

ECB: Panetta and Schnabel appointed members of the executive board



Today, the European Council appointed Fabio Panetta and Isabel Schnabel to be members of the European Central Bank's executive board as of 1 January 2020.

The decision was taken by the European Council by written procedure.

The Council (Economic and Financial Affairs) issued a formal recommendation to the European Council to appoint Fabio Panetta on 10 October 2019 and a similar formal recommendation to appoint Isabel Schnabel on 8 November 2019.

The European Central Bank Governing Council delivered its opinions on Panetta on 23 October and on Schnabel on 11 December. The European Parliament delivered opinions on both candidates on 17 December.

Background

Article 283(2) of the Treaty on the Functioning of the European Union specifies that appointments to the ECB executive board are made "by the European Council, acting by a qualified majority, from among persons of recognised standing and professional experience in monetary or banking matters, on a recommendation from the Council, after it has consulted the European Parliament and the Governing Council of the European Central Bank."

The ECB executive board is responsible for the implementation of euro area monetary policy, as laid down by the ECB governing council. It is composed of the President, the Vice President and four other members, all appointed for a non-renewable 8-year term. The governing council is composed of six executive board members and the governors of national central banks of the euro area member states.

Estonia: Eesti Energia signs financing agreement with EIB

- EUR 175 million loan from EIB for investments into electricity distribution network.
- Financing will support refurbishment of existing power lines and construction of new ones, as well as smart meters, public lighting and e-vehicle charging stations.

Eesti Energia has signed a EUR 175 million loan agreement with European

Investment Bank (EIB) to finance investments into its distribution network. Maximum tenor of the debt facility is 20 years.

The European Investment Bank shares a long history with Eesti Energia, having provided the company with over EUR 500 million in loans since 2004. The facility regards investment activities to extend and refurbish the electricity distribution networks in Estonia during the period 2019-2023 and includes investments in public lighting and charging stations for electric vehicles to take place in the same period.

The EIB's Vice President **Alexander Stubb** commented: "Demand for electricity is going up all around the planet, which puts a heavy burden on the network. We're very happy to continue our collaboration with Eesti Energia, with whom we've been working ever since 2004, to support employment and energy security in Estonia."

At completion, some 4.100 km of the distribution network will be refurbished, with another 1.100 km newly constructed.

Background information:

Eesti Energia is a state-owned international energy company founded in 1939 that operates in the energy markets of the Baltic Sea countries, and also in the international liquid fuels market. Eesti Energia's activities include operating the distribution grid, developing and operating renewable energy generation assets in the Baltic Sea area, offering energy solutions that include electricity, heat and fuel production, sales and customer service and other energy services.

EIOPA identifies areas where risks for consumers remain high, notably with unit-linked, credit life/credit protection, and add-on insurance products

- *Transparency and disclosure of information to consumers has overall improved*
- *The digitalisation of the insurance sector continues showing potential for improving the consumer experience and brings new opportunities for insurers*
- *However, areas that could cause potential consumer detriment continue being reported, with possible risks for consumers across the product*

lifecycle

- *Particular concerns relate to unit-linked, credit life/credit protection and add-on insurance products as well as claims management in motor insurance*

The European Insurance and Occupational Pensions Authority (EIOPA) published, today, its [2019 Consumer Trends Report](#) outlining major developments in the insurance and pensions sectors affecting European consumers.

Improvements in disclosure practices have been seen and digitalisation remains a broadly noteworthy trend, showing that financial innovations can bring benefits for both insurers and consumers, so long as they are adequately designed and properly implemented.

Accident and health insurance products continue being 'good value-for-money', with the medical expense line of business having the highest claims ratio and the lowest commission rates for non-life insurance products.

Conduct issues related to unit-linked, credit life/credit protection insurance and add-on insurance products have become more prevalent. Claims management in motor insurance, in particular in some markets, also remains an area of concern.

