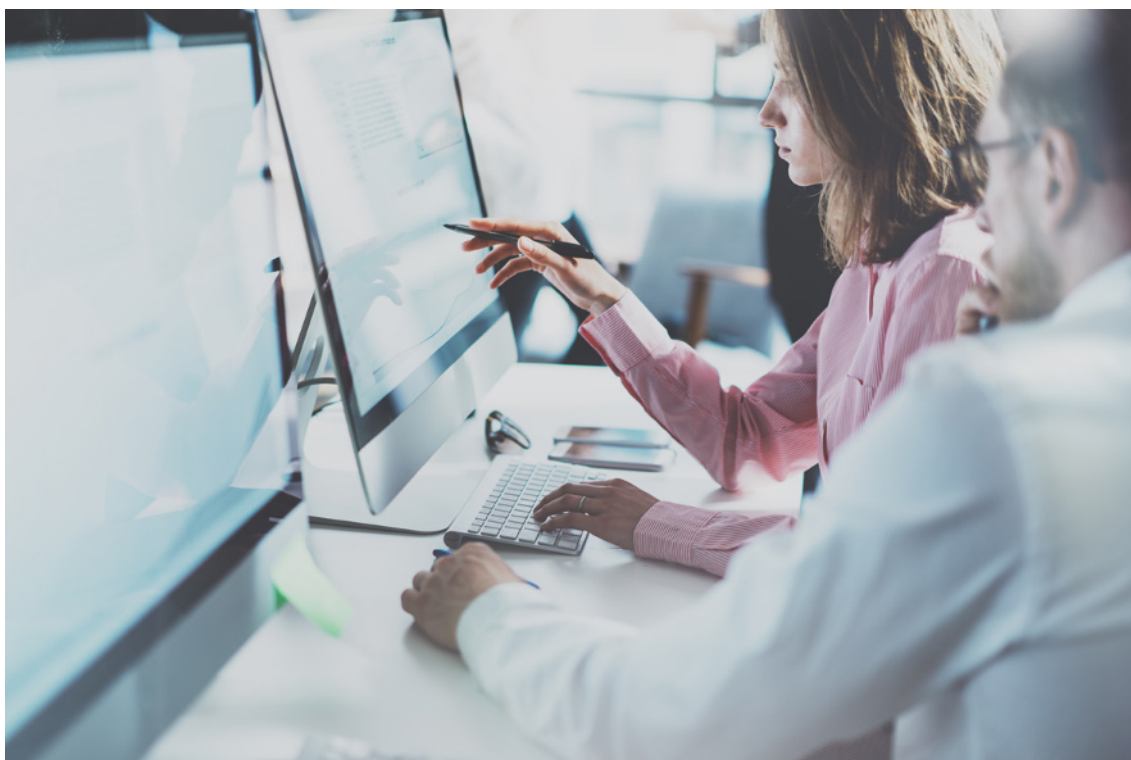
Lastly, EIOPA continued its work with the other ESAs relating to the Sustainable Finance Disclosure Regulation (SFDR), including:

- Publishing a first report on the extent of voluntary Principal Adverse Impact (PAI) disclosure of investment decisions on sustainability factors.
- Delivering to the Commission a final report with draft to amend the SFDR Delegated Regulation related to disclosures in financial products of investments in fossil gas and nuclear energy
- Publishing Q&As with clarifications on the SFDR Delegated Regulation
- Making progress on additional amendments of the SFDR Delegated Regulation in response to Commission mandate received in April to develop further the PAI indicators and to include specific financial product disclosures on decarbonisation targets.
- Issuing an updated Supervisory Statement on the application of the SFDR addressing the use of the interim period from 10 March 2021 until 1 January 2023 to prepare for the future application of the delegated rules.



50 [Dashboard on insurance protection gap for natural catastrophes](#)

SUPPORTING THE MARKET AND SUPERVISORY COMMUNITY THROUGH DIGITAL TRANSFORMATION



EIOPA continues to follow closely the growing use of digital technology and Big Data Analytics to identify ways to better protect consumers without hindering innovation.

Following its public consultation on a discussion paper on open insurance, EIOPA published a feedback statement in June 2022, concluding that the development of open insurance might bring benefits for consumers, for the sector and its supervision, if handled right.⁵¹ To further understand the benefits and the risks to consumers the work on open insurance continued through the development of an open insurance use case (to be continued in 2023). In addition, in May 2022, EIOPA published a feedback

statement following its public consultation on blockchain and smart contracts in insurance.⁵²

Following the continued identification of risks being reported by NCAs and the increase in these practices also due to AI and Big Data analysis, EIOPA developed a supervisory statement, and published it for public consultation in July 2022,⁵³ to ensure that differential pricing practices, when applied, lead to good consumer outcomes. EIOPA worked towards addressing the comments received and plans to publish a feedback statement and supervisory statement in Q1 2023.

⁵¹ https://www.eiopa.europa.eu/sites/default/files/publications/other_documents/feedback_statement_on_open_insurance_-_accessing_and_sharing_insurance-related_data.pdf

⁵² https://www.eiopa.europa.eu/sites/default/files/feedback/feedback_statement_-_discussion_paper_on_blockchain_and_smart_contracts_in_insurance.pdf

⁵³ [EIOPA seeks input on supervisory statement on differential pricing practices | Eiopa \(europa.eu\)](https://www.eiopa.europa.eu/sites/default/files/feedback/feedback_statement_-_discussion_paper_on_blockchain_and_smart_contracts_in_insurance.pdf)

Throughout 2022 EIOPA followed the legislative developments related to the Artificial Intelligence Act and the Digital Operational Resilience Act (DORA). In the trilogue phase of DORA EIOPA provided technical advices to the co-legislators when requested and engaged with stakeholders.

EIOPA also performed an internal gap analysis between the DORA requirements following the Commission proposal and the provisions in the EIOPA Guidelines (GL) on ICT (Information and Communication Technology) Governance and Security identifying useful input for the development of the DORA related policy mandates foreseen for 2023.

In anticipation of the envisioned tasks for the ESAs following an agreement of the DORA, the ESAs have set up the Joint Committee Sub-committee on Digital Operational Resilience (JC SC DOR) that shall contribute to the work of, and shall carry out its work programme in, areas related to digital operational resilience. This Sub-Committee to the Joint Committee of the European Supervisory Authorities' is tasked to:

- Contribute to, and coordinate where needed, the ESAs' input to any aspects of the EU regulatory process relating to digital operational resilience, including developing technical advice, draft technical standards, guidelines and recommendations where mandated by the European Commission or by legislation, in particular by DORA;
- Conduct preparatory work for the gradual development of an effective Union-level coordinated response in the event of a cross-border major cyber incident or related threat that could have a systemic impact on the Union's financial sector, as envisaged by Recommendation of the ESRB of 2 December 2021 on a pan-European systemic cyber incident coordination framework for relevant authorities (ESRB/2021/17);
- Coordinate the monitoring of digital operational resilience practices and threats, ensure cross-sectoral coordination and exchange of information, and fulfil any other specific tasks delegated by the Joint

Committee, with a view to promoting the safety and soundness of markets and convergence of regulatory and supervisory practice.

The JC SC DOR have kicked off the activities in the fourth quarter of 2022.

EIOPA participated and promoted discussions regarding digital transformation in the area on the insurance and pension sector in the European Forum of Innovation Facilitators (EFIF). The EFIF provides a platform for supervisors to meet regularly to share experiences from engagement with firms through innovation facilitators, to share technological expertise and to reach common views on the regulatory treatment of innovative products, services and business models, overall boosting bilateral and multilateral coordination. EIOPA continues to promote the development of SupTech (Supervisory Technology) tools and has promoted and keeps maintaining available a code sharing platform among NCAs.

EIOPA following the signing of service level agreements with the European Commission's DG REFORM through the Technical Support Instrument, set up together with the sister ESAs, the Commission and the European University Institute the "EU Supervisory Digital Finance Academy (EU SDFA)". The aim of the Academy is to strengthen supervisory capacity in the area of innovative digital finance, thus supporting the objectives of the EU Digital Finance Strategy. It is also important to provide the basis for developing supervisory practices and tools to be spread across Member States.

Finally, EIOPA continues investing on maintaining the XBRL Taxonomy up-to-date with the latest technology, and keeping the process to update taxonomy releases and the associated database efficient. In line with the European Supervisory Data Strategy, EIOPA actively supports the European Commission in its objective of increasing consistency between different reporting frameworks. As part of this Strategy, EIOPA is currently working with the European Banking Authority (EBA) on a Data Point Modelling (DPM) Refit Exercise, updating and upgrading the current data point modelling, and developing a Digital Reporting Tool.

ENHANCING THE QUALITY AND EFFECTIVENESS OF SUPERVISION



EIOPA actively promotes a common supervisory culture and consistent supervisory practices across Europe to ensure a high, effective, and consistent level of supervision, thereby safeguarding a similar level of protection to all European policyholders and beneficiaries across jurisdictions, regardless of the location of the insurance undertaking's head office. Promoting supervisory convergence requires close cooperation with national supervisory authorities to develop a common supervisory culture, thereby underpinning convergence of supervisory practices, including a common interpretation of the laws and regulations, developing common standards and considering different and innovative tools going forward.

SOLVENCY II

The adoption of Solvency II in January 2016 was a milestone. The Directive signalled a shift to a more risk-based approach to insurance supervision. Since its application, the insurance industry has better aligned its capital to the risks it runs.

Monitoring implementation of Solvency II

In 2022, EIOPA published a number of reports related to different aspects of Solvency II and IORP Directives:

- Report on the use of limitations and exemptions from reporting during 2021 and Q1 2022
- Report on Cross-border IORPs 2022
- Report on data quality in Solvency II reporting
- Report on European Insurance Overview

Reporting and disclosure requirements under Solvency II

Following the submission of the Solvency II draft Implementing Technical Standards on Solvency II Reporting and Disclosure to the European Commission, EIOPA published during 2022 the relevant implementation documentation, i.e. XBRL Taxonomy package, to facilitate implementation by industry and NCA.

Aiming the closing of important data gaps on emerging risks and fixing inconsistencies that have been reported

to EIOPA over the past years EIOPA has publicly consulted on a revision of the information it receives from national supervisors on occupational pensions, amending the system in place since 2018. The amendment was finalised in the beginning of 2023, after addressing relevant comments received.

SUPERVISORY PRIORITIES

In 2022, EIOPA reported on its supervisory activities in 2021⁵⁴, showing that supervisory work focused on (i) implementing the common supervisory culture and further developing supervisory tools; (ii) minimising risks to the internal market; (iii) supervising emerging risks, including those arising from digitalisation and cyber.

The high-level priorities identified for 2022 remained the same as in 2021. Yet, within those, some new areas of priority have also been identified, namely: supervision of Environmental, Social and Governance (ESG) risks in the insurance and pensions sector and continuous work on supervisory convergence in light of digital transformation.

IN FOCUS



SUPERVISORY CONVERGENCE PLAN 2022 – PRIORITY AREAS

Practical implementation of the key characteristics of the common supervisory culture and further development of supervisory tools

Risks to the internal market and to the level playing field which may lead to supervisory arbitrage

Supervision of emerging risks

EIOPA addresses supervisory convergence from different perspectives, depending on the issue and risks at stake. In particular, EIOPA uses the following building blocks, which have their own specific tools, to support supervisory convergence and build the capacity of national supervisors to conduct effective supervision.

⁵⁴ https://www.eiopa.europa.eu/document-library/report/report-eiopa-supervisory-activities-2021_en

BUILDING COMMON BENCHMARKS FOR SUPERVISORY PRACTICES

Supervisory convergence tools

In 2022, EIOPA has issued a number of supervisory convergence tools in emerging areas such as cyber underwriting and new inflation environment as well as on specific business models:

- Supervisory Statement on inflation⁵⁵ in the context of higher inflation persisting globally that is having a material impact on the economy in general reducing growth forecasts and decreasing the purchasing power of consumers;
- EIOPA methodology for assessing value for money in the unit-linked market⁵⁶;
- Supervisory statement on the management of non-affirmative cyber exposures⁵⁷ due to substantially increased cyber incidents in the financial sector over the course of the last few years recommending NCAs to dedicate higher attention to the supervision of cyber underwriting risk;
- Supervisory statement on exclusions in insurance products related to risks arising from systemic events⁵⁸ ensuring that clarity in coverage is achieved and limiting risk that insurance products covering systemic risks become unaffordable or unavailable when reviewed following the occurrence of systemic events. In parallel, EIOPA conducted behavioural research studies revealing a number of demand side barriers to protection gaps⁵⁹;
- [Supervisory statement on the supervision of run-off undertakings](#)⁶⁰ to ensure a high-quality and convergent supervision is applied to run-off undertakings and portfolios while considering their specific nature and risks, the principle of proportionality and the prudent person principle.

⁵⁵ [EIOPA publishes supervisory statement on inflation | Eiopa \(europa.eu\)](#)

⁵⁶ [EIOPA issues its methodology for assessing value for money in the unit-linked market | Eiopa \(europa.eu\)](#)

⁵⁷ [Supervisory statement on the management of non-affirmative cyber exposures | Eiopa \(europa.eu\)](#)

⁵⁸ [Supervisory statement on exclusions in insurance products related to risks arising from systemic events | Eiopa \(europa.eu\)](#)

⁵⁹ e.g., insurance being perceived as too expensive, issues with poor understanding of contract clauses, social norms resulting in one bad experience leading to a number of consumers not buying coverage.

⁶⁰ [Supervisory statement on the supervision of run-off undertakings | Eiopa \(europa.eu\)](#)



- › [Thematic Review on Credit Protection Insurance \(CPI\) sold via banks](#) issuing a warning to insurance product manufacturers and banks acting as insurance distributors in relation to the sale of credit protection insurance products to identify potential sources of conduct risk and consumer detriment in order to allow EIOPA and NCAS taking relevant policy and supervisory measures if needed⁶¹.

Lastly, the Supervisory Handbook⁶² is one supervisory convergence tool, under Article 29 (2) of EIOPA Regulation (Regulation (EU) No. 1094/2010)³⁵. In 2022, EIOPA enriched the Supervisory Handbook with a Chapter on Undertaking Specific Parameters (USP)/Group Specific Parameters (GSP) and initiated a revision of the business model analysis section to adapt it to new digital business models.

Internal Models

EIOPA continued to work with national supervisors to promote a level playing field in the use of internal models

⁶¹ [Thematic Review on Credit Protection Insurance \(CPI\) sold via banks | Eioipa \(europa.eu\)](#)

⁶² [Supervisory handbook | Eioipa \(europa.eu\)](#)

and between internal model users and standard formula users, so that risks are captured consistently and appropriately by undertakings.

- › Internal Model Comparative Studies are EEA-wide studies and are valuable tools complementing individual internal model analyses and studies at national level. The objective is to compare risk charges for a selection of risks/portfolios to support local supervisory activities. During 2022, EIOPA, together with the NCAs, simultaneously conducted three studies related to internal models:
 - Non-Life Underwriting Risk Comparative Study in Internal Models (to be finalised in 2023);
 - Market and Credit Risk Comparative Study (annual report);
 - Study on Diversification in Internal Models (to be finalised in 2023).
- › IMOGAPIs (Internal Model On-Going Appropriateness Indicators): In 2022 EIOPA updated the tool with year-end 2021 data. The objective is to support local supervisory activities with a common supervisory tool for the follow-up of developments of internal models over time and across undertakings (e.g.

to identify potential outliers). The tool will be further developed in the following years, especially after the new IM reporting requirements become available.

