

JOINT POSITION of
The Fédération Française de l'Assurance* and the Gesamtverband der
deutschen Versicherungswirtschaft**
on
The operations of the European Supervisory Authorities

A. Future structure of the ESAs and ESFS

1. The German and French insurance industry are in favour of maintaining the current balanced system of European financial supervision, including the **sector-specific responsibilities of EIOPA, EBA and ESMA**. It is vital that the responsible European insurance supervisor has independent expertise in the field of insurance. This especially applies as Solvency II is only in force for less than one and a half years and demands specialised knowledge.
2. **The German and French insurers are opposed to the so-called twin peak approach**, because
 - a strict separation of solvency and market supervision is unfeasible in the insurance sector;
 - interests of insurers need to be considered together with those of the insured. Only one supervisor can ensure a careful balancing without turning insurers and insureds against each other.
 - it risks burdening the supervised insurers with **unnecessary double supervision** and increased bureaucratic burdens.

B. Potential new EIOPA powers

1. **Existing powers** in EIOPA Regulation to achieve convergence **suffice**, but need to be efficiently used. By shifting resources away from regulation the role of EIOPA being the supervisor of the supervisors could be strengthened. Far reaching powers exist today, e.g.
 - powers to investigate and remedy in cases Union law is not applied in Member States (Art. 17 EIOPA regulation)
 - (Binding) mediation powers when responsible national supervisors disagree (Art. 19 EIOPA Regulation)The cooperation between the ESAs and the national authorities should be improved.
2. **Direct supervision powers of EIOPA are not acceptable**. Day-to-day supervision of the undertakings should remain with the national supervisory authorities. Especially in regard to internal models, day to day supervision and model approval should not be separated.

C. Governance and Funding

1. In order to improve the governance a clear distinction between EIOPA's role as a contributor to common regulatory standards and its role as a supervisory authority is necessary. The general principle of **separation of powers** should be reinforced within this review.
2. To ensure democratic legitimacy the ESAs and the performance of their far-reaching powers need to be **effectively controlled by the EU legislators**. It is vital that Parliament, Council and Commission make appropriate use of their respective rights, such as budget control or Art. 50 EIOPA Regulation.
3. EIOPA's **internal governance** should be carefully reviewed. A **qualified majority** should be required for all decisions in the Board of Supervisors as they have significant impact on undertakings and NCAs. Transparency of EIOPA's work has to be improved. National markets must be adequately represented next to European bodies. Impact and transparency of **stakeholder groups** need to be enhanced.
4. EIOPA must be funded according to its priorities to carry out its tasks in a sound, sensible and sustainable manner. In order to ensure that a public budget control can also be exercised in the future a **relevant proportion of the funding** should be **provided by EU budget**.

Contacts

FFA Paris
Christian Pierotti
(Director, Europe and International)

FFA Brussels
Stéphane de Maupeou
(Head of the European Office)

GDV Berlin
Dr. Axel Wehling
(Member of the Management Board)

GDV Brussels
Thomas Ilka
(Head of European Affairs)

* The French Insurance Federation (FFA) represents 280 insurance and reinsurance companies operating in France, accounting for over 99% of the French insurance market. It represents the interests of insurers to national, European and international public authorities. It produces and makes available statistical data essential to the industry and provides information for the general public and the media. The FFA also contributes in raising the awareness and attractiveness of the industry by promoting insurance and risk management culture.

** The German Insurance Association (GDV) represents the interests of the German private insurers. Its about 450 member companies offer comprehensive insurance coverage to private and corporate customers through their 431 million insurance contracts. The German insurance industry is one of the biggest institutional investors and significantly contributes to the German economy by employing 524,000 people on a direct or indirect basis.