Cross-Border Cooperation Platform on Gefion Insurance A/S – The Danish Financial Supervisory Authority has withdrawn Gefion's license

The Danish Financial Supervisory Authority has refused to grant Gefion Insurance A/S an extension of three months of the recovery period and therefore has withdrawn the company's license as insurance company.

Gefion Insurace A/S offers insurances through agents in Europe. The company primarily offers insurances to individuals and small and medium sized companies and focuses on specialty lines in the different countries. The agents are responsible for the underwriting and the administration of policies and claims. In some cases the claims administration is handled by a claims handling company.

On March 24, 2020, the Danish Financial Supervisory Authority (DFSA) decided not to approve Gefion Insurance's recovery plan, since the recovery plan did not provide sufficient evidence that the company would be able to fulfill the solvency capital requirement within 6 months and hence be able to adequately protect the interests of current and future policyholders.

As the company did not meet the solvency capital requirement before the end of the recovery period, the company submitted an application for an extension of the recovery period of three months.

The DFSA has assessed that Gefion Insurance's application did not provide sufficient evidence that the company would be able to fulfill the solvency capital requirement within the recovery period if an extension was granted. Therefore, the DFSA has withdrawn Gefion Insurance's license as an insurance company.

The DFSA has informed the host national supervisory authorities via an European Insurance and Occupational Pensions Authority (EIOPA) Cross-Border Platform of Collaboration about the su-pervisory steps taken towards Gefion Insurance.

The Danish Financial Supervisory Authority has published information including questions and answers on its website which may be useful to Gefion's policyholders. This information is also available in Danish.

Russia: Council renews economic sanctions over Ukrainian crisis for six more months

Why did the EU impose sanctions on Russia?

The Council today decided to renew the **sanctions targeting specific economic sectors of the Russian Federation** for a further six months, **until 31 January 2021**.

This decision follows the latest assessment of the state of **implementation of the Minsk agreements** – foreseen to take place by 31 December 2015 – at the video conference of the members of the European Council of 19 June 2020. Given that **full implementation has not yet been achieved**, EU leaders took the political decision to **roll-over** the **economic sanctions** against Russia.

Such restrictive measures were originally introduced in 2014 in view of Russia's destabilising actions against Ukraine, and target the financial, energy and defence sectors, as well as the area of dual-use goods.

The sanctions **limit access to EU primary and secondary capital markets** for certain Russian banks and companies **and prohibit forms of financial assistance and brokering** towards Russian financial institutions. The measures also prohibit the direct or indirect import, export or transfer of **all defence-related materiel** and establish a ban for **dual-use goods** which may **have military use** or be used by **military end users in Russia**. The sanctions further curtail Russian access to certain **sensitive technologies that can be used in the Russian energy sector**, for instance in oil production and exploration.

New report: Funding women entrepreneurs: How to empower growth

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Women are at the forefront of our fight against the coronavirus pandemic, representing 70% of the health and social sector workforce globally. As our economies are facing an unprecedented recession, a massive and coordinated response is required to avoid leaving the economy badly scarred for longer. Women could play a decisive role in the recovery as well. Considering gender equality and empowering women entrepreneurship could help to accelerate and fortify our recovery, especially given that women-led businesses tend to be more productive, faster-growing and innovative. Empowering women's participation in the labour market and encouraging entrepreneurship could thus add billions to the economy. According to the European Commission, improvements to gender equality could create 10.5 million jobs by 2050 and boost the EU economy by between €1.95 and €3.15 trillion.

In this context, the new report, "Funding women entrepreneurs: How to empower growth", prepared by the joint EIB and European Commission InnovFin Advisory, provides a sound market overview of the funding landscape for women-driven businesses. It assesses the access-to-risk-capital conditions for these firms and analyses trends in venture capital funding for women-led and women-founded companies in the EU, the United States and Israel. The report is based on data from PitchBook and interviews with market practitioners from the European venture community and other stakeholders.

"Our collective crisis response measures offer a unique opportunity for EU Institutions and the EIB Group to empower growth via targeted advisory support and financing for women-led businesses and to put them on a stronger footing for the future," said Lilyana Pavlova, EIB Vice-President. "Putting our full weight behind female entrepreneurs makes fundamental sense. In addition, bankers and investors increasingly see that it is not only ethically and socially the right thing to do, but also an engine to empower growth in our economies. In recent years the EIB has put its financial weight behind a series of gender-focused projects in Europe and beyond, but we are well aware that much still remains to be done."

Read the full report

Persistent funding gap but promising trends

The report finds that women-led start-ups are not funded on an equivalent basis to men-led start-ups. They only account for a small portion of the deal flow and overall volume invested. This is due to the combination of a lack of female representation among founders and investors, gender investment bias and risk aversion. Despite the significant structural disparities, the report finds substantial evidence in support of an optimistic outlook for women entrepreneurs. Overall, the data suggest that the investment climate for women entrepreneurs in the EU is slowly improving, although differences in the overall proportions still exist.

Fewer female entrepreneurs and investors

Across Europe, the report observes a relative lack of female to male entrepreneurs: women represent roughly 52% of the overall population in Europe, but constitute 34.4% of the self-employed in the European Union and 30% of its start-up entrepreneurs. This imbalance goes hand in hand with women's self-reported preference for sources of self-funding, or "bootstrapping", and so their businesses would appear to contribute to a smaller demand for external financing at the outset of establishing a new enterprise.