- Provide intelligence to the EIOPA Board in the area of IMs developing an annual IM Dashboard.

Trainings

EIOPA finalised the pilot project on trainings on insurance supervision under Solvency II to individual NCAs in accordance with the agreement signed in 2020 with European Commission and two additional dedicated technical assistance projects in accordance with the agreement signed in 2021, via the Directorate General for Structural Reform Support (DG REFORM), submitting the final report to DG REFORM in March 2022. Further to that, following the positive feedback on the trainings, and outside the project's framework, EIOPA provided a final virtual training on Solvency II on 21 – 25 March 2022, which was open to all NCAs. In total, 195 supervisors from 19 NCAs and 7 EIOPA colleagues took part in the final training as trainees. The 5-day training covered various topics on Pillar I and Pillar II.

REVIEWING EXISTING MARKET AND SUPERVISORY PRACTICES

Peer reviews

To foster convergence and strengthen consistency in the outcome of supervisory actions, EIOPA conducts peer reviews on specific activities of NCAs, based on an agreed methodology and with experts from NCAs acting as reviewers. The results of the peer reviews are documented and published.

In 2022 EIOPA has reviewed its Peer Review Methodology aiming to achieve three main objectives: i) to establish a framework for peer reviews compatible with the rules set out in the EIOPA Regulation; ii) to improve the process of peer reviews; and iii) to aggregate, in one legal act, a clear set of rules covering all aspects of peer reviews.

EIOPA has finalised and published the report of the peer review on outsourcing⁶³. The use of outsourcing by European undertakings is increasing, mainly driven by ICT and technology-related outsourcing and the level of outsourcing used by undertakings in the EEA is different, with certain Member States having significantly higher

number of outsourced functions per undertaking than others. These differences also help explaining the different levels of maturity of the frameworks implemented in the Member States to supervise outsourcing, the diverging supervisory practices and the challenges faced by the different NCAs.

Following the finalisation of a peer review, EIOPA undertakes a follow-up two years after the publication of the peer review report to monitor the fulfilment of the issued recommended actions. The follow-up procedure assesses if and how the recommended actions have been implemented by NCAs; this strengthens convergence and enhances the quality of supervision. In 2022 EIOPA has delivered the follow-up of the peer review on propriety assessment of AMSB members and qualifying shareholders across the which revealed that sixteen NCAs have fully implemented their recommended actions while one NCA has fully implemented more than half of the recommended actions. Another six NCAs are graded with moderate implementation of the recommendations which means they have worked on implementing 50 % of the prescribed actions to them. Five competent authorities have implemented less than 50 % of the recommended actions, out of which one has not worked at all on the follow-up of the peer review.

Additionally, a peer review on product oversight and governance addressed to all EEA jurisdictions (EU-27, Iceland, Liechtenstein and Norway) was launched in early 2022 with a final report expected in 2023.

Conduct of business reports

EIOPA continued to implement its comprehensive risk-based and preventive framework for conduct of business supervision, aimed at ensuring a fair treatment of consumers and overall good consumer outcomes through consistent supervisory practices, with the objective of further strengthening the protection of policyholders, pension scheme members and beneficiaries. Within this concept, EIOPA continued expanding its tool-kit and in 2022 developed an internal methodology on how to carry out mystery shopping exercises. This methodology will be the basis for future mystery shopping coordinated exercises. Like every year, in 2022 EIOPA published its Consumer trends report 2021 and Costs and Past Performance Report 2022.

63 [Peer Review on Outsourcing \(europa.eu\)](#)

IN FOCUS



CONSUMER TRENDS REPORT 2021

Every year, EIOPA publishes a Consumer Trends Report with the objective to try to identify risks for consumers arising from trends in the market – defined as those consumer behaviour that are significant in terms of impact or novelty – which may require specific policy proposals or supervisory action from EIOPA and/or its Member States.

With the view capturing whether i) consumers are aware of the coverage they have and ii) such coverage leads to good consumer outcomes, for the 2022 Consumer Trends Report, EIOPA carried out a Flash Eurobarometer exercises covering all Member States. The Eurobarometer provided first hand evidence of protection gaps – including a consistent protection and pension gender gap – as well as of continued issues such as limited clarity in terms and conditions and consumers concerns' about biased advice.

The report shows (including through a heatmap) that i) the current macro-economic environment could have a significant impact on consumers' and SMEs' financial health; ii) value for money and possible mis-selling issues persist in the insurance-based investment products markets and these could be heightened by current macro-economic trends; iii) while the increased consumer appetite for IBIPs and pension products with sustainability-related features greenwashing risks should be monitored; iv) recent systemic events increased concerns about existing and possible increases in protection gaps; v) lack of clarity in insurance policies' terms and conditions, particularly in relation to exclusions continues to remain an issues; and vi) digitalization and technology can improve consumer outcomes but they should be closely monitored whilst not stifled.

IN FOCUS



COSTS AND PAST PERFORMANCE REPORT 2022

The report provides an analysis of costs and performance for the period 2017-2021.²⁹ Past performance has been positively influenced by the post-COVID recovery which led to markets achieving high results in 2021. In 2021, IBIPs offered positive returns, with unit-linked products outperforming. However, the different performance should be read in conjunction with the intrinsic differences of the products. The performance reported for unit-linked products is due to exceptionally high market performance. In fact, unit-linked products by exposing consumers directly to market trends are subjected to higher volatility. Costs have, generally, remained stable, with profit participation products continuing to be cheaper

The appetite for sustainable products is rapidly growing as also indicated in EIOPA's 2022 Consumer Trends Report. Moreover, while the sample is still limited and conclusions should be drawn carefully, in 2021 products with sustainability features (ESG-products) appear to have performed better than products with no sustainability features.

The wide diversity of PPPs markets continues to limit comparability and for IORPs conclusions are affected by the instability in the sample collected and continued reporting issues.

MAKING USE OF EIOPA'S OWN OVERSIGHT WORK AND INDEPENDENT ASSESSMENT, FOCUSING ON MONITORING AND CHALLENGING SUPERVISORY PRACTICES AND SUPPORTING NCAS

EIOPA'S OWN INDEPENDENT ASSESSMENT ACTIVITIES IN FIGURES

- **6 active cooperation platforms**, covering both conduct and prudential aspects – through cooperation platforms, home and host supervisors exchange information on a specific company under the coordination of EIOPA. They are used with regard to companies operating cross-border on the basis of freedom to provide services. They deal with both conduct issues related to products offered – making use of Product and Oversight Governance framework to ensure that products not offering value for money are not commercialized – and selling practices, and prudential issues, related to capitalisation and reserving issues.
- **Bilateral engagements** with all NCAs in the context of the Union-wide supervisory priorities, both on the conduct and prudential side.
- **3 Internal Models (IM) specific country visits**, to gather IM best supervisory practices and provide EIOPA's expertise.
- **50 joint feedback sessions** of comparative studies on Market and Credit Risk, Non-Life and Diversification comparative studies.
- **1 dedicated country visit** on conduct supervision and 1 dedicated bilateral engagement covering selected aspects of conduct supervisory approaches.
- **39 active participations in cross-border colleges**, which also looked at conduct aspects as relevant.
- **2 ongoing technical assistance projects to NCAs and 2 finalised projects** – EIOPA provides additional and targeted support to NCAs via the DG REFORM (European Commission) Technical Support Instrument (TSI). Within the concept, EIOPA successfully delivered a project to reform Pillar II pensions in Greece (May 2021-July 2022). Furthermore, EIOPA successfully delivered two projects in Greece and Portugal, signed under the 2021 TSI, which mostly

focused on insurance conduct of business supervision but also addressed some prudential group supervision aspects (Portugal) and provided advice on possible actions to reduce the NatCat protection gap (Greece). Finally, EIOPA has started working on three new projects signed under the 2022 TSI, to provide technical assistance on IORP supervision in Ireland, on insurance conduct of business supervision in Hungary, as well as strengthening digital finance supervisory capacity through the EU Supervisory Digital Finance Academy.

- **1 finalised balance sheet review** – it consists of a review of the assets and liabilities in the Romanian insurance sector, performed by the Financial Supervisory Authority in close cooperation with EIOPA. The exercise aimed to provide an updated perspective of the risks and vulnerabilities in the Romanian insurance market.

Furthermore, in 2022, EIOPA used for the first time a number of powers and tools at its disposal.

RECOMMENDATIONS

Recommendation (Article 16 of the EIOPA Regulation). The EIOPA Board of Supervisors (BoS) approved a recommendation to the National Bank of Slovakia (NBS) following EIOPA's conclusions that in the context of a specific insurer with cross-border business a breach of capital requirements, driven by the underestimation of technical provisions, had not been appropriately addressed from a supervisory perspective. Since the NBS failed to make every effort to comply with the EIOPA's Recommendation, the NBS was considered non-compliant.⁶⁵

BREACH OF UNION LAW

Breach of Union law (Article 17 of the EIOPA Regulation). Following EIOPA's investigation, the EIOPA BoS approved EIOPA's first breach of Union law recommendation addressed to the NBS. Based on the evidence gathered, EIOPA concluded that the NBS was in breach of Union law by failing to act in a timely and proportionate manner. In the next stage of the breach of Union law process, the European Commission adopted a formal opinion based on EIOPA's recommendation⁶⁶.

64 https://www.eiopa.europa.eu/sites/default/files/working_groups/reports/costs_and_past_performance_report_2022.pdf

65 [EIOPA issues recommendation to the Národná banka Slovenska | Eiopa \(europa.eu\)](#)

66 [Financial Services \(europa.eu\)](#)

INQUIRIES

Inquiry (Article 22 of the EIOPA Regulation). Following the EIOPA BoS approval, an inquiry was conducted following the setting up of a dedicated Panel.

TECHNICAL ASSISTANCE

Technical assistance on internal model (Articles 112 (3)a and 231 (1) of the Solvency II Directive). EIOPA initiated a project to assist an NCA, upon its request, in the approval decision related to the application process of a new internal model.

SUPERVISORY DATA

Throughout 2022, EIOPA continued to calculate and publish key information fundamental to the effective application of Solvency II. This included the monthly publication of the risk-free rate term structures for the relevant currencies and equity dampener. RFR production and publication is a critical process for EIOPA and in 2022, the Authority finalised the assurance assessment of RFR. Additionally, improvements were introduced on the data management platform solution dedicated to support the RFR production process.

During the year, EIOPA also worked to enhance the quality and use of prudential and financial stability data on insurance and pensions. In September 2022, EIOPA published the report on data quality in Solvency II reporting⁶⁷ that presented a progressively significant increase in the data quality since 2016. The Authority also prioritised security, availability and efficiency measures for core infrastructure and tools for knowledge management and coordination and collaboration at European level.

In 2022, EIOPA continued with the BI 2.0 programme, which leads EIOPA transformation into a digital, user-foc-

cused and data driven organisation that meets its strategic objectives effectively and efficiently. More specifically in 2022, the project focused on Data migration to the new system. The EIOPA BI 2.0 tools and governance will enable EIOPA to better serve NCAs with different data analysis and data reports, improving existing reports regularly submitted to NCAs, creating new ones, supporting data submission from NCAs to IAIS, and promoting the use of European Central Repository for the benefit of each NCA. Throughout the running of BI 2.0 programme EIOPA continuously improves its business intelligence and data analytics framework while taking advantage of new technological developments and the opportunities they present to improve the efficiency and effectiveness of supervisory processes. A strategic approach guides the implementation of the new framework based on three drivers: data techniques (for data management, data exploration, analysis and data science), cultural transformation (people & change management) and a business review of software solution.

PENSIONS SUPERVISION

EIOPA conducted work on the supervision of multi-sponsor IORP providers (i.e. IORPs established by service providers and pension management companies where IORPs do not have a legal entity). The IORP II Directive provides minimum prudential requirements focusing largely on the traditional image of non-commercial purpose IORPs set up by a single sponsor or multiple sponsors of the same sector⁶⁸. Whilst multi-sponsor IORP providers may play an important role to foster market consolidation and provide efficient, low-cost solutions in Member States seeking to develop occupational pensions, they also bring new supervisory questions. This work sought to gain a better understanding of providers' business models, NCAs' supervisory practices and extent to which proportionality applies for these IORPs.

67 https://www.eiopa.europa.eu/sites/default/files/publications/reports/report_on_data_quality_in_solvency_ii_reporting.pdf

68 Recital 32 explains that IORPs should not be treated as purely financial service providers.

ENSURING TECHNICALLY SOUND PRUDENTIAL AND CONDUCT OF BUSINESS POLICY



PRUDENTIAL POLICY

EIOPA pays close attention to how regulation is applied and how effective it remains, with a view to identify proportionality issues, improving fairness and transparency.

In March 2022, EIOPA submitted to the European Commission Implementing Technical Standards laying down supervisory reporting and disclosure requirements under Solvency II, aiming at better protecting policyholders and better using the principle of proportionality.

Furthermore, in July 2022, EIOPA published revised Guidelines on contract boundaries and valuation of technical provisions, which shall become applicable as of 1 January 2023:

- Revision of the Guidelines on Valuation of Technical Provisions: the revision introduced new Guidelines and amended current Guidelines on topics that are

relevant for the valuation of best estimate, including the use of future management actions and expert judgment, the modelling of expenses and the valuation of options and guarantees by economic scenarios generators and modelling of policyholder behaviour. EIOPA also identified the need for clarification in the calculation of expected profits in future premiums.

- Revision of the Guidelines on Contract Boundaries: the revision introduced new Guidelines and amended current guidelines on topics that are relevant for the determination of contract boundaries, in particular regarding the assessment whether a cover or financial guarantee has a discernible effect on the economics of the contract and the identification of the contracts which can be unbundled

In the broader context of the Solvency II review negotiations (including a proposal for an Insurance Recovery and

Resolution Directive), EIOPA continued to provide technical input and advice to the EU Institutions, with the aim to further support an evidence-based decision-making process.

EIOPA provided advice on the treatment by insurers of securitisations. EIOPA also continued to answer a large number of Q&As, while making a continuous effort to reduce the number of open Q&As. In 2022, EIOPA received 170 Q&As (165 on insurance topics) while it addressed in total 199. Despite this effort there were still 103 open questions at the end of the year, out of which 27 are Category 1 questions.

Furthermore, EIOPA plays an important role internationally in the context of the International Association of Insurance Supervisors (IAIS), contributing to the development of a global standard, the Insurance Capital Standard (ICS), and the holistic framework on systemic risks. EIOPA also continues to forge close relationships with third countries' supervisors, holding dialogues with six major jurisdictions (China, US, UK, Switzerland, Japan, Bermuda).

