



EIOPA REGULATING FOR THE FUTURE

INTERVIEW WITH THE CHAIRMAN OF EIOPA, **GABRIEL BERNARDINO**

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The European Insurance and Occupational Pensions Authority (EIOPA) is responsible for the roll-out of Solvency II and regulatory reform. FULLCOVER spoke to chairman **Gabriel Bernardino** about his career and role, future challenges, the progress of Solvency II and the new European Personal Pension Product to launch this year.

When did your career in the insurance sector begin? Tell us more about your journey and becoming president of EIOPA.

I started my career in 1989, in a pension fund/insurance actuarial role with the supervisory authority, which was then called the *ISP – Instituto de Seguros de Portugal* (Portuguese Insurance Institute). In 1996, I managed supervisory teams and in 2000, was appointed head of development, responsible for all regulation. In 2007, I was appointed director-general for development and institutional relations.

Throughout my career, I kept up-to-date with new international regulatory trends and from 2002 onwards, regularly contributed to European and international working groups. In 2006, it was my honour and privilege to be appointed leader of the Committee of European Insurance

and Occupational Pensions Supervisors (CEIOPS) and in 2009 I was elected chairman of the CEIOPS board. Finally, in 2011, I ran for president and was elected to serve the newly-formed European Insurance and Occupational Pensions Authority (EIOPA). I have been president since then.

In 2016, you were elected for a second term in office, how would you rate your progress at EIOPA since 2011?

Modesty aside, I feel that my first mandate was rather positive. It advanced EIOPA as a competent, credible and modern European regulatory authority, a major force within the insurance sector and a respected voice in the financial services industry in Europe and beyond.

What has EIOPA brought to the insurance sector? What do you see as your main challenges in the future?

The main contribution was, no doubt, all the work to develop and introduce the new risk-based regulation regime, Solvency II, which is a major step forward in protecting policy holders and the insurance single-market in the European Union.

Currently, I believe the main challenges faced by the insurance sector are to do with the impact of new technologies and big data. Digitisation and the increasing use of new technology is a reality all of society now grapples with, and in the insurance sector, it's bound to impact the entire supply chain.

Innovation can be beneficial to consumers, it makes products and services more widely available, better serving their needs, while for insurers and brokers, it allows them to implement more efficient processes, reducing overheads. At the same time, we must assess and manage new emerging risks such as; meeting ethical standards when using personal data, the possible exclusion of certain consumers based on their traits and the cyber risks associated with large amounts of data stored by insurance companies.

In my opinion, regulation should manage different business models impartially. It's essential to develop a balanced regulatory framework that permits high levels of consumer protection while at the same time, not unnecessarily hindering innovation.

The Solvency II regime came into force in Europe in 2016. How important is the application of this regime, in your view? How would you assess its progress so far?

Solvency II has been applied with great success. Despite a rather difficult macroeconomic climate, with historically low interest rates, the new regime rolled out without a hitch, thanks to timely preparation and adequate transition periods.

The new system, by means of its three pillars, substantially modifies sector regulation. In terms of solvency, the European insurance sector has on the whole, adequate ratios. One key implementation point is the need to equip companies with an effective governance

system that incorporates risk and capital-related concerns into strategic decision-making. Corporate culture plays a big role, but there's still a long way to go.

How do you now see the market in terms of regulation? Do you believe it requires new reform or do recent changes address regulatory needs?

In my opinion, the European insurance sector benefits from modern, solid regulation in most areas. EIOPA's strategic priority for the coming years is to move forward with unifying the European Union's regulatory framework. To this end, EIOPA recently published a paper on the key characteristics of a common EU framework, covering such issues as; ensuring equitable conditions, avoiding regulatory arbitrage and securing similar levels of protection for all insured and beneficiaries.

You're currently involved with the development of a European Personal Pension Product (PEPP). What are its benefits and key features? When do you expect to take it to market?

The PEPP will be a long-term, secure, transparent, cost-effective retirement savings product, giving European savers a new individual savings opportunity and thus addressing the long-term savings deficit in the European Union. The PEPP will be authorized by EIOPA and can be sold throughout the EU, taking advantage of economies of scale to provide better returns for consumers. The European Commission's proposal, based on EIOPA's work, is currently being discussed by Member States and the European Parliament and we expect it to be approved in the second half of 2018.

How do you view the European insurance sector in comparison with the global market? What do you think are the greatest challenges facing the sector in the future?

The European insurance industry, on the whole, seems robust and resilient, although I do see significant challenges, namely the long-term persistence of low interest rates. There has been a sustained approach to adapt business models accordingly and the industry has responded positively to new challenges. The development and application

of Solvency II has made a significant contribution to the implementation of a risk-based business culture and an improved risk-management capability. In this context, and when compared to its international competitors, the European insurance sector enjoys a competitive advantage.

In June this year you won the Person of the Year Award at the Melhores Fundos 2017 (Best Funds 2017).

Given your track record in the sector, how do you feel about this award?

It was a great honour to be given this award. It's very rewarding that my contribution, to provide financial stability and protect consumers with insurance and pension funds, is recognised.

We know you're a movie buff and enjoy insurance-related movies.

What movie has made the strongest impression on you? And why?

Among insurance-related films, the one that made the strongest impression on me is Billy Wilder's *Double Indemnity*. A great classic, co-written by Wilder and the superb novelist Raymond Chandler. •

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Gabriel Bernardino
Chairman of EIOPA

Gabriel Bernardino is Chairman of the European Insurance and Occupational Pensions Authority (EIOPA). He is responsible for the strategic direction of EIOPA and represents the Authority at the Council of the European Union, the European Commission and the European Parliament. Mr. Bernardino prepares the work of EIOPA's Board of Supervisors and also chairs the meetings of the Board of Supervisors and the Management Board. Mr. Bernardino is the first Chairperson of EIOPA. He was elected by the Board of Supervisors of EIOPA on 10 January, 2011. His nomination followed a pre-selection of the European Commission and was confirmed by the European Parliament after a public

hearing held on 1 February, 2011.

Mr. Bernardino assumed his responsibilities on 1 March, 2011 for a first five-year term. On 16 December 2015 the European Parliament confirmed the re-appointment of Mr Bernardino for a second five-year term, which started on 1 March 2016. Prior to his current role, Mr. Bernardino was the Director General of the Directorate for Development and Institutional Relations at the Instituto de Seguros de Portugal (ISP). He has served in several positions of increasing responsibility since he joined the ISP in 1989 and represented EIOPA's preceding organisation, CEIOPS, as Chairman between October 2009 and December 2010.