



FISER CONSULTING
FINANCIAL SERVICES



Roadmap for National and EU Legislation Insurance & Pensions Industry



May 2023

In this paper, we explore essential aspects of the EU regulatory framework governing the insurance and pensions industry and **provide a comprehensive regulatory roadmap** to help stakeholders anticipate upcoming changes. The regulatory process from proposal to implementation is explored and the implications it holds for the market players are discussed.

With the ever-evolving nature of the insurance and pensions sector, **staying up-to-date with regulatory requirements is vital for sustainable growth and competitive advantage**. The European and national regulatory landscape has witnessed significant developments, making it crucial for industry professionals to have a clear understanding of the latest changes. We will highlight a **selection of important regulations**, which per FiSer view are most impactful.

We will touch upon FiSer Consulting's focus areas and how we can assist in successfully adapting to these regulatory challenges.

At **FiSer Consulting**, we encourage active discussion. Please feel free to reach out for more information or in case of questions.



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European Union

EU specific legislation

- **Treaties**

The highest source of EU law that establishes the legal basis for the EU and are **binding** on all member states and have constitutional status.

Example: Treaty on the Functioning of the EU (TFEU)

- **Regulations**

Binding throughout the European Union. The European Parliament and Council adopt new regulations to improve clarity and to make sure a common approach is followed.

Example: General Data Protection Regulation (GDPR)

- **Decisions**

This is a rule that is **binding** and must be followed by those it applies to. This can be for the entire EU or a single company.

Example: EIOPA decision on the methodology for calculating the ultimate forward rate (UFR)

- **Recommendations**

Recommendations are **not binding** with no legal consequence and allow institutions to express their opinions and suggest a course of action.

Example: European Commission's recommendation on the development of sustainable finance strategy (ESG)

Netherlands

Member state specific legislation

- **Directives**

A law that is EU written and sets out a goal for all EU countries but is **not directly binding**. Each individual member state can choose how to reach the goals.

Example: Solvency II Directive

- **Decisions**

This is a rule that is **binding** and must be followed by those it applies to. This can be for the entire EU or a single company.

Example: Croatia must adopt the Euro

- **Recommendations**

Recommendations are **not binding** with no legal consequence and allow institutions to express their opinions and suggest a course of action.

Example: NL should reduce reliance on fossil fuels

The European Union's Regulatory Process from Proposal to Implementation

1. Drafts and Proposals

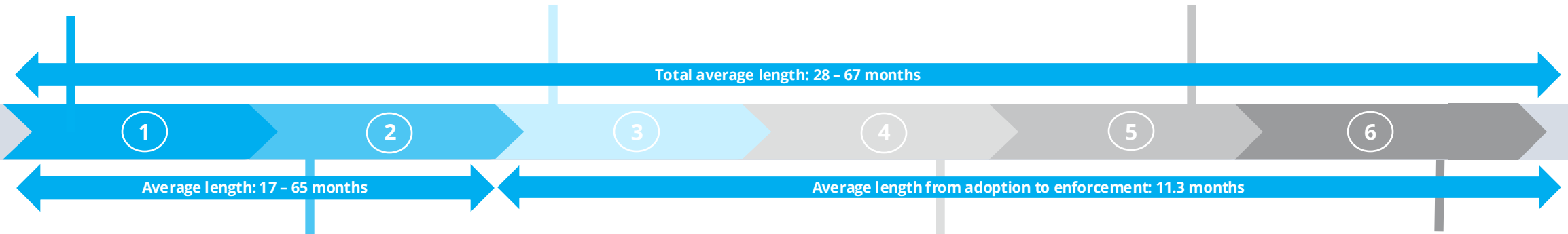
Based on their own initiatives or on evidence-based advice from the EIOPA, the EC proposes new legislation or changes to existing legislation, which are open for public comments and feedback to **ensure transparency and accountability** in the regulatory process.

3. Adoption

Once a final version of the proposal is agreed upon, **the legislation is adopted** by the European Parliament and the Council of the European Union.