CONDUCT OF BUSINESS POLICY

In April 2022, EIOPA delivered its technical advice to the European Commission concerning certain aspects relat-

ing to retail investment protection, such as enhancing consumer disclosures, tackling damaging conflicts of interest in the sales process and assessing the impact of product complexity in the retail investment market. EIOPA's advice aims to inform the European Commission as regards a possible targeted review of the Insurance Distribution Directive (IDD).

In July 2022, EIOPA published guidance on integrating the customer's sustainability preferences in the suitability assessment under the IDD. The Guidance is based on Commission Delegated Regulation (EU) 2021/1257 and aims at easing the implementation of the Delegated Regulation by national competent authorities (NCAs) as well as by insurance undertakings and insurance intermediaries providing advice on insurance-based investment products (IBIPs).

In addition, work was carried out under the Joint Committee of the ESAs to deliver technical advice to the Commission on the review of the Packaged Retail and Insurance-Based Investment Products (PRIIPs) Regulation and work was carried out on developing further Regulatory Technical Standards (RTS) under the Sustainable Finance Disclosure Regulation (SFDR).

IDENTIFYING, ASSESSING, MONITORING AND REPORTING ON RISKS TO THE FINANCIAL STABILITY AND CONDUCT OF BUSINESS AND PROMOTING PREVENTATIVE POLICIES AND MITIGATING ACTIONS



In order to safeguard the stability of the insurance and occupational pensions sectors, as well as broader financial stability, EIOPA monitors and assesses risks and vulnerabilities with a view to facilitating or coordinating the necessary supervisory action to deal with such developments. EIOPA strives to be in a position to take preventive action and so takes a forward-looking approach to this work.

Risks and vulnerabilities assessment as part of EIOPA's mandate to safeguard financial stability, EIOPA works to identify trends, potential risks and vulnerabilities that could have a negative effect on the insurance and pen-

sions sectors across Europe. Its assessments are regularly published in the Insurance risk dashboards⁶⁹ on a quarterly basis and in the Financial Stability Reports⁷⁰ twice a year. In 2022, in addition to the tail of the pandemic, particular focus was placed on the economic consequences of Russia's invasion of Ukraine which caused an increase in the consumer price index and hampered the economic growth. The transition from accommodating to restrictive monetary policies and their implications for the markets and the insurance and pension sectors were also thoroughly scrutinized. In 2022 EIOPA enhanced the scope of

69 Latest edition: [Risk dashboard \(europa.eu\)](https://eiuropa.eu/risk-dashboard)

70 Latest edition: [Financial Stability Report December 2022 \(europa.eu\)](https://eiuropa.eu/financial-stability-report-december-2022)

the risks covered in the insurance risk dashboard including the ESG and Digitalization and Cyber risk categories. EIOPA also initiated a project to design and publish an additional risk dashboard targeting the IORP sector. Moreover, EIOPA has continued developing and discussing the results of the European Systemic Risk Assessment Framework (SRAF) in an effort to monitor market trends and developments and forming a view on the current and potential future systemic risk in the European insurance sector.

EIOPA continues to update and provide an extensive dataset available to the public both for the insurance and the IORP sectors. This year, the Annual European Insurance Overview was published in a new, interactive and fully digital format⁷¹. This report is an extension of EIOPA's statistical services and provide an easy-to-use and accessible overview of the European (re)insurance sector. The report is based on annually reported Solvency II information.

STRESS TESTS

In 2022 EIOPA ran its regular EU-wide IORP bottom-up stress test. For the first time the scenario elaborated on climate risk to gain insights into the effects of environmental risks on the European occupational pension sector. Additional details are provided in the "Integrating Sustainable Finance considerations across all areas of work."

In March 2022, EIOPA published the 2021 insurance test recommendations⁷² based on the results of the exercise and in line with recommendation 5 of the report of the European Court of Auditor on the EIOPA stress test initiatives⁷³.

In its strive to enhance its framework of the insurance bottom-up stress test, EIOPA published in November 2022 a discussion paper focused on the cyber component. The feedback, expected by end-February 2023 will help EIOPA to finalise in 2023 the methodological paper which will enrich the insurance stress test paper series⁷⁴.

⁷¹ [European Insurance Overview 2022 | Eiopa \(europa.eu\)](#)

⁷² [Insurance stress test 2021 \(europa.eu\)](#)

⁷³ [Eiopa made an important contribution to supervision and stability in the insurance sector, but significant challenges remain \(europa.eu\)](#)

⁷⁴ Methodological Principles of Insurance Stress Testing [Methodological principles of insurance stress testing \(europa.eu\)](#)

Methodological Principles of Insurance Stress Testing - Liquidity [Methodological principles of insurance stress testing - liquidity component \(europa.eu\)](#)

Methodological Principles of Insurance Stress Testing - Climate Risks. [Methodological principles of insurance stress testing - climate change component \(europa.eu\)](#)

In 2022, EIOPA also invested in the modelling and calibration of a top-down model fully based on the regular Solvency II reporting to timely assess the impact of potential adverse evolution of the economy and of the markets on the European insurance industry.

CRISIS PREVENTION, MANAGEMENT AND RESOLUTION

EIOPA continued working in the field of recovery and resolution during 2022. The European Commission's proposal⁷⁵ for an Insurance Recovery and Resolution Directive (IRRD) was adopted in September 2021, based on EIOPA's technical advice delivered as part of the Solvency II (SII) review package. Whereas the Council of the European Union has agreed a negotiating mandate (general approach) on the IRRD, the European Parliament continues the discussions.

In order to provide further understanding on the proposal, and conscious of the current discussions, EIOPA published several staff papers, providing an overview of the IRRD proposal, addressing the frequently asked questions by a number of different stakeholders or conducting a comparative analysis of the IRRD and the Bank Recovery and Resolution Directive (BRRD) in order to identify similarities and differences between the two legal texts, with the aim to understand the rationale behind them.⁷⁶

Additionally, as part of its crisis prevention and management role, EIOPA continued its work in other important areas. In particular, EIOPA promotes a consistent approach in the EU regarding the implementation of the IAIS Holistic Framework for Systemic Risk in the Insurance Sector. For this purpose, a Holistic Framework Implementation (HFI) Forum was set up. The HFI Forum, which held three teleconferences in 2022, is conceived as a platform to exchange views on any policy, supervisory or operational issue that NCAs are confronted with when implementing the IAIS Holistic Framework in their respective jurisdictions, with the aim of increasing coordination and harmonisation throughout the EU. Additionally, and with the same aim of ensuring consistency, EIOPA continued its active participation in the EU-based Crisis Management Groups.

⁷⁵ [EUR-Lex - 52021PC0582 - EN - EUR-Lex \(europa.eu\)](#)

⁷⁶ [All these documents can be found in Crisis Prevention | Eiopa \(europa.eu\)](#)

ENGAGING WITH STAKEHOLDERS



ENGAGING WITH STAKEHOLDERS

EIOPA acts as an independent authority and has a strong accountability framework in place, being accountable to the European Parliament and the Council of the European Union.

EIOPA relies on a constructive and continuous engagement with stakeholders, in particular consumer organisations and industry representatives. In line with its mandate, EIOPA solicits its two stakeholder groups⁷⁷ – the Insurance and Reinsurance Stakeholder Group (IRSG) and the Occupational Pensions Stakeholder Group (OPSG) – for consultation on initiatives concerning *inter alia* technical standards and their implementation, guidelines, recommendations, peer reviews, convergence tools, or assessments of market developments. Members of stake-

holder groups may also submit opinions and advice to EIOPA on any issues related to its tasks. The IRSG and OPSG have each 30 members, which were renewed in 2020.

To ensure active and comprehensive engagement with stakeholders on a particular subject, EIOPA organises roundtable events, seminars, workshops, or similar outreach activities. Virtual formats have been lately favoured, as they allow higher participation compared to a physical format and are in line with EIOPA's greening policy. In addition, EIOPA engages with consumer groups, industry, academics and students through speaking engagements and visits. A record of visitors and meetings is published on the Authority's website⁷⁸.

In total, EIOPA staff conducted 214 speaking engagements and engaged in 5 visits.

77 https://www.eiopa.europa.eu/about/working-stakeholders_en

78 https://www.eiopa.europa.eu/about/accountability-and-transparency/record-of-meetings_en

JOINT COMMITTEE

The Joint Committee (JC) is a forum that facilitates co-operation between EIOPA, EBA, and the European Securities and Markets Authority (ESMA). Through the Joint Committee, the three ESAs closely coordinate their supervisory activities of a cross-sectorial nature, and ensure consistency in their practices.

In 2022, the Joint Committee monitored cross-sectoral risks and published its biannual Joint Risk Reports (Spring and Autumn). Through the JC, the ESAs worked on sustainability, notably on the Sustainable Finance Disclosure Regulation (SFDR). They also considered digitalisation, notably through the European Forum of Innovation Facilitators (EFIF), they published a Joint Report on Digital Finance and established a JC Sub-Committee on Digital Operational Resilience (JC SC DOR), which is assisting the ESAs in delivering on the policy mandates under the Digital Operational Resilience Act (DORA). The JC continued its regular work on consumer protection, focusing on PRIIPs, and promoted financial education and literacy. Fi-

nally, the JC published the list of financial conglomerates. The 2022 Joint Committee annual report is available on [EIOPA's website](#).

COOPERATION AT A EUROPEAN LEVEL

EIOPA interacts closely with the European Commission, the European Parliament as well as the Council of the European Union providing advice in its area of competence. Moreover, EIOPA maintains strong relations with other European institutions and bodies such as the European Central Bank (ECB) and the Single Supervisory Mechanism (SSM), the European Systemic Risk Board (ESRB), as well as the EBA and ESMA. EIOPA also participates regularly in European fora (such as the Council's Financial Services Committee (FSC) and the Financial Stability Table (FST) of the Economic and Financial Committee (EFC)). Finally, EIOPA is member of the EU Agencies Network (EUAN).

MANAGEMENT

BOARD OF SUPERVISORS

The Board of Supervisors (BoS) is EIOPA's main decision-making body and guides the work of the authority.

Further to EIOPA's Chairperson, the Board of Supervisors is composed of the heads of the national public authorities of the EU and the EEA-EFTA countries, competent for the supervision of financial institutions in the fields of insurance and pensions, as well as representatives of the European Commission, the European Systemic Risk Board, the European Banking Authority, the European Securities Markets Authority, and the European Free Trade Association Surveillance Authority. EIOPA's Executive Director and, where applicable, further observers also participate in the meetings of the BoS.

In 2022 the BoS met 9 times. In addition, the BoS met three times with EIOPA's Stakeholder Groups (individually with each of the two Stakeholder Groups, and, one time, in joint composition).

MANAGEMENT BOARD

The Management Board (MB) ensures that EIOPA carries out its mission and performs the tasks assigned to it. It is composed of EIOPA's Chairperson and six other members of the BoS, elected by and from among the Voting Members of the BoS. The Vice-Chairperson and the Executive Director of EIOPA participate in the meetings of the MB without the right to vote. In accordance with EIOPA's regulation, the Executive Director also has an important role preparing the work of the MB. The meetings are also attended by a representative of the European Commission, with a right to vote only on matters relating to the establishment of EIOPA's budget. The term of office of the members of the MB is of two-and-a-half years, renewable once.

INFORMATION BOX



MANAGEMENT BOARD MEMBERS AS OF 31 DECEMBER 2022

- Petra Hielkema – EIOPA Chairperson
- Else Bos - De Nederlandsche Bank, the Netherlands
- Alberto Corinti - Istituto per la Vigilanza sulle Assicurazioni, Italy
- Frank Grund - Bundesanstalt für Finanzdienstleistungsaufsicht, Germany
- Åsa Larson - Finansinspektionen, Sweden
- Patrick Montagner - Autorité de Contrôle Prudentiel et de Résolution, France
- Zuzana Silberova – Česká národní banka, Czech Republic

The MB meets at least five times a year, always before every regular meeting of the Board of Supervisors, and as often as it is deemed necessary. In 2022, the MB met 6 times. The MB played a key strategic role in planning, budget and assurance, and steered the revisions of EIOPA's Annual Work Programmes and the development of the Draft Single Programming Document 2023-2025 and 2024-2026. To support the MB's role on monitoring the budget planning process and allocation of human and financial resources, it was provided with regular updates on EIOPA's tasks and activities.

MAJOR DEVELOPMENTS

While the Covid-19 situation constantly improved throughout 2022, the macroeconomic conditions worsened due to the unprovoked Russian invasion of Ukraine and the progressive monetary policy tightening in response to record-high inflation rates across Europe. In response to this new crisis, EIOPA contributed to ensure financial stability and protect consumers by thoroughly monitoring the markets – including by regularly exchanging with national supervisors – and assessing impacts.

The challenging macroeconomic environment underlined once more the need for effective supervision. In 2022, EIOPA set out its strategy for the period 2023 – 2026. Building on a strong foundation, the strategy is designed to strengthen the resilience and sustainability of the insurance and pensions sectors, and to ensure the strong and consistent protection of consumer interests across the European Union.

BUDGETARY AND FINANCIAL MANAGEMENT

APPROPRIATIONS, COMMITMENTS AND TRANSFERS

In December 2021, the BoS adopted 2022 budget for a total of EUR 36,053,000. The first budget amendment entered into force on 19 September 2022 and was required to include the additional revenue amounting to EUR 245,039 stemming from the service level agreement (SLA) with the Directorate General for Structural Reform Support (DG REFORM) signed on 24 August 2022, and to cancel fees revenue amounting to 1,305,000 for DORA as per the Legislative Financial Statement the activity was not to start before 2025.

In December 2022, a second and final budget amendment was adopted by the BoS, which reduced the budget by EUR 176,879.78 to address the excess of Pension Contribution paid by the European Free Trade Association (EFTA) Countries and Member States and by EUR 245,039 to exclude the additional revenue from the service level agreement (SLA) with the Directorate General for Structural Reform Support (DG REFORM) to a total of EUR 34,571,120.22. The below text will only refer to the amended budget.

For the EIOPA budget the European Union grants EIOPA a subsidy of 40%. The remaining 60% are contributions from the Member States (MS) and EFTA states. The individual MS and EFTA contributions are calculated according to the weighting of votes set out in Article 3(3) of the Protocol (No 36) on transitional provisions. In addition, since 2016 the Member States and EFTA states pay the 'employers contributions to the EU pensions' scheme in accordance with Article 83a of the Staff Regulations. Any surplus (n-2, i.e. from two years before) will be set against the contributions due according to the above model and therefore, reduces the relevant contributions.

EIOPA's 2022 budget included the following contributions: EUR 18,815,477.48 from NCAs, EUR 582,522.52 from EFTA countries, and EUR 12,932,000.00 from the European Commission EUR 1,678,120.22 for pension contribution and EUR 563,000.00 through administrative agreements with DG REFORM. In addition, EIOPA received EUR 307,456.73 stemming from a service level agreement signed with the DG REFORM.

The initial adopted 2022 budget and the amended EIOPA budget 2022 can be viewed in the Annex II.

A total of five budget transfer operations were executed to accommodate budgetary needs throughout 2022.

In 2022, 96.49% of the credits carried forward from 2021 were consumed. The carry forward concerns services and products ordered in 2021 which were invoiced and paid in 2022. More information on the carry forward can be viewed in the Annex II.