Moreover, women are underrepresented in decision-making roles at venture capital firms. This matters as investment firms with women partners are over **twice** as likely to invest in women-led enterprises and over **three times** as likely to invest in enterprises with women CEOs.

Empowering growth and increasing funding for female-led businesses: recommendations

The report proposes and analyses a number of recommendations that could help to accelerate the transition towards a more balanced, accessible and ultimately better-functioning funding environment.

The recommendations include the introduction of new gender metrics in all relevant EU programmes, developing evidence-based policy support, a seal of excellence for investors rewarding gender-based investments, building a European network of "gender-conscious" investors to provide female founders with connections and funding opportunities, and exploring innovative financing solutions like "gender-bonds".

[ESMA responds to European Commission consultation on the Digital Finance Stragtegy]

Cooperation around financial innovation at EU level is key to remove fragmentation in the digital financial services market. ESMA believes that certain specific initiatives would support this goal, such as developing Digital Financial Identities, that are usable and recognised throughout the EU, based around the existing ISO 17442 global standard of the Legal Entity Identifier (LEI). ESMA's response also outlines several conditions needed for a well-regulated data-driven financial sector, including appropriate skills, data standardisation and data security.

In its response, ESMA focuses on:

· risks and benefits of digitalisation of the financial sector. Benefits include increased speed, efficiency, convenience and greater economies of scale as well as automated tools that help firms and authorities detect cases of poor conduct. Risk areas include data security, operational incidents, data privacy, pricing, sales practices and the financial exclusion of some individuals;

· ensuring a technology-neutral EU financial services regulatory framework that supports innovation. An EU-wide harmonised regulatory/supervisory framework is necessary to allow innovative firms in the EU to reach the scale that they need and provide for the necessary safeguards to investor protection, financial stability and orderly markets.

· removing fragmentation in the single market for digital financial services. An important way to address fragmentation in the single market for digital financial services is through cooperation at EU level, for example through the European Forum for Innovation Facilitators (EFIF) established by the Joint Committee of the ESAs. Certain specific initiatives such as electronic identification initiatives, including eIDAS, can support the goal of removing fragmentation in the single market for digital financial services. Digital Financial Identities that are usable and recognised throughout the EU depend on the introduction of a unique standardised and harmonised means of identification. Such means already exist in the financial sector in the form of the LEI, which should be promoted to the maximum extent possible.

· promoting a well-regulated data-driven financial sector. A challenge for firms, authorities and consumers alike is to build the necessary knowledge and expertise to benefit from digital technologies. Key requirements for efficient and easy use of data are data standardisation and harmonisation, security of IT-systems and legal certainty regarding pertinent responsibilities, liabilities and usage permissions. For publicly available data to be easily usable, they need to be subject to unrestricted access in a timely manner. Data quality issues should be addressed through robust verification mechanisms, and text data need to be in machine-readable format. An area of interest for ESMA is the potential for AI-based tools (such as machine learning) to support the authority's statistics-related activities.

A letter to the EC from Steven Maijoor, the ESMA Chair, accompanies the response and summarises the main points. To prepare its response, ESMA has taken into account the detailed analyses it has carried out in recent years on topics such as Distributed Ledger Technology and Crypto-Assets (CAs).

EIOPA responds to the European Commission's Digital Finance Strategy consultation

Today, the European Insurance and Occupational Pensions Authority (EIOPA) responded to the consultation of European Commission on a new digital finance strategy for Europe. In its response EIOPA highlights that a sound approach to financial innovation should strike a balance between enhancing financial innovation and ensuring well-functioning consumer protection and financial stability frameworks. A level playing field and technological neutrality are crucial.

In particular, EIOPA considers that further improvements can be achieved in the following areas:

- Insurance regulation must be fit for purpose. For this reason, it is crucial to understand how new technologies and business models drive new risks and opportunities. Improvements and clarifications can be introduced, e.g. on paper requirements by default, on the definition of insurance, and on outsourcing requirements.
- There must be a fair, ethical and transparent use of data. Data is a key driver of financial innovations such as those enabled by artificial intelligence. Data analytics governance frameworks are crucial to engender trust and ground the use of data in common ethical principles. This is an area where stakeholders have called for more guidance, so EIOPA is working with an Expert Group on Digital Ethics in insurance, drawn from a wide range of stakeholders, to bring further clarity on fairness, explainability, and governance aspects of artificial intelligence and similar use cases.
- Access to relevant datasets is critical for insurance. In this context EIOPA underlines:
    - Open Finance/Open Insurance: EIOPA has recently started a broader

discussion with stakeholders on possible balanced, forward-looking and secure approaches to Open Insurance and its risks and benefits to the insurance industry, consumers and supervisors. This work is currently on-going, and so preliminary views on potential risks and benefits should be treated cautiously. However, EIOPA sees some potential for the sector if handled sensitively.
- Internet of Things data: EIOPA encourages the European Commission to promote the interoperability of applications and portability of data between different platforms (i.e. reduce lock-in effects), and to improve the power of consumers to switch between providers.
- Cyber incident reporting data: a common incident reporting framework is critical for sharing knowledge about incidents and to encourage the development and growth of sound underwriting practices.
- Data standardisation: EIOPA believes it is critical that future standardisation is built on what has already been achieved. EIOPA has extensive experience in this regard and is ready to be closely involved in future discussions on data standardisation. Innovation and digitalisation could also benefit from a wider adoption of existing standards (e.g. the LEI).

See EIOPA’s response