5. Enforcement

National authorities such as the DNB and AFM enforce and monitor compliance in the Netherlands. The EIOPA plays a coordinating role in supervision of the cross-border activities. The EIOPA also has the power **to intervene if a member state does not comply** with EU insurance and pensions regulation.



2. Evaluation and Negotiation

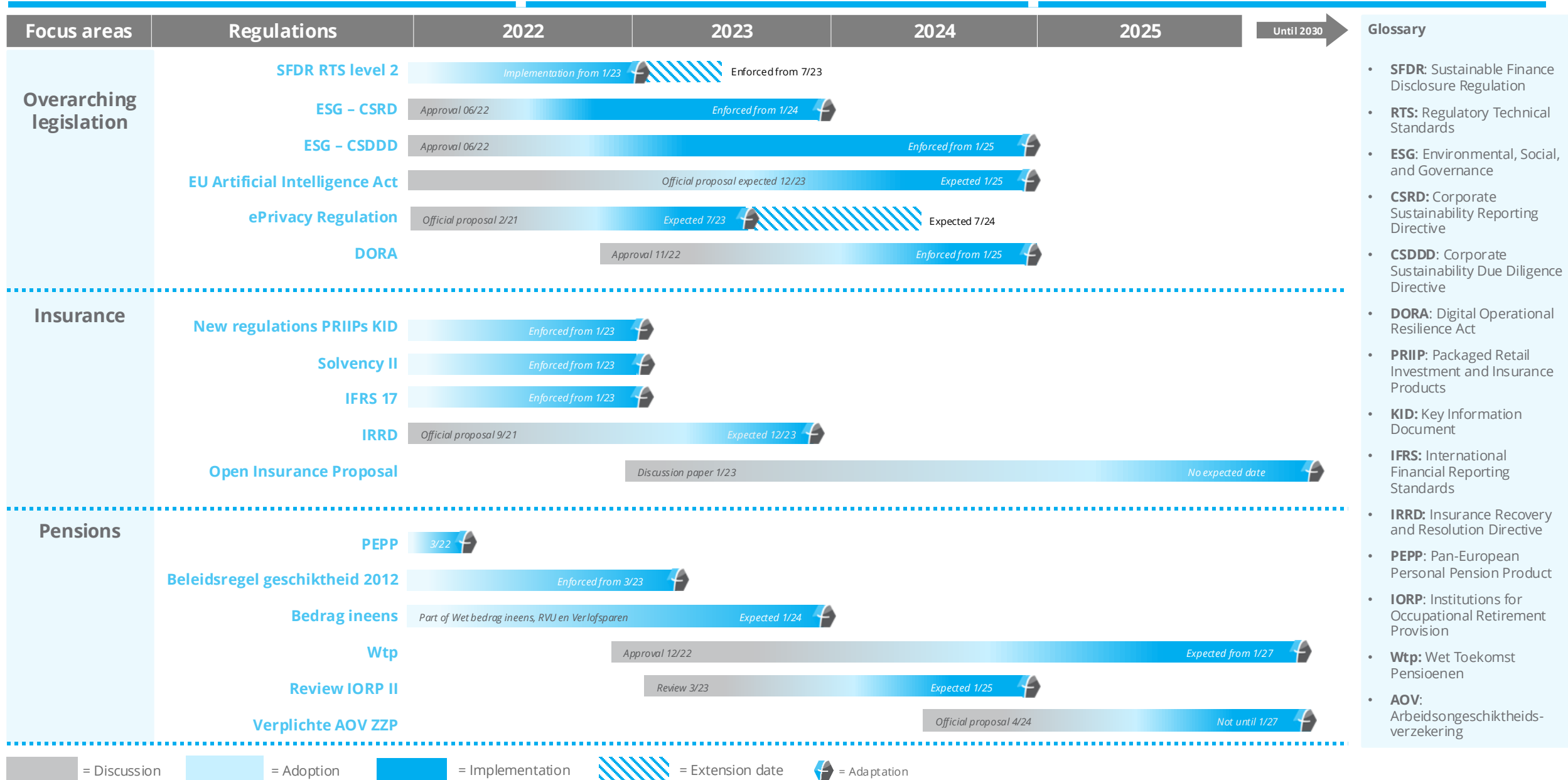
The proposal will be **reviewed** by the European Parliament and the Council of the European Union in up to three readings based **on objectives, scope, key provisions and impact**. They evaluate public comments and feedback and may propose amendments or changes to the legislation. The proposal is sent back to the EC.