In 2022, EIOPA managed and successfully completed four (or 15% of all procedures) open procurement procedures, two (or 7.5 % of all procedures) negotiated procedures without prior publication of a contract notice; nineteen (or 70 % of all procedures) negotiated procedures for very low value contracts (single tenders) and two (or 7.5 % of all procedures) re-opening of completion under the framework contract. Furthermore, five direct and framework contracts were concluded; hundred fifty-five specific contracts and order forms (under existing framework contracts); twenty-three purchase orders; twenty-four memoranda of understanding and service level agreements; and thirty-three amendments of existing contracts (including three price revisions under framework contracts) were signed.

CONTROL RESULTS

Through the year the agency conducts different control activities and assessments, and the results support the assurance on the achievement of the internal control objectives stipulated under Article 30.2 of EIOPA'S Financial Regulation. The Executive Director and the Management Board are informed by the Internal Control Coordinator on the results of the control activities and assessments, which comprises at least the following ones:

- Annual internal control self-assessment of EIOPA's Internal Control Framework, checking if all the components and principles are present and functioning;
- Status of the implementation of open actions resulting from the control activities and assessments;
- Analysis of exceptions reporting;
- Results and analysis of ex-post controls on financial transactions and human resources (HR) operations;
- Results of the ex-ante controls;
- Status of implementation of audit recommendations and observations issued by the internal and external auditors of EIOPA;
- Status of implementation of actions resulting from the comments and requests issued by the Discharge Authority;
- Verification of access rights for the financial system;
- Sensitive functions assessment and monitoring of the inventory.

COST & BENEFITS OF CONTROLS

Control activities ensure that risks related to the achievement of the organisation's objectives are mitigated at all levels. Consequently, they include a variety of checks and approaches to mitigate risks, through manual and automated controls, both preventive and detective.

To be cost-effective, EIOPA's controls are designed to achieve the right balance between effectiveness, efficiency and economy. Having this in mind and following the guidance from the European Commission, EIOPA has run for the first time an assessment of the cost-effectiveness of its controls for the year 2021. The applicable methodology for the calculation has been further refined in 2022, in alignment with the "Guidance on the Calculation of the Cost of Controls" developed by the EU Agencies Net-

work's Performance and Development Network (PDN)⁷⁹. EIOPA has calculated the costs of staff members involved in the ex-ante and ex-post activities related to financial management.

In 2022, EIOPA allocated 6.49 Full-Time Equivalent (FTEs) for control activities (A), which together with the direct costs (B) amounts to 2.79 % of the 2022 total budget. These figures have been calculated based on the main financial transactions processed by EIOPA (salaries and related entitlements, reimbursements to staff and external persons, procurement). The table below is split by relevant control systems: ex-ante and ex-post controls:

Control activities costs (A)

Area of activity	Ex-Ante Controls FTEs	Ex-Post Controls FTEs	TOTAL FTEs
Procurement	1.76	0	1.76
Budget execution	3.66	0	3.66
Internal control	0	0.07	0.07
Accounting	1	0	1
TOTAL	6.42	0.07	6.49 (amounting 874,368.47 €, meaning 2.50% of the total budget)

As regards the direct costs, these refer to costs which are incurred in support of the control activities and include the external audit and the IT systems expenses, further detailed in the table below.

Direct control costs (B)

Item	Amounts in EUR
External audit services 2022	12,980.00
IT systems (ABAC, e-procurement, e-workflows, Sysper)	89,847.30
TOTAL	102,827.30 (0.29% of the total budget)

As regards the effectiveness of the controls, the European Court of Auditors has given EIOPA an unqualified opinion on the 2022 accounts. Based on the above, and given the overall conclusion on the maturity of the internal control system at EIOPA, i.e. the system is present and

⁷⁹ The Performance and Development Network forms part of the EU Agencies and Joint Undertaking Network (33)

functioning with some improvements needed. EIOPA has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls.

It shall be noted that EIOPA will work in 2023, together with the other Agencies and EU bodies within the PDN, on integrating the assessment of the benefits obtained with the implemented controls.

DELEGATION AND SUB-DELEGATION

The “Charter of tasks and responsibilities of authorising officers by delegation” has been drawn up in accordance with the provisions of the Staff Regulations, the Conditions of Employment of Other Servants, the Financial Regulation, and identifies the tasks entrusted to authorising officers by delegation, their rights and duties and the responsibilities they assume in their capacity as authorising officers by delegation.

EIOPA’s Financial Circuits, updated in May 2022, detail all the budget lines and thresholds that the Authorising Officers by delegation are appointed to authorise. In the case of EIOPA the Executive Director (ED) shall execute the Authorising Officer function. He can authorise all transactions (commitments, payments, recovery orders, etc.) on all budget lines.

The Heads of Departments can be the Authorising Officers by Delegation (AOD) for all appropriations and transactions below or equal to the thresholds set in the Directive 2014/24/EU⁸⁰ on all budget lines, as such thresholds are being updated by the European Commission every second year.

The Heads of Units of the Information Technology, Human Resources, Finance and Corporate Services Units can be the AOD for all appropriations and transactions below or equal to 60,000 EUR on all budget lines. The Budget Expert/Senior Budget Expert can be the AOD for all appropriation and transactions below or equal 60,000 EUR for the budget lines related to administrative and operational missions.

In case of absence of the ED, for operational purposes and in order to ensure continuity of service, the authority to approve legal and budgetary commitments and financial transactions for all appropriations with no ceiling can be delegated by the ED to Heads of Departments or Heads of Units, including up to two Heads of Department as permanent delegation.

HUMAN RESOURCES MANAGEMENT

EIOPA has had a successful gradual return to the office since end of Q1 2022. After such a long period of remote working it was important and appreciated to see old colleagues and new ones (quite a number on-boarded during the remote working period) face to face.

COVID-19 has brought new ways of working and raised the awareness of well-being as a priority for employees and potential candidates. In a nutshell, it has changed the labour market. In this context, EIOPA decided to request to opt out of the application of the European Commission’s decision on working time and has requested the adoption of its own HR Implementing Rules on hybrid working and working time to cater for the new working environment and retain the attractiveness of the Agency. Currently staff are expected to come to the office 3 days per week to enhance the sense of belonging and working together which suffered during the long period of full remote working. Allowing teleworking from outside Frankfurt, including outside Germany, is part of part of the package.

Staff and management alike continued to be provided with dedicated training to deal with the new working situation at their best. In particular, enhancing the leadership and management skills of the management team when dealing with hybrid teams and remote working continued to be at the core of their training in 2022 and formed part of the mindful leadership program. Internal moves to facilitate cross-fertilisation and increase knowledge sharing have been implemented in the course of the second half of the year. Furthermore, staff exchanges have also been concluded with some NCAs and EBA, as well as a programme has been developed with the ECB to have staff exchanges on a regular basis. The latter will be implemented in Q1 of 2023.

In view of efficiency, budgetary constraints and care for the environment, recruitment continued to be performed

⁸⁰ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC Text with EEA relevance

remotely, except for managerial positions. Further implementation of SYSPER as the e-HR management system has been achieved. In addition, an off-boarding tool has been developed and will be rolled out in early 2023. It will facilitate the off-boarding of staff in a coordinated manner.

DIVERSITY AND INCLUSION

In the area of diversity and inclusion, EIOPA continued the implementation of the Diversity and Inclusion Strategy and its detailed Action Plan, in line with the adopted EUAN Charter on Diversity.

The strategy reflects EIOPA's vision to be a credible supervisory authority within the European System of Financial Supervision, going well beyond ensuring compliance with non-discrimination and equality rules.

EIOPA values individual differences and commits to a pro-active diversity management approach seeking to create a truly diverse working environment and an inclusive culture in which everyone feels valued and accepted.

Initiatives as part of the strategy continue to cover cross-cutting measures such as: collaborating with EU Commission, EUAN and other institutions; attracting and selecting a more diverse workforce; preventing discrimination, harassment, conscious and unconscious bias; ensuring flexible working environment; ensuring fair and equitable career, learning and development opportunities; awareness raising on diversity and inclusion; monitoring diversity and inclusion related data, as well as targeted measures with regard to specific groups: gender equality; persons with disabilities and staff with disabled dependants; Lesbian, Gay, Bisexual, Transgender, Intersex, Questioning/Queer (LGBTIQ+); and underrepresented age groups among staff. Some of the different initiatives and actions include without being exhaustive: Female Talent Development Programme, European Supervisory Authorities (ESAs) Gender Equality Conference, participation of EIOPA staff in EUAN talks and events on different D&I topics, nomination and active role of diversity and inclusion ambassadors, celebration of the EU month on Diversity, trainings for managers and staff on unconscious bias, nomination of a disability coordinator and dedicated survey amongst staff, participation in the Frankfurt CSD (Pride) parade and dedicated Diversity and Inclusion Section in the intranet.

STRATEGY FOR EFFICIENCY GAINS

In line with its commitment to ensure the responsible use of resources, EIOPA has established a strategy to capitalise on opportunities through cost sharing, improving processes and by investing in technology. Such measures have allowed the Authority to increase year-on-year both the quality and quantity of its work at a pace that out-matches its growth in resources. They have also made it possible to adapt to new demands and changing circumstances, including the move from regulation to supervision and the COVID-19 crisis. Resources are being shifted to the strategically important areas of supervision, digitalisation, sustainability and financial stability.

Resource planning and prioritisation – In 2022, EIOPA introduced further initiatives for streamlining the prioritisation of its activities and resources (both internal and while being conscious of NCA resource impact) as part of the regular planning cycle, an essential step in realising efficiency gains and enabling a dynamic (re)deployment of resources based on needs. Additionally, EIOPA increased its focus on Activity Based Management, aiming to integrate planning, monitoring and performance management methods and tools. Furthermore, EIOPA enhanced its strategic and corporate planning activities, starting with its new revised EIOPA strategy and further revisions of the KPIs focused on results and impact.

Integrated talent management – In 2022, EIOPA further enhanced its Integrated Talent Management System that allows for strategically aligned HR processes, better sourcing of candidates and more leveraged learning and development. The system also helps to preserve institutional knowledge, expertise and the accrued efficiency in executing core tasks. EIOPA continued to implement targeted recruitment reaching out to very technical profiles and continued exchange initiatives of staff with NCAs, ESAs and ECB to acquire certain competences, further promote skills development and exchange of best practices. Furthermore, EIOPA worked on an adjusted working model that balances physical presence and remote working.

Business process review, service optimisation and capitalising on shared services – EIOPA continued its business process optimisation initiatives, automatising and streamlining business processes. It is capitalising on shared services as per the Data & IT strategy, thereby increasing internal and external productivity through the reuse of digital solutions. EIOPA continued to review its processes, identifying opportunities to remove redundant

steps and exploit new technologies, e.g. projects focusing on improved data analysis capabilities.

Data & IT strategy and digital solutions – In a major push towards cloudification following the Management Board's approval of EIOPA's Cloud Strategy at the beginning of the year, EIOPA initiated the cloud migration project carried out in sync with EBA. Other important examples include an exciting new project to leverage modern technology to analyse Key Information Documents for PRIIPs, continuous updates to EIOPA's supervisory reporting framework and the tools to make the reporting workflows more efficient, innovative initiatives to digitise core processes to make EIOPA's and the NCAs' work more efficient, as well as investments to increase security, e.g. in EIOPA's Security Operations Centre shared with EBA.

ASSESSMENT AND FOLLOW-UP OF AUDITS AND EVALUATIONS

EIOPA has put in place arrangements to ensure that all recommendations made by the Internal Audit Service (IAS) of the European Commission, European Court of Auditors (ECA) and the Discharge Authority are timely and adequately addressed through dedicated action plans and this within the agreed deadlines or in case no specific target date is specified the latest within twelve months after the communication of the recommendation (internal EIOPA KPI).

INTERNAL AUDIT SERVICE

EIOPA is audited annually by its Internal Auditor, i.e. the European Commission's Internal Audit Service. In 2021 the IAS performed an audit of the 'EIOPA Intervention Measures'. The objective of the audit was to assess the design and the effectiveness and efficiency of the management and control systems put in place by EIOPA in order to carry out its tasks related to the intervention measures targeting the NCA and the market operators in the EU insurance and occupational pensions sectors. The Authority is empowered to take such measures in order to protect the stability of the financial markets, to promote harmonised supervision and consistent supervisory action, and to protect consumers against unethical marketing methods and business models. The IAS issued the Final Audit Report on 25th July 2022. The report identified strengths and a number of areas for further improving the internal working methods, classified as important to address (all

non-critical). The latter improvements refer to aspects of the EIOPA internal processes (definition and classification of intervention measures, exchange of good practices and lessons learned) and to improving the IT tool to support the internal intervention measures process. EIOPA developed a dedicated action plan which is being implemented according to schedule.

From past audits, EIOPA continued in 2022 to address the remaining recommendations from the audit on the 'Oversight Tools in the Consumer Protection Area' (2019-2020). This audit resulted in four recommendations which EIOPA has been addressed as follows:

- two recommendations were officially closed by the IAS in November 2021;
- two recommendations were officially closed in June 2022.

The official closure of the audit was communicated by the IAS to EIOPA on 23rd June 2022.

QUALITY CONTROL COMMITTEE

The Quality Control Committee (QCC) supports the work of the Management Board by overseeing and assessing the appropriate implementation of the internal procedures and decisions at EIOPA. It works independently from the Internal Audit that evaluates the effectiveness of EIOPA's risk management, control and governance processes. In 2022 the QCC's main focus was on the review of the "Lessons learnt from the cooperation and interaction between EIOPA and the NCAs during the COVID-19 pandemic". The final review report was approved by the Management Board in September 2022, followed by EIOPA developing an action plan addressing the different recommendations. This implementation is ongoing and will be concluded by the end of 2023.

EUROPEAN COURT OF AUDITORS

EIOPA is audited every year by the external auditor, the European Court of Auditors. The audit provides a Statement of Assurance regarding the reliability of the accounts of the Agency and the legality and regularity of the transactions underlying them. In addition, an independent external auditor verifies the income, expenditure and financial position of EIOPA.

The ECA audit over the financial 2022 accounts started in September and the final report is expected to be received in Q3 2023.

The audit report on the EIOPA 2021 accounts was adopted by the Court on 20 September 2022. **The Court's statement of assurance provided to the European Par-**

liament and the Council regarding the reliability of the accounts and the legality and regularity of the transactions underlying the accounts is the following:

OPINION BOX



OPINION ON THE RELIABILITY OF THE ACCOUNTS 2021

"In our opinion, EIOPA's accounts for the year ended 31 December 2021 present fairly, in all material respects, EIOPA's financial position at 31 December 2021, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.

Legality and regularity of the transactions underlying the accounts

In our opinion, the revenue underlying the accounts for the year ended 31 December 2021 is legal and regular in all material respects.

In our opinion, the payments underlying the accounts for the year ended 31 December 2021 are legal and regular in all material respects."

The accounts audit 2021 finalised with a list of observations (please see below details). EIOPA has addressed all

the observations, which are being assessed for formal closure by ECA at the time of drafting the report.

ECA Observation	EIOPA reaction
EIOPA awarded refurbishment works directly to the contractors designated by the landlord, without an appropriate procurement procedure. This contravenes Articles 164, 167 and 170 of the Financial Regulation.	Background: for constructions works to its offices EIOPA used contractors designated by the landlord, as stipulated in the lease contract. EIOPA Reply to the observation: EIOPA, in case of similar circumstances in the future, will seek to reconcile the agency's obligations under the Financial Regulation with the legal obligations and constraints imposed by the lease contract.
Weaknesses in EIOPA's management and control systems relating to conflicts of interest: ■ presence of Board members in a meeting despite the existence of a conflict of interest; ■ adoption body of the policy on independence and decision-making for avoiding conflicts of interest for members of the Board of Supervisors, observers, panel members and other people who play a role at EIOPA but are not directly employed by it; ■ assessors in charge of the appraisal of the Chair and Executive Director.	EIOPA has addressed the observations: ■ on 19 July 2022 the Board of Supervisors revised its Rules of Procedure and currently, in the case of conflicts of interest, the conflicted Members, including their Alternates shall not be present during the discussion of and voting upon this item; or for comments and voting in the case of written procedures; ■ EIOPA's Board of Supervisors adopted in 2022 the Decision already endorsed by the Management Board; ■ EIOPA's Management Board also approved in December 2022 a revised decision regarding the appraisal of the chairperson and the executive director (EIOPA-MB-22/115).
Non consultation of the Joint Committee for the assessment of a potential conflict of interest in relation to a senior member.	EIOPA's MB adopted in December 2022 a revision of EIOPA's Ethics Rules for staff members. This revised version includes the possibility of having various Joint Committees under Article 9 of the Staff Regulations.

In 2022 EIOPA also followed up on the open audit actions from previous years, for which the implementation status has been deemed as completed by the Court and therefore EIOPA has finalised the financial year without any open observation from previous accounts audit.

As regards the Court's Special Report No 29/2018: "EIOPA made an important contribution to supervision and stability in the insurance sector, but significant challenges remain", during 2022 EIOPA continued to implement the agreed actions. The formal clearing letter announcing the finalisation of the follow up stage and therefore the closure of the audit, was received by EIOPA in June 2022. The results of the audit form part of the Chapter 3 of the Report on the performance of the EU budget – Status at the end of 2021 (2021 RP) of the European Court of Auditors⁸¹ published in November 2022.

FOLLOW-UP ON DISCHARGE

On 4 May 2022, the European Parliament granted EIOPA the Discharge 2020 and approved the closure of its annual accounts (2021/2130(DEC)). In reply to the Discharge Authority, the EIOPA Board of Supervisors adopted its Opinion and informed accordingly the European Parliament on 11 July 2022 on the measures taken to address any possible deficiency or uncertainty raised during the discharge exercise⁸².

ENVIRONMENTAL MANAGEMENT

EIOPA aims to improve its environmental performance and lower the impact of its operations on the environment. In line with the European Court of Auditors' recommendation to all EU institutions and bodies, the Authority is implementing EMAS, the European Union's Eco-Management and Audit Scheme. With the assistance of external consultants, an environmental aspects register detailing EIOPA's key environmental impacts has been established and an action plan was created and is being updated regularly. In 2022, the Authority finalised the establishment and validation of its environmental management system: In July, a gap analysis was conducted by an

external consultant and minor remaining nonconformities were addressed. In August, the first EMAS Management Review took place and the Environmental Statement was published, and in September, the formal EMAS verification was carried out by an external auditor. The Authority obtained ISO 14001:2015 certification on 28 November 2022. The formal EMAS accreditation by the Hessen authorities based on the results of the external audit is under way and expected to be achieved in the first quarter of 2023.

In the context of the COVID-19 pandemic, EIOPA reviewed its multiannual environmental targets and had formulated the ambition to reduce its number of on-site meeting and missions by 35% as of 2022. These reduction targets subsequently have been further strengthened, reducing on-site meetings and missions by 40% as of 2023. This reduces the number of on-site meetings with external participants from 300-400 in pre-pandemic years to around 210 meetings per year. Similarly, the total number of missions will be reduced from 655 approved in 2019 to approximately 390 in future years.

Having joined an inter-institutional procurement procedure for carbon off-setting, the Authority is considering to offset ca. 250-300 tons of carbon emissions per year, pending the availability of suitable carbon reduction projects. The aim is to offset emissions related to organisational activities whose environmental impact cannot be further reduced, i.e. essential business travel.

As EIOPA does not own and operate its own building and facilities but instead occupies rented office space, the scope for building-related environmental improvements is comparatively limited. However, the Westhafen Tower in Frankfurt, which houses all of EIOPA's offices, adheres to advanced sustainability and environmental standards, as accredited by the building's Leadership in Energy and Environmental Design Gold certification. In addition, EIOPA maintains regular exchanges with the landlord to identify and pursue opportunities for the further environmental improvement of the building's infrastructure, automation systems for lights, blinds, heating and cooling and relevant management processes for the operation of the premises. One such improvement is the implementation of additional waste containers to collect plastic and packaging waste for recycling by the local authorities.

Within the remit of EIOPA's own office, facility and staff policies and processes, the Authority has implemented several actions to reduce the impact of its administrative operations on the environment, and is pursuing others. Examples include the following:

⁸¹ [Annual report on the performance of the EU budget – status at the end of 2021 \(europa.eu\)](#)

⁸² <https://www.eiopa.europa.eu/document-library/opinion/opinion-decision-of-european-parliament-discharge-procedure-respect-of->

- Implementation of desk-sharing to improve office space utilisation and to accommodate a larger number of staff without the need to rent additional floors;
- Reduced paper use by implementing e-workflows for most financial transactions;
- On-going digitalisation of further work processes (i.e. electronic signatures) and awareness campaigns to change staff behaviour;
- EIOPA's travel policy encourages staff to use the train for distances of 400 km or less, one way;
- EIOPA's meeting room and audio-visual facilities have been upgraded to promote and facilitate the increased use of videoconferencing instead of travelling;
- For on-site catering, food is locally sourced and offers a greater variety of vegetarian and organic options;
- EIOPA has adopted a sustainable public procurement approach and has trained all interested staff.

MANAGEMENT ASSESSMENT

The building blocks of management assurance at EIOPA consist of several core elements. These are rooted in the implementation of the Internal Control Framework and continued strong management oversight of both operational and horizontal activities, and adherence to principles such as sound financial management. Regular reviews by EIOPA's Internal Control Coordinator and audits of EIOPA by the Internal Audit Service, the EIOPA

Quality Control Committee and the European Court of Auditors provide impartial and thorough reviews of these measures, and are a further element of management assurance.

The Authority has adopted a set of internal control principles, based on international good practices, aimed to ensure the achievement of operational and administrative objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these principles. EIOPA has assessed the internal control system during the reporting year and has concluded that the internal control components and principles are implemented and functioning, with some improvements needed (see the chapter below on the Internal Control System).

In addition, EIOPA has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the Internal Audit Service, the European Court of Auditors, and the Quality Control Committee and audit firms. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives.

Overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. With this framework in place, EIOPA is confident there are no significant weaknesses that would create reservations or impact on the validity on the Declaration of Assurance.

EXTERNAL EVALUATIONS

Article 81 of the EIOPA's (and other ESAs') founding Regulation requires the European Commission to carry out a review of the Regulations thereby publishing, every three years, a general report on the experience acquired as a result of the operation of the Authority and the procedures laid down in its Regulation. Such report was published on 23 May 2022. While the report positively assessed the operations of EIOPA (and the other ESAs) – playing a key role in shaping the single market for capital and financial

services by contributing to implementing EU legislation in this area and by coordinating the work of national supervisors – it also laid down a number of non-binding recommendations in different areas in order to further improve the work and structure of the Authority. EIOPA took note of the recommendations and is in the process of implementing them.

INTERNAL CONTROL SYSTEM

EFFECTIVENESS OF INTERNAL CONTROL FRAMEWORK (ICF)

EIOPA's Internal Control Framework was adopted by the Management Board in November 2018 and is applicable since January 2019. The framework consists of five internal control components and 17 principles which are further developed in 49 characteristics. The framework has been developed in line with the European Commission guidance and it follows the COSO⁸³ model.

The monitoring cycle of EIOPA's internal control system is based on ongoing activities and specific periodical assessments. The deficiencies identified in the context of the monitoring activities are important elements taken into account in the annual assessment of the presence and functioning of the internal control system. Moreover, the methodology on which the annual assessment is conducted also includes the in-depth analysis of a set of indicators measured individually or via staff survey and the audits results. The indicators and related monitoring data are discussed and approved on an annual basis by EIOPA's Executive Director.

The 2022 assessment has concluded that all the components and principles are implemented and function, with some improvements needed. The components 'control Environment', 'Risk Assessment', 'Information and Communication' were assessed as: the principles are effective: present and functioning, some improvements are needed as one moderate deficiency remains. The components 'Control activities' and 'Monitoring Activities' were assessed as: the principles are fully effective: present and functioning well (only minor improvements needed).

The self-assessment enabled EIOPA to identify the main internal areas for improvements, which will be addressed by concrete actions. These areas for improvement refer to strengthening the approach to compliance and performance (further embedding compliance in the day to day work and increasing performance through more integration of related functions), resource planning and prioritisation considering the increasing entrusted tasks, process management, training and awareness and internal communication.

sation considering the increasing entrusted tasks, process management, training and awareness and internal communication.

CORPORATE RISK MANAGEMENT

Risks

During the course of 2022, EIOPA identified, monitored and took measures to mitigate the effects of the following risks:

- Not having sufficient capacity to implement new powers and tasks, whilst delivering existing commitments;

To mitigate the impacts of this risk, EIOPA applied impact assessment of every new task, pro-actively engaging with its Boards and the EU institutions in order to support the legislator in informed decision-making through strategic discussions on developments in the external environment and the impact on EIOPA resources. Furthermore, the Authority continued to apply resource planning and prioritisation measures, ensuring that available resources are focused on delivering the greatest benefit while also ensuring speedy recruitment process.

Additionally, EIOPA continued its business process optimisation initiatives, automating and streamline business processes, capitalising on shared services and Data & IT strategy and digital solutions thus increasing internal and external productivity through the use of digital solutions.

- Lack of skilled staff with the required competences due to issues related to attractiveness and recruitment;

EIOPA continued its efforts towards branding the Authority as an attractive employer, that includes a modern working environment and strong talent management provisions. Additionally, EIOPA liaised with the Commission regarding the HR implementation rules regarding flexibility and teleworking and increased its outreach of its recruitment campaigns. Lastly, in order to adapt to future needs while building business continuity, EIOPA took

83 <https://www.coso.org/Pages/default.aspx>

steps in the preparation of current staff on new mandates and activities.

➤ Cyber security threats & Business Continuity.

In 2022, EIOPA continued strengthening its security posture and resilience, with a focus on awareness, incident detection and response, vulnerability management and testing. EIOPA performed several infrastructure and application penetration tests, with positive outcomes. The Authority also increased investments in strong incident response capabilities and continues to work closely with CERT-EU, EU agencies and other organisations to be both cost-effective and up to date on developments.

Risk management process

EIOPA's risk management process is intended to systematically identify and assess potential risk events and then plan and, if required, implement responses to them. Such events can originate from within the Authority or be driven by external forces. The likelihood of an event occurring and the impact of its consequences on an objective should it occur will vary. This variance is discussed in terms of risk exposure.

The aim of the process is to provide Executive Director and Management Team with an overview of the aggregated risks, and in particular to allow the management to focus on those with a potential material impact on its work programme and wider operations, and to offer responses to mitigate and overcome risks as they occur. Based on the level of negative exposure, 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 their work, assess them using a standardised scale and then consider appropriate and proportionate responses, escalating material risks to management when needed. Such an approach is essential, and will aid the management as it oversees implementation of an ambitious work programme.

EIOPA's risk management process is in line with internal control principle No 7, which defines how risks should be managed to assure the achievement of the institutional objectives.

Following the initiative of the European Commission, EIOPA in cooperation with DG FISMA and the other European Supervisory Authorities, conducted a peer risk assessment in order to identify the most important stra-

tegic risks in a "cluster" approach, in an effort to better inform the Commission's own risk assessment.

Lastly, in 2022, EIOPA introduced further improvements to its risk management process aiming to better integrate into the planning and reporting processes, quarterly monitoring activities and streamlining of all risk registers.

Anti-Fraud

EIOPA's Anti-Fraud Strategy 2022-2024 has the following objectives:

1. **Prevent:** denying opportunities through reliant processes and systems; and building on EIOPA's anti-fraud culture;
2. **Detect and investigate:** enhancing EIOPA's capability to detect irregularities across its processes; and being ready to support investigations by the appropriate authorities;
3. **Recover, mitigate and impose sanctions:** taking measures to recoup losses; managing the risks related to any act of fraud; and providing an appropriate response for those found to have perpetrated an act of fraud;
4. **Exploit:** learning lessons from incidents to help harden processes against fraud; and ensuring EIOPA staff are aware of the consequences of committing fraud.

EIOPA assess changes to the threat of fraud it faces from fraud on an annual basis, which informs a limited review of its priorities and objectives. A new full review of the strategy is planned for 2024 and that will provide the basis of the strategy for 2025-2027.

In 2022, EIOPA focused its anti-fraud effort on the priority areas of procurement and contract management and recruitment. These were deemed priorities based on the potentially high benefits for those who might perpetrate fraud and not because of any specific threat. Assessments were made of the relevant processes to identify opportunities to subvert controls with a view to make recommendations for the mitigation of any risks. These recommendations will form the basis of action plans which will be implemented over the remaining years of the strategy. The timebound milestones of these action plans will be followed up on by the anti-fraud officer.

EIOPA also increased its communication with staff on the risks of fraud, their relevant obligations and the consequences should a staff member or external party seek to

perpetrate an act of fraud. In support of this, EIOPA will maintain measures to address ethics and conflicts of interest and encourage staff to make use of existing channels to report any concerns (i.e. whistleblowing).

In terms of potential fraud, in 2022 EIOPA did not have cases under investigation (or open) by OLAF⁸⁴.

CONCLUSION

In conclusion, based on the above-mentioned control sources, no significant weakness has been unveiled which could have a material impact on EIOPA achieving its objectives. Therefore, the assessment concluded that the internal control system implemented by the Authority provides sufficient assurance to the adequate management of EIOPA's operations

84 [OLAF home \(europa.eu\)](https://ec.europa.eu/olaf/)

STATEMENT OF THE MANAGER IN CHARGE OF RISK MANAGEMENT AND INTERNAL CONTROL

I, the undersigned, I declare that I have reported my advice and recommendations on the overall state of internal control and risk management in EIOPA to the Executive Director and to the Management Board.

I hereby certify that the completeness and reliability of management reporting on the state of internal control and risk management is to the best of my knowledge, accurate, reliable and complete.

Danny Janssen

Internal Control Coordinator and Risk Manager

[signed]

DECLARATION OF ASSURANCE

I, the undersigned,

Fausto Parente, Executive Director of EIOPA, in my capacity as Authorising Officer,

Declare that the information contained in this Consolidated Annual Activity Report 2022 gives a true and fair view;

State that I have reasonable assurance that the resources assigned to the activities described in this report were used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service, and the lessons learnt from the reports of the Court of Auditors for the years prior to the year of this declaration.