4. Implementation

Members in the EU now have to **implement the legislation into national laws** within a certain timeframe depending on complexity and type of legislation.

6. Review

Periodically, the EC and the EIOPA **review the effectiveness** of the regulations and propose necessary changes. The cycle of proposals and negotiations starts again.



For the coming years, the European Insurance and Occupational Pensions Authority (**EIOPA**) has set out its strategy. As one of the three independent European Supervisory Authorities, they coordinate supervision cross-border and work with national authorities to ensure consistent implementation of regulations. The EIOPA also functions as advisory body to the European Commission (EC), the European Parliament and Council of the European Union.

The overall focus the coming years is on **strengthening the resilience and sustainability** of the insurance and pensions sectors. To deliver on these objectives, the priority is on sustainable finance and supporting the industry in navigating digital risks and opportunities.

To tackle the industry's changing landscape, a range of strategic activities are planned, such as the integration of Environmental, Social, and Governance (**ESG**) risks into prudential frameworks and the implementation of the Digital Operational Resilience Act (**DORA**), that will strengthen the industry's ability to navigate digital challenges and ensure operational continuity. A comprehensive review of the EU Directive on the activities and supervision of institutions for occupational retirement provision (**IORP II**) will be undertaken to enhance regulatory effectiveness.

Note that many regulatory changes are not limited to the insurance and pensions industry. Rather, they are part of **broader regulations for the financial services industry** (1). These initiatives collectively respond to the industry's shifting dynamics and reinforce its resilience in the face of emerging challenges.

Vision: building a safe and sustainable EU for its citizens in times of transformation



Source: EIOPA Strategy 2023-2026 – EIOPA (2023)

(1) Regulatory Roadmap for EU Banks – FiSer Consulting (2023)

FiSer Consulting helps clients achieve successful transformations aligned with the future shape of the financial services industry. Our focus areas for insurance and pensions in 2023 include Risk Modelling, ESG and Climate Change, and the Wtp Program.

Whether it's navigating highly complex financial changes such as Wtp, SFDR, and ESG or executing more straightforward projects like establishing new customer journeys or optimizing IT, **we have the expertise to handle a wide range of projects and transformations.**

Focus Areas 2023

Risk Modelling

- Guidance and impact assessments of specific model changes

ESG and Climate Change Risks and Opportunities

- ESG and climate risks maturity scan
- Compliance with ESG and climate risk international standards and frameworks

Wet toekomst pensioenen (Wtp)

- Wtp impact assessments
- Wtp program and project management



Business Process Optimisation

- Process assessments & improvements
- Improvement implementation and guidance

IT Optimisation / Efficiency

- Digital strategy formulation
- Opportunity scan for new technologies (Blockchain, Robotics, AI)

Full Legacy Replacement

- Defining target architectures
- RFI / RFP orchestration and guidance
- Program and project management
- Business analysis



Lorin Hendriks - Insurance Practice Lead

Lorin has more than 10 years of experience of business and IT program and project management where he has a strong focus on achieving program/project milestones in a complex / dynamic environment. In addition, Lorin has always worked in the insurance domain and therefore has experience in all aspects (P&C and Life) of the insurance domain.

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Roos Meijer - Consultant

Roos is a consultant in the Insurance and Pensions practice at FiSer Consulting. Over the past 2 years, she was involved in advisory work for an insurance intermediary. She has extensive knowledge about risk minimization, the requirements of the WFT and the value of different insurance products for end-users. She is capable of identifying opportunities and can translate these to concrete actions.



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