I confirm that I am not aware of anything not reported here which could harm the interests of the authority.

Fausto Parente

[signed]

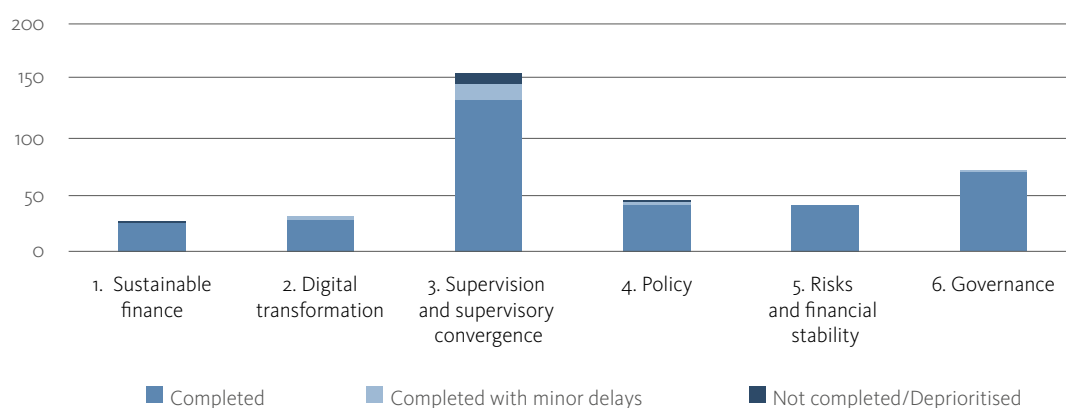
ANNEXES

ANNEX I: CORE BUSINESS STATISTICS

EIOPA monitors delivery of its Annual Work Programmes (AWP) through the development of an Annual Implementation Plan (AIP). For each product and service in its AWP, specific milestones are planned, the involvement of different departments and horizontal functions is specified and risks are recorded. Throughout the year, EIOPA's management is informed of the status of this work and decides on changes such as the introduction of new work or de-laying and de-prioritising existing tasks via quarterly reports of its AWP implementation.

EIOPA ended the year with a work programme including 375 different products and services. The majority of EIOPA's work was delivered as planned and this equates to 342 or 91% of the total. A further 20 products and services experienced minor delays and 13 were not taken forward. The latter mostly relate to dependency on timelines of legislative decisions most notably the Solvency II Review, SFDR and IORP II (e.g. implementation of proportionality

principle under Solvency II from supervisory convergence perspective, preparation of the necessary developments arising from changes in the Solvency II framework affecting the methodology of RFR structure, review the Regulatory Technical Standards (RTS) under the SFDR to clarify environmental and social indicators, IORP II Rulebook on EIOPA's website), dependency on technological developments in the market (e.g. assessment of the use of CSV format for data submission) and competing priorities (e.g. process for product intervention powers set up IDD completion of review of the decision on the co-operation of competent authorities, Functioning Single Electronic Register for Passporting Intermediaries, developing EIOPA's document/information/knowledge management framework, Further developing EIOPA's document/information/knowledge management framework, potential work on best practices for defined contribution pensions, ESMA TRACE System).



KEY PERFORMANCE INDICATORS

Key Performance Indicators (KPIs) are an important tool for monitoring EIOPA's progress in relation to its defined strategic ambition. EIOPA has set 17 strategic level targets

for performance across its seven main areas of work. Of these, EIOPA achieved or exceeded the target for 15 KPIs in 2022. Furthermore, the target of 2 KPIs was deemed not applicable to be reported upon due to dependency on the legislative timelines of DORA and technological disruptions.

KPI	Status
Number of sustainability deliverables across EIOPA that include ESG considerations <i>Target: Yearly increase (the exact number will be based on 2021 baselining)</i>	Met
Implementation of DORA adequately considering sectoral specifications and proportionality principle (pending final decision by the co-legislators). <i>Target: Sectoral specifications included in draft technical standards</i> <i>Proportionality principle clearly defined in draft technical standards or other EIOPA tools</i>	N/A due to updated timelines of DORA implementation following the final adoption by the co-legislators
Number of national initiatives taking inspiration from deliverables (reports, thematic reviews, conduct oversight country visits, recommendations in the course of oversight work more generally, etc.) of EIOPA's conduct of business supervision framework and broader consumer protection work. <i>Target: 10</i>	Exceeded
Data available in the Central Repository calculated as a percentage of number of insurance undertakings reported on with valid data by NCAs and market share of each country, as evidenced by the completeness ratio of technically valid reports of the Quantitative Reporting Templates (QRTs). <i>Target: 97% of number or 99% of market share</i>	Met
Data quality of Solvency II information available in the Central Repository, calculated based on the agreed methodology. <i>Target: List of assets (using assets value): ratio of good quality data higher than 93.5%</i> <i>Overall quality (using market share): ratio good quality data higher than 93.5%</i>	Met
Timely and high-quality publication of the RFR. <i>Target: Twelve publications a year – meeting the deadline of publication within three working days of the beginning of the month.</i>	Met
Number of supervisory or policy actions taken by NCAs following observations and feedback from EIOPA's Oversight teams. <i>Target: 30 per year</i>	Met
Average number of respondents to public consultations on consumer protection topics per consultation. <i>Target: 80</i>	Exceeded
Timely and technically sound follow-up to the 2020 Opinion on the review of the Solvency II Framework. <i>Target: 100% timely response to EU institution call for further input during the co/legislator process</i>	Met

KPI	Status
Material progress of Solvency II as practical implementation of IAIS ICS as global standard for international groups <i>Target: Monitoring phase of ICS 2.0 continues and adaptations remain largely in line with the Solvency II Directive.</i>	Met
Timely and technically appropriate development of a regulatory framework for pensions <i>Target: Progress on delivery of the IORP II Directive advice consistent with the deadline.</i>	Met
Number of products including concrete proportionality proposals/provisions or duly explanation why they don't <i>Target: 100%</i>	Met
Citations of EIOPA's Financial Stability products in research journals and publications from other public institutions in the field of financial stability. <i>Target: 8</i>	Exceeded
Number of financial stability risks with a material impact, within the agreed scope of the Stress Test, not identified by the exercise materialising within one year of the publication of the results. <i>Target: 0</i>	Met
Number of downloads of statistics available on EIOPA's website <i>Target: 5% increase compared to the previous year</i>	N/A It was not possible to establish a baseline in 2021 because a) the implementation of PowerBI in 2021 inflated the downloads and visits to the website and b) the analytics software was updated mid-year 2021 and impacted the consistency of the numbers that year. The baseline year will be set to 2022 and EIOPA will report on the progress in 2023.
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 12 months of the final finding being issued. <i>Target: 100%</i>	Met
Implementation rate of EIOPA's budget: Percentage of the approved budget committed. <i>Target: 99%</i>	Met

ANNEX II: STATISTICS OF THE FINANCIAL MANAGEMENT

BUDGET EXECUTION

Budget Execution 2022 by Title

Title	Initial adopted budget	Final budget (following amendments and transfers)	Variance % (initial budget vs final budget)	Committed	% Committed
Title I - Staff Expenditure	24,900,400	22,800,238	-8.43%	22,700,706	99.56%
Title II - Administrative Expenditure	3,489,000	3,386,300	-2.94%	3,360,323	99.23%
Title III - Operational Expenditure	7,663,600	8,384,582	9.41%	8,323,562	99.27%
GRAND TOTAL	36,053,000	34,571,120	-4.11%	34,384,590	99.46%

Percentages of commitments and payments executed of budget 2022 and carry-forward of budget 2022 to 2023 per Title:

Title	Final budget 2022	Committed	% Committed	Paid in 2022	% Paid in 2022	Carry-forward to 2023	% Carry-forward to 2023
Title I - Staff Expenditure	22,800,238	22,700,706	99.56%	22,370,480	98.12%	330,226	1.45%
Title II - Administrative Expenditure	3,386,300	3,360,323	99.23%	3,212,983	94.88%	147,339	4.35%
Title III - Operational Expenditure	8,384,582	8,323,562	99.27%	6,316,418	75.33%	2,007,144	23.94%
GRAND TOTAL	34,571,120	34,384,590	99.46%	31,899,881	92.27%	2,484,709	7.19%

Execution of carry-forward from 2021 to 2022 by Title:

Budget Title	Carry-forward from 2021	Carry-forward from 2020 – Paid amount	% Carry-forward from 2020 - Paid
Title I - Staff Expenditure	2,208,500.22	2,072,396.22	93.84%
Title II - Administrative Expenditure	901,324.87	887,239.32	98.44%
Title III - Operational Expenditure	3,754,389.97	3,663,403.60	97.58%
GRAND TOTAL	6,864,215.06	5,917,940.98	96.49%

NUMBER AND VALUE OF BUDGET TRANSFERS

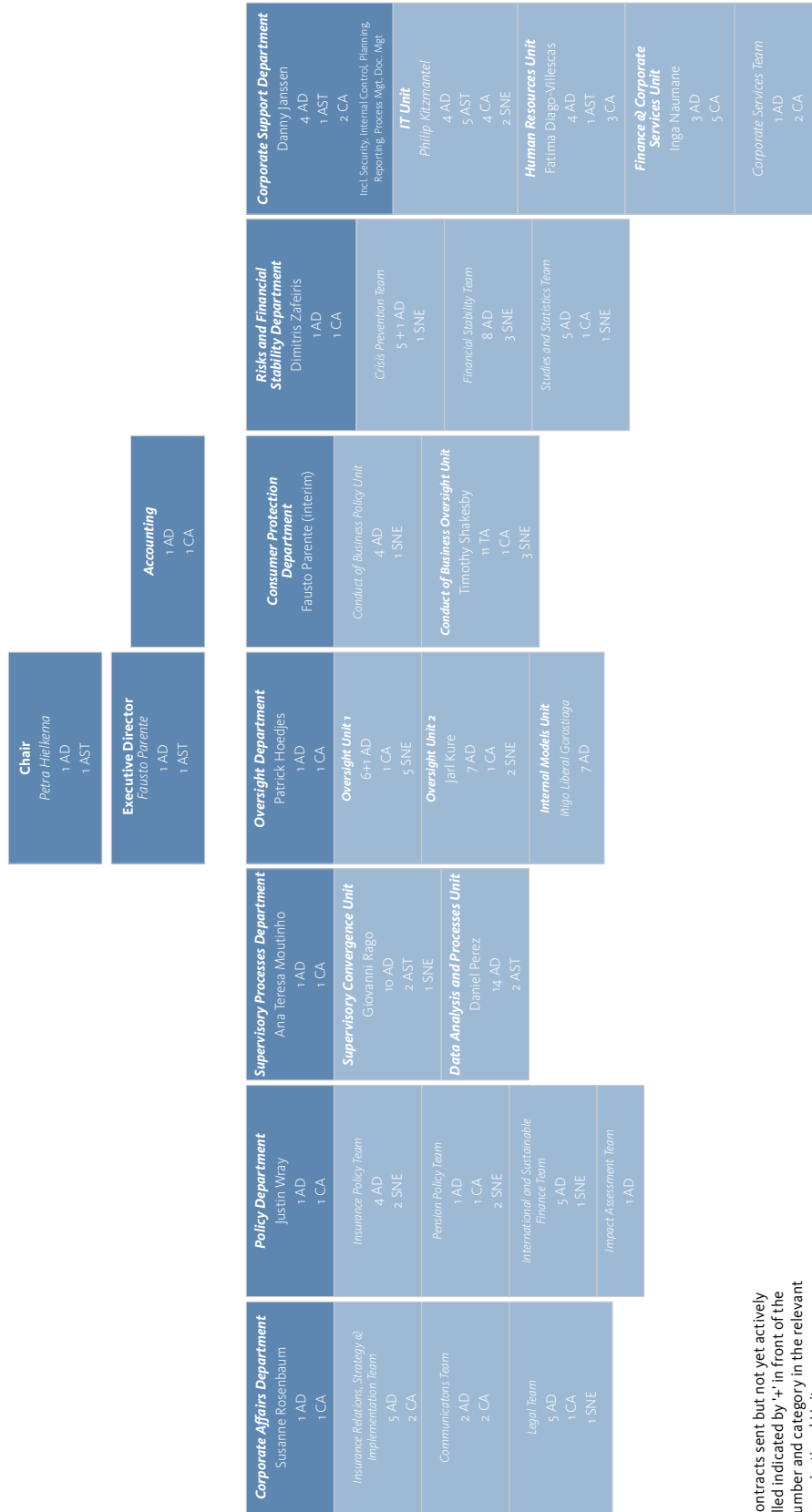
In 2022, five budget transfers were authorised in the EIOPA financial system:

- All five transfers were from one Title to another within the 10% rule according to Article 26, paragraph 1 (a) of the EIOPA Financial Regulations.

INTEREST CHARGED FOR LATE SUPPLIER PAYMENTS

There was one late payment in 2022, and consequently the interest paid to supplier was EUR 422.38

ANNEX III: ORGANISATIONAL CHART



Contracts sent but not yet actively filled indicated by '+' in front of the number and category in the relevant Organisational Unit

ANNEX IV: ESTABLISHMENT PLAN AND ADDITIONAL INFORMATION ON HUMAN RESOURCES MANAGEMENT

ESTABLISHMENT PLAN 2022

Function group and grade	2022	
	Final budget	Filled as at 31/12/2022
AD 16	1	0
AD 15	1	2
AD 14	1	0
AD 13	3	2
AD 12	5	4
AD 11	6	5
AD 10	12	9
AD 9	18	13
AD 8	15	10
AD 7	23	29
AD 6	25	26
AD 5	19	23
AD total	129	123
AST 11		
AST 10		
AST 9		
AST 8		
AST 7	2	1
AST 6	3	2
AST 5	7	5
AST 4	3	6
AST 3		
AST 2		
AST 1		
AST total	15	14
TOTAL	144	137

* Some posts are in practice filled at a lower grade.

Contract Agents	Filled as at: 31.12.2021	Filled as at: 31.12.2022
Function Group IV	9	12
Function Group III	23	23
Function Group II	1	1
Function Group I	0	0
Total	33	36
Seconded National Experts	23	24

ENTRY LEVEL FOR EACH TYPE OF POST

Key functions (examples)	Type of contract (official, TA or CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administration support or policy (operational)
CORE FUNCTIONS			
Head of Department	TA	AD 12	Administration support and operational
Head of Unit	TA	AD 9	Administration support and operational
Head of Sector	n/a	n/a	n/a
Senior Officer / Principal Expert	TA	AD 9-11	Administration support and operational
Officer / Senior Expert	TA	AD 7-8	Administration support and operational
Junior Officer / Expert	TA + CA	AD 5-6 + FG IV	Administration support and operational
Senior Assistant/Specialist	TA + CA	AST 4 + FGIII	Administration support
Junior Assistant	TA +CA	AST 2 + FGII	Administration support
SUPPORT FUNCTIONS			
Head of Administration	TA	AD 12	
Head of Human Resources	TA	AD 9	
Head of Finance	TA	AD 9	
Head of Communication	TA	AD 9	
Head of IT	TA	AD 9	
Senior Officer / Principal Expert	TA	AD 9-11	
Officer / Senior Expert	TA	AD 7-8	
Junior Officer / Expert	TA + CA	AD 5-6 + FGIV	
Webmaster- Editor	CA	FGIV	
Secretary	CA	FGIII	
Mail Clerk	n/a	n/a	

Key functions (examples)	Type of contract (official, TA or CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administration support or policy (operational)
SPECIAL FUNCTIONS			
Data Protection Officer	TA	AD 8	
Accounting Officer	TA	AD 6	
Internal Auditor	n/a	n/a	
Secretary to the Director/ Personal Assistant to the Senior Management	TA	AST 3	

STATISTICS FROM JOB SCREENING/BENCHMARKING EXERCISE

Job type categories	2022 results
Administrative Support and Coordination	10.7%
Administrative Support	9.2%
Coordination	1.5%
Operational	84.2%
Top Level Operational Coordination	2.0%
Programme Management & Implementation	75.5%
Evaluation & Impact Assessment	1.0%
General Operational	5.6%
Neutral	5.1%
<i>Finance & Control</i>	5.1%
<i>Linguistics</i>	0.0%

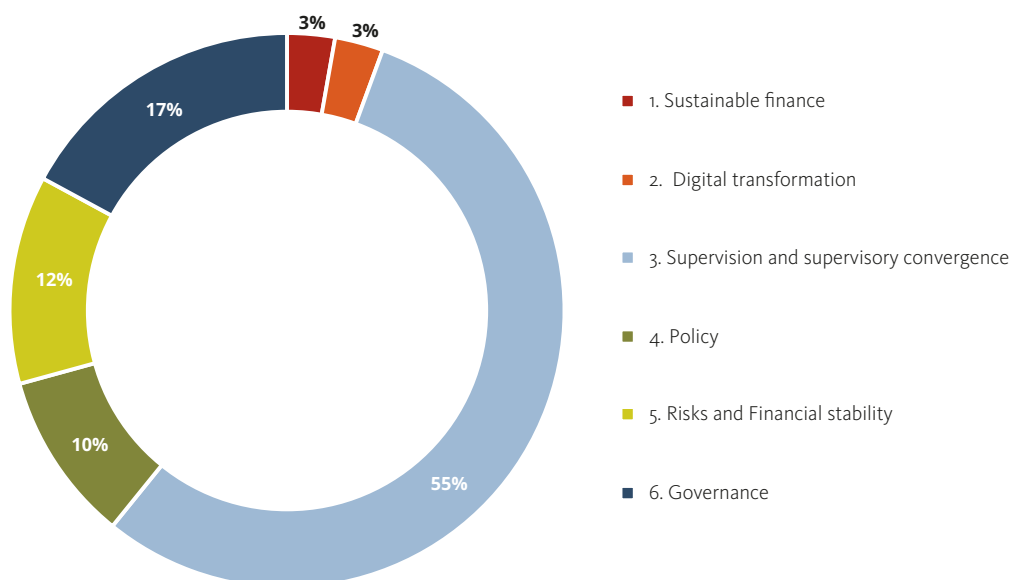
ANNEX V: ALLOCATION OF RESOURCES BY ACTIVITY

ALLOCATION OF HUMAN RESOURCES

In 2022, EIOPA's human resources were predominantly allocated to the area of prudential and conduct of business supervision and supervisory convergence (55%). In line with its renewed focus towards sustainable finance and digital transformation, EIOPA increased the staffing levels in these areas (3% each). There was a decrease of staffing levels in the areas of prudential and conduct of business policy (12% compared to 13% in 2021). The staffing levels in

the area of risks and financial stability remained the same as in 2021 (12%).

The remaining 17% of staff in 2022 were allocated to horizontal tasks including providing legal support, maintaining IT solutions, running EIOPA's headquarters and management of the Authority itself (staff, finance and tasks), which presented a slight decrease compared to 2021 (17% compared to 18% in 2021).



ALLOCATION OF OPERATIONAL BUDGET

EIOPA continues to put its investment focus on digital transformation to make its processes more efficient and create new opportunities using technology. Key objectives include faster time-to-market, a better experience for NCAs and EIOPA staff, lowering the carbon footprint, improving collaboration within and across functions, and strengthening security and compliance.

In 2022, important activities relying on operational funds included:

- A major push towards cloudification following the Management Board's approval of EIOPA's Cloud Strategy at the beginning of the year;
- An exciting new project to leverage modern technology to analyse Key Information Documents for PRIIPs;
- Projects focussing on improved data analysis capabilities to achieve the goal of turning EIOPA into a fully digital, data-driven organisation;
- Continuous updates to EIOPA's supervisory reporting framework and the tools to make the reporting workflows more efficient;
- Innovative initiatives to digitalise core processes to make EIOPA's and the NCAs' work more efficient;
- Investments to increase security, e.g. in EIOPA's Security Operations Centre shared with the European Banking Authority;
- Upgrades of core technical infrastructure to ensure continued service availability and business continuity.

ANNEX VI: CONTRIBUTION, GRANT AND SERVICE LEVEL AGREEMENTS. FINANCIAL FRAMEWORK PARTNERSHIP AGREEMENTS

General information				Financial and human resource impact			
Date of signature	Total amount	Duration	Counter-part	Short description	Type of resources	2022 Implemented/spent	2023 planned
25/03/20	396,000	24 Months	European Commission – Directorate General for Structural Reform Support (DG REFORM)	Administrative Agreement REFORM/AA2020/001 -Targeted training on Insurance Supervision; Support to supervision on market conduct in the insurance sector in Italy.	Amount Contract staff SNE	170,000 1 CA for 6 months	
12/05/21	786,000	20 Months	European Commission – Directorate General for Structural Reform Support (DG REFORM)	Administrative Agreement REFORM/AA2021/001: Enhancing conduct supervision in insurance in Portugal; Enhancing insurance supervision of conduct and product risks in Greece; Reform of pillar II pensions in Greece.	Amount Contract staff SNE	393,000 1 CA	122,000
24/08/22	1,783,714	48 Months	European Commission – Directorate General for Structural Reform Support (DG REFORM)	Administrative Agreement REFORM/AA2022/003: -EU Supervisory Digital Finance Academy - Transition to forward-looking IOPR supervision in Ireland -Insurance Conduct of Business Supervision - Development of a risk assessment framework and supervisory methodology including mystery shopping in Hungary	Amount	307,457	883,874
					Temporary staff	1 TA for 3 months	1 TA
					Contract staff	1 CA for 3 months	3 CA

ANNEX VII: COMMITTEES AND TASK FORCES

EIOPA's Board of Supervisors, its main decision making body, is supported by various committees and working groups.

COMMITTEE ON CONSUMER PROTECTION AND FINANCIAL INNOVATION

The Committee on Consumer Protection and Financial Innovation (CCPFI) plays an important role in EIOPA's work in the area of conduct of business regulation and supervision. It is specifically mandated by EIOPA's founding regulation to "bring together all relevant competent authorities and authorities with a view to enhancing consumer protection, achieving a coordinated approach to the regulatory and supervisory treatment of new or innovative financial activities, and providing advice for EIOPA to present to the EU institutions". The Committee facilitates EIOPA in advancing its strategy towards a comprehensive risk-based and preventive framework for conduct of business supervision by:

- Taking a proactive role in intervening early to tackle risks of consumer detriment;
- Building a coordinated understanding of issues that go beyond one national market; and
- Fostering convergence across the EU by promoting a high, effective and consistent level of regulation and supervision, including with regard to data needs.

SUPERVISORY STEERING COMMITTEE

The Supervisory Steering Committee (SSC) contributes to EIOPA's role and tasks with the objective to improve the functioning of the internal market of the EU in the fields of insurance and pensions by strengthening the convergence and quality of supervision. The SSC supports EIOPA in setting the priorities for themes and topics strengthening supervisory convergence and provides a platform for exchange of views and information with regard to the implementation of the Solvency II framework. Furthermore the SSC steers the work on EIOPA tools to achieve supervisory convergence such as the Supervisory Review Process (SRP) Guidelines, Supervisory Statements, Internal Model consistency studies, or the Supervisory Handbook.

RISKS & FINANCIAL STABILITY STEERING COMMITTEE

The Risks and Financial Stability Steering Committee (RFSC) contributes to EIOPA's role and tasks related to preserving the stability of the EU insurance and occupational pensions sectors in accordance with the EIOPA Regulation. The RFSC identifies, assesses and prioritises financial stability risks and focuses on potential adverse developments that could impact the European insurance and occupational pension sectors.

The analyses are based on a wide range of information, including financial stability analysis, financial market analysis, reporting information, as well as market intelligence and other sources. The RFSC shall operate EIOPA's institutional framework to carry out its crisis prevention, management and resolution responsibilities under the EIOPA Regulation.

The RFSC shall transform analytical conclusions into possible policy actions that EIOPA could take within the powers and responsibilities allocated to it under the Regulation. In particular, the RFSC supports a market surveillance and assessment framework to monitor and report on market trends and financial stability related issues, in line with EIOPA's annual work plan, bringing the relevant topics for discussion and decision to the Board of Supervisors.

POLICY STEERING COMMITTEE

The Policy Steering Committee (PSC) contributes to EIOPA's role and tasks relating to the convergence of European prudential legislation in the field of insurance and pensions in accordance with the EIOPA Regulation. The PSC develops and monitors based on evidence, the appropriateness and effectiveness of the regulatory frameworks, and ensures the execution of major projects dealing with EIOPA's regulatory deliverables, including the review of the regulatory framework, the delivery of new regulation and policy as well as the steering on practical matters on the implementation of the relevant EU legal framework.

IT AND DATA COMMITTEE

The Information Technology and Data Committee (ITDC) delivers advice on information technology and the transfer, storage and handling of data in EIOPA.

In particular, the ITDC deals with pan-European IT-related projects derived from EU legislation and any other area where EIOPA Members or EIOPA consider it necessary or useful to work together on IT and data issues. ITDC is a forum to discuss all IT and data issues between EIOPA and Members.

AD HOC PEER REVIEW COMMITTEES

To foster convergence and strengthen consistency in the outcome of supervisory actions, EIOPA conducts peer reviews in accordance with Article 30(2) of the EIOPA Regulation on specific activities of NCAs, based on an agreed methodology and with experts from NCAs and EIOPA acting as reviewers. Peer reviews also strengthen the dialogue within and between supervisory authorities and in facilitating sharing of best practices. In 2019 and before the peer reviews were coordinated and overseen by the EIOPA Review Panel, comprising representatives of the NCAs and EIOPA.

INSURTECH TASK FORCE

The Insurance Technology (InsurTech) Task Force (ITF) leads EIOPA's current work relating to issues and aspects arising from InsurTech. In particular, the ITF analyses topics such as cloud computing, new business models, innovation facilitators, licensing requirements and regulatory barriers to financial innovation and the use of Big Data by (re-)insurance undertakings and intermediaries (both incumbents and start-ups). Furthermore, the ITF maps the supervisory initiatives undertaken by the different jurisdictions in the areas of InsurTech, with a view

of establishing efficient and effective supervisory practices. The ITF will also concentrate, among other tasks, on Digital Ethics, convergence on supervision of algorithms and explore the benefits and risks arising from the use of blockchain and smart contracts for (re-) insurance and consumers. The ITF will also monitor other developments in the area of financial innovation, including on RegTech and crypto-assets, while recognising that reliable market monitoring can be challenging justifying the combination of different monitoring approaches to improve overall outcomes.

In view of the wide range of issues and aspects arising from InsurTech, the ITF gathers expertise from all the relevant disciplines including consumer protection, financial stability, policy, supervisory oversight, IT, etc. The ITF also liaises with all relevant EIOPA working groups and steering committees as well as with EIOPA's Stakeholder Groups. Moreover, the ITF ensures coordination with the relevant work being developed in the area of InsurTech by the European Commission, the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and other relevant EU and international institutions and bodies.

ADVISORY COMMITTEE ON PROPORTIONALITY

In 2020, EIOPA established the Committee on proportionality in accordance to Article 1(7) of EIOPA Regulation. This committee constitutes an integral part of the Authority and has as its objective to advise EIOPA as to how, in full accordance with applicable rules, its actions and measures should take account of specific differences prevailing in the sector, pertaining to the nature, scale and complexity of risks, to business models and practice as well as to the size of financial institutions and markets to the extent that such factors are relevant under the rules considered.

ANNEX VIII: STAKEHOLDER GROUPS

In terms of the groups' achievements, the IRSG delivered in 2022 advice to EIOPA on the following topics:

- [IRSG advice to the Joint Committee of the European Supervisory Authorities regarding the PRIIPs Regulation](#)
- [IRSG advice on climate scenarios in ORSA](#)
- [IRSG advice on retail investor protection](#)
- [IRSG advice on the Digital Operational Resilience Act \(DORA\)](#)
- [IRSG – Advice on consumer trends](#)
- [IRSG advice on IDD sustainability guidelines](#)
- [IRSG advice on SMEs Access to Insurance – The Information Gap and a Way Forward](#)

In 2022 the OPSG provided EIOPA with the following advice:

- [OPSG Advice on Low Interest Rates](#)
- [OPSG – advice on IORP II review / cross border activities](#)
- [OPSG Advice on funded pensions contribution to income in later life, growth and employment](#)
- [PSG – Advice on Consumer Trends](#)
- [OPSG Advice on Sustainable investments for IORPs: risk, return and inclusion properties](#)

- [OPSG advice on the revised Decision on EIOPA's regular information request towards NCAs regarding the provision of occupational pensions information](#)

Both groups were further involved in providing input to the EIOPA's Advisory Committee on Proportionality.

IRSG members interacted with the Board of Supervisors and Management Board Members through a joint meeting on 28 June. The OPSG interacted with the Board of Supervisors and Management Board members through a joint meeting on 29 March 2022. Both groups further were able to meet with the Board of Supervisors together on 6 December 2022. At that meeting, participants discussed strategic topics of common interest for both groups as follows: Impact of rising inflation and other macroprudential developments on consumers and market participants and Sustainable Finance.

You will find the advice of the stakeholder groups, as well as the members' CVs, on the EIOPA website at:

- https://www.eiopa.europa.eu/about/governance-structure/working-stakeholders_en
- **[IRSG membership, as of 31 December 2022:](#)**

Chairperson: Paul Fox, United Kingdom

Vice Chairperson: Michaela Koller, Germany

Member's Name	Nationality	Organisation	Representing
Anthony O'Riordan	Ireland	Society of Actuaries in Ireland/AAE	Professional associations
Antti Talonen	Finland	University of Helsinki	Academics
Benoît Hugonin	France	SCOR	Industry
Bruno Scaroni	Italy	Assicurazioni Generali	Industry
Claudia Donzelmann	Germany	Allianz	Industry
Desislav Danov	Bulgaria	Fintechguardian	Consumers & Users
Galit Saar	Sweden	Länsförsäkringar	Industry
Gisella van Vollenhoven	Netherlands	ASR Nederland	Industry
Greg Van Elsen	Belgium	BEUC	Consumers & Users
Guillaume Prache	France/Belgium	BETTER FINANCE	Consumers & Users
Hugh Francis	United Kingdom	Aviva	Industry
Juan - Ramón Plá	Spain	BIPAR	Industry
Lauri Saraste	Finland	LocalTapiola	Industry
Liane Hirner	Austria	VIG	Industry
Liisa Halme	Finland	Trade Union Pro	Employees
Marcin Kawiński	Poland	Warsaw School of Economics	Academics
Martin Schmalzried	Czech Republic	COFACE-Families Europe	Consumers & Users
Michaela Koller	Germany	Insurance Europe	Industry
Mireille Aubry	France	COVEA	Industry
Monica Calu	Romania	Asociatia Consumer United	Consumers & Users
Niko Daskalakis	Greece	GSEVEE	SMEs
Patricia Plas	Belgium	AXA	Industry
Paul Fox	United Kingdom	Finance Watch	Consumers & Users
Pauline Azzopardi	Malta	Assoc.for Consumer Rights - Malta	Consumers & Users
Pierpaolo Marano	Italy	Catholic University of the Sacred Heart	Academics
Stefan Materne	Germany	Cologne University of Applied Sciences	Academics
Tito Rodrigues	Portugal	DECO PROTESTE	Consumers & Users
Tomas Paulauskas	Lithuania	Insurance policyholders association	Consumers & Users
Typhaine Beaupérin	Belgium/France	FERMA	Professional associations
Xavier Larnaudie Eiffel	France	CNP Assurances	Industry

[OPSG membership](#), as of 31 December 2022:

Chairperson: Bernard Delbecque, Belgium

Vice Chairpersons: Aleksandra Maczynska, Poland; Falco Valkenburg, Netherlands

Member's Name	Nationality	Organisation	Representing
Aleksandra Maczynska	Poland	BETTER FINANCE	Beneficiaries
Antonello Motroni	Italy	Assoeuropea	IORPs
Bernard Delbecque	Belgium	EFAMA	Professional associations
Bruno Gabellieri	France	AEIP	Employees
Christian Gülich	Germany	BdV	Beneficiaries
Christian Lemaire	France	Amundi Pension Fund	IORPs
Ute Meyenberg	France	CFDT cadres	Employees
Elisa Luciano	Italy	University of Torino	Academics
Falco Valkenburg	Netherlands	AAE	Professional associations
Flavia Micilotta ⁸⁵	Italy	Diligent Vision	SMEs
Francesco Briganti	Italy	CBBA-Europe	IORPs
Gertrude Pils	Austria	PEKABE	Beneficiaries
Hans Van Meerten	Netherlands	Utrecht University	Academics
Ioannis Tzanakos	Greece	HUIORP	IORPs
Jan Sebo	Slovakia	Matej Bel University	Academics
Janina Petelczyc	Poland	Warsaw School of Economics	Academics
Jerry Moriarty	Ireland	IAPF	IORPs
Kęstutis Kupšys	Lithuania	LVOA	Beneficiaries
Łukasz Budzyński	Poland/France	Sanofi	IORPs
Marjolijn Bulk	Netherlands	FNV	Employees
Matti Leppälä	Finland	PensionsEurope	IORPs
Nele Nys	Belgium	UNI Europe Finance	Employees
Olav Jones	Norway/UK	Insurance Europe	IORPs
Onno Steenbeek	Netherlands	APG	IORPs
Paul Le Bihan	France	MNCAP	IORPs
Pauline Azzopardi	Malta	Assoc. for Consumer Rights - Malta	Beneficiaries
Philip Neyt	Belgium	PensioPlus	IORPs
Stefan Nellshen	Germany	Bayer-Pensionskasse	IORPs
Torun Reinhammar	Sweden	CDP Europe	Professional associations
Valdemar Duarte	Portugal	APFIPP	IORPs

⁸⁵ As of December 2021. Flavia Micilotta replaced Ms Edith Schiller who had resigned from the group.

ANNEX IX: ANNUAL ACCOUNTS

EIOPA'S FINANCIAL PERFORMANCE IN 2022

EIOPA's annual accounts have been established in accordance with EIOPA's Financial Regulation, Title IX of the Framework Financial Regulation (FFR)⁸⁶, and in accordance with the accounting rules adopted by the European Commission's Accounting Officer. The aforementioned regulations and rules are to be applied by all the institutions and union bodies and adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the EU. The reports on the implementation of the budget, instead, continue to be primarily based on movements of cash.

The accounting system of EIOPA comprises general accounts and budget accounts. These accounts are kept in Euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle. The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

Disclaimer:

Please note the annual accounts of EIOPA are provisional at the date of establishment of the Annual Activity Report awaiting observations of the external auditor of EIOPA and the opinion of the EIOPA Board of Supervisors.

EIOPA – BUDGET RESULT⁸⁷

Budget outturn	Amounts in EUR		
	2020	2021	2022
Revenue actually received (+)	28,827,008	33,275,150	35,015,758
Payments made (-)	(23,607,834)	(26,116,432)	(32,082,159)
Carry-over of appropriations (-)	(23,607,834)	(7,039,693)	(2,831,153)
Cancellation of appropriations carried over (+)	151,834	140,688	241,176
Adjustment for carry over of assigned revenue appropriations from previous year (+)	81,831	7,878	175,478
Exchange rate differences (+/-)	(4,485)	(5,720)	(12,392)
Adjustment for negative balance from previous year (-)	(190,733)		
Total	212 781	261,871	506,708

⁸⁶ COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

⁸⁷ The figures are rounded

EIOPA uses only non-differentiated appropriations. In 2022, the authority was funded by contributions from the NCAs of the Member States and EFTA countries as well as by a subsidy from the European Commission. EIOPA also generated other income from administrative and service level agreements with DG Reform and from internal assigned revenue.

The total revenue was EUR 35,015,758. EIOPA made payments of EUR 32,082,159 from the available appropriations and carried over to 2023 appropriations of EUR 2,831,153. The appropriations comprised funds available from the annual budget 2022 adopted by the Board of Supervisors, appropriations from 2021 carry-overs and from internal assigned revenue generated in 2022. The major part originated from the annual budget 2022. The payment implementation rate of the annual budget 2022 was 92.27% which is an increase of 13.13% compared to the payment implementation rate of 2021. Cancelled appropriations from the carry-over of the previous year as well as appropriations available from 2021 internal assigned revenue increased the outturn while adjustments made for foreign exchange rate differences slightly alleviated the positive effect. The budget result 2022 was EUR 506,708.

The total amount of appropriations carried over from 2022 to 2023 was EUR 2 831 153. The amount includes the carry forward of legal commitments of 2022 as well as the budget carry-over of internal assigned revenue. The carry over rate of appropriations from of the annual budget 2022 remained low at 7.19%. EIOPA duly justified these carry overs by contracts and obligations concluded in 2022 and to be honoured in 2023.

EIOPA – STATEMENT OF FINANCIAL PERFORMANCE

The financial statements below show all income and charges on accrual basis complying with the accounting rules of COM.

EIOPA incurred a deficit of EUR 1,409,665 in 2022. The reserves decreased. The high execution of payments made from 2021 carry-overs and from 2022 budget appropriations significantly reduced the cash held on banks and reversed the effect from 2021, when the cash on banks had increased the reserves because EIOPA had recovered all annual budgetary contributions and inscribed the income in the annual accounts 2021 but did not have the corresponding expense bookings due high carry overs of budget appropriations to 2022. The total of deferred charges recognised in the annual accounts 2022 and the capitalisation of additional development expenditure for own software products partially compensated the negative effect.

Amounts in EUR		
	2022	2021
European Union contribution	12,558,305	11,878,729
Other operating revenue	21,516,153	20,923,463
TOTAL OPERATING REVENUE	34,074,458	32,802,192
Administrative expenses	(28,179,975)	(25,804,665)
All Staff expenses	(19,278,014)	(17,439,476)
Fixed asset related expenses	(904,016)	(840,156)
Other administrative expenses	(7,997,945)	(7,525,033)
Operational expenses	(7,311,360)	(5,127,316)
Other operational expenses	(7,311,360)	(5,127,316)
TOTAL OPERATING EXPENSES	(35,491,335)	(30,931,981)
SURPLUS/(DEFICIT) FROM	(1,416,877)	1,870,211
OPERATING ACTIVITIES		
Financial revenues	23,242	1,078
Financial expenses	(16,030)	(37,199)
SURPLUS/ (DEFICIT) FROM	7,212	(36,121)
NON OPERATING ACTIVITIES		
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	(1,409,665)	1,834,090
ECONOMIC RESULT OF THE YEAR	1,834,090	430,592

EIOPA - BALANCE SHEET- ASSETS

The balance sheet presents EIOPA's assets and liabilities on a full accrual-basis.

	Amounts in EUR	
	31.12.2022	31.12.2021
ASSETS		
NON CURRENT ASSETS		
Intangible assets	2,856,529	1,814,423
Property, plant and equipment	1,299,586	1,407,311
Land and buildings	0	0
Plant and equipment	0	0
Computer hardware	136,833	151,649
Furniture and vehicles	304,362	295,197
Other fixtures and fittings	858,391	960,465
Property, plant and equipment under construction	0	0
Long-term receivables and recoverables	0	0
Long-term receivables and recoverables	0	0
Long-term receivables and recoverables with consolidated Commission entities	0	0
TOTAL NON CURRENT ASSETS	4,156,115	3,221,734
CURRENT ASSETS		
Short-term receivables	3,649,436	2,215,111
Current receivables	703,355	781,366
Current receivables consolidated EU entities	5	0
Sundry receivables	75,124	42,579
Pre-paid expenses	0	0
Deferred charges and accrued income	1,081,705	1,063,480
Deferred charges and accrued income with consolidated EU entities	1,789,247	327,686
Short-term pre-financing	(10,138)	2,839
Short-term pre-financing	(10,138)	2,839
Cash and cash equivalents	2,768,807	6,795,714
TOTAL CURRENT ASSETS	6,408,105	9,013,664
TOTAL	10,564,220	12,235,398

EIOPA - BALANCE SHEET- LIABILITIES

	Amounts in EUR	
	31.12.2022	31.12.2021
LIABILITIES		
CAPITAL		
Accumulated surplus/deficit	9,159,750	7,325,660
Economic result for the year - profit/(loss)	(1,409,665)	1,834,090
TOTAL CAPITAL	7,750,085	9,159,750
NON-CURRENT LIABILITIES		
Provisions for risks and charges	80,436	73,511
Other financial liabilities	818,770	815,622
Accrued charges and deferred income	86,058	122,990
TOTAL NON-CURRENT LIABILITIES	985,264	1,012,123
CURRENT LIABILITIES		
Provisions for risks and charges	0	0
Accounts payable	1,828,871	2,063,525
Current payables	11,775	(19,819)
Sundry payables	(7,238)	13,504
Accrued charges and deferred income	1,066,568	1,779,530
Accrued charges with consolidated EU entities	251,058	28,439
Accounts payable with consolidated EU entities	506,708	261,871
<i>Pre-financing received from consolidated EU entities</i>	<i>506,708</i>	<i>261,871</i>
TOTAL CURRENT LIABILITIES	1,828,871	2,063,525
TOTAL	10,564,220	12,235,398

EIOPA - CASH FLOW TABLE (INDIRECT METHOD)

The cash flow provides a basis to assess the ability of EIOPA to generate cash and cash equivalents, and the needs of the entity to utilise those cash flows. Cash flows are classified by operating, investing and financing activities.

Amounts in EUR		
	2022	2021
Cash Flows from ordinary activities	(1,409,665)	1,834,090
Operating activities		
Adjustments		
Amortization (intangible fixed assets) +	605,347	524,804
Depreciation (tangible fixed assets) +	298,670	315,353
Increase/(decrease) in long-term provisions for risks and liabilities	6,925	5,012
Increase/(decrease) in short-term provisions for risks and liabilities	0	0
(Increase)/decrease in inventories	0	0
(Increase)/decrease in long term pre-financing	0	0
(Increase)/decrease in short term pre-financing	12,977	(1,923)
(Increase)/decrease in long term receivables and recoverables	0	0
(Increase)/decrease in Short term Receivables and recoverables	27,240	(327,824)
(Increase)/decrease in receivables related to consolidated EU entities	(1,461,566)	(136,436)
Increase/(decrease) in value reduction for doubtful debts	0	0
Increase/(decrease) in long-term financial liabilities	3,147	16,994
Increase/(decrease) in short-term financial liabilities	0	0
Increase/(decrease) in other long-term liabilities	(36,932)	22,498
Increase/(decrease) in other short-term liabilities (accrued charges and deferred income)	(490,342)	834,255
Increase/(decrease) in short-term payables	10,852	(52,723)
Increase/(decrease) in Liabilities related to consolidated EU entities	244,837	49,090
Other non-cash movements	0	0
Net cash Flow from operating activities	(2,188,510)	3,083,190

Amounts in EUR		
	2022	2021
Cash Flows from ordinary activities		
(Increase)/Decrease in intangible assets and property, plant and equipment	(1,838,397)	(1,072,235)
Other proceeds from intangible assets and property, plant and equipment	0	0
Net cash flow from investing activities	(1,838,397)	(1,072,235)
Increase/(decrease) in Employee benefits	0	0
Net increase/(decrease) in cash and cash equivalents	(4,026,907)	2,010,955
Cash and cash equivalents at the beginning of the period	6,795,714	4,784,759
Cash and cash equivalents at the end of the period	2,768,807	6,795,714

EIOPA – STATEMENT OF CHANGES IN NET ASSETS

			Amounts in EUR	
	Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
Balance as of 31 December 2021		7,325,660	1,834,090	9,159,750
Other		0	0	0
Fair value movements		0	0	0
Movement in Guarantee Fund reserve		0	0	0
Allocation of the Economic Result of Previous Year		1,834,090	(1,834,090)	0
Amounts credited to Member States		0	0	0
Economic result of the year		0	(1,409,665)	(1,409,665)
Balance as of 31 December 2022		9,159,750	(1,409,665)	7,750,085

ANNEX X: ACCESS TO DOCUMENTS REPORT 2022

1. INITIAL REQUESTS IN 2022

Number of received applications and of identified documents, as requested⁸⁸

Number of applications	Number of identified documents
9	16

Outcome of the applications in number of documents

Full disclosure	9
Partial disclosure	-
Of all which, documents already publicly available	2
Refusal	7
No existing/possession of document	1
Decision pending	0

2. CONFIRMATORY APPLICATIONS IN 2022

Number of confirmatory applications and of identified documents, as requested

Number of requested applications	Number of identified documents
3	65

Outcome of the applications in number of documents

Confirmation	2
Partial revision	1
Full revision	0

⁸⁸ An ATD application containing a general request to any documents relating to a specific subject(s) cannot be quantified in terms of number of requested documents. Such quantification is only possible with regard to an ATD application requesting access to a specific document. Therefore, the figures in this table do not necessarily coincide.

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**EUROPEAN INSURANCE AND
OCCUPATIONAL PENSIONS AUTHORITY**

Westhafen Tower, Westhafenplatz 1
60327 Frankfurt – Germany
Tel. + 49 69-951119-20

info@eiopa.europa.eu
[https:// eiopa.europa.eu](https://eiopa.europa.eu)



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