- **Unit-linked insurance.** Concerns continue on the poor levels of consumer understanding, product complexity, unmitigated conflicts of interests, and poor returns – sometimes due to unnecessarily high costs. Issues were identified on the sale of unit-linked policies to vulnerable consumer groups.
- **Credit life and credit protection products.** These are increasingly under the supervisory scrutiny of NCAs and EIOPA. Even though they can bring significant benefits to consumers, potential for consumer detriment exists given generally high commissions that can lead to unmitigated conflicts of interests and some aggressive sales techniques. A data analysis shows that the ratio of acquisition expenses over gross written premiums, an indicator of commission levels, is high for other life insurance, with 151 insurance undertakings above 30% and 50 above 50%.
- **Add-on insurance.** Despite bringing peace of mind to consumers and generally being a low cost product, add-on insurance is also a potential source of consumer detriment across several European markets. Concerns relate to the possible exploitation of behavioural biases in the context of an increase in cross-selling practices and high commissions.
- **Innovations in the motor insurance.** These are broadly noteworthy, with an increase in policies being sold through comparison websites and an increasing uptake of telematics. However motor insurance-related complaints, due to claims management issues, continue to be the most prevalent complaints and have increased by 6% at the EEA level.

For pensions, with life expectancy increasing, a strain is being put on the decumulation phase. To address this issue, changes and innovations – such as

lifecycling or delayed retirement – are taking place.

Moreover, effective and clear communication with members is essential for them to be aware of both the product's characteristics and their pension situation. Given that more members prefer online and more interactive communication, innovations are taking place across several countries. Publicly or privately run pensions dashboards are also appearing, making it easier for consumers to access information on their overall pension situation.

Looking ahead, although regulatory changes that came into force in 2018 (Insurance Distribution Directive and the Packaged Retail and Insurance-based Investment Products Regulation) are already showing some positive developments – mainly in relation to disclosures – it is anticipated that there will be an increasing focus on product oversight and governance, to ensure that products are adequately designed and targeted, thereby ensuring good consumer outcomes.

Gabriel Bernardino, Chairman of EIOPA, said:

'Understanding consumer trends is an essential part of our work to identify where customers might suffer because of poor practices or lack of information. Despite evidence of improved disclosures, problems remain with product design and product review processes and undertakings and distributors must take responsibility for improving consumer outcomes. At the same time, where EIOPA identifies areas for concern we will take action. This was the case for certain business models in travel insurance, where EIOPA recently issued a warning. In 2020, we will launch a comprehensive thematic review on mortgage life and other credit protection insurance sold through banks, to gather evidence on areas of potential consumer detriment.'

The report is available on [EIOPA's website](#).

[Russia: EU prolongs economic sanctions by six months](#)



Today, the Council prolonged the **economic sanctions** targeting specific sectors of the Russian economy until 31 July 2020.

This decision follows an update by President Macron and Chancellor Merkel to the European Council on 12 December 2019 on the state of **implementation of the Minsk agreements**, to which the decision on maintaining sanctions is linked. Given that the Minsk agreements are not fully implemented, the

European Council unanimously took the political decision to renew the economic sanctions against Russia.

The measures target the **financial, energy and defence sectors**, and the area of dual-use goods. They were originally introduced on 31 July 2014 for one year in response to Russia's actions destabilising the situation in Ukraine and strengthened in September 2014.

The economic sanctions prolonged by this decision include:

- limiting access to EU primary and secondary capital markets for 5 major Russian majority state-owned financial institutions and their majority-owned subsidiaries established outside of the EU, as well as three major Russian energy and three defence companies;
- imposing an export and import ban on trade in arms;
- establishing an export ban for dual-use goods for military use or military end users in Russia;
- curtailing Russian access to certain sensitive technologies and services that can be used for oil production and exploration.

The duration of the sanctions was linked by the European Council on 19 March 2015, to the complete implementation of the Minsk agreements, which was foreseen to take place by 31 December 2015. Since this did not happen, the sanctions have remained in place.

[Visit the meeting page](#)

[Press release – Human Rights breaches in Russia, Afghanistan and Burkina Faso](#)



Russia

MEPs call on the Russian authorities to immediately repeal the country's law on 'foreign agents' and to bring existing legislation into line with Russia's constitution and obligations under international law. This law from 2012 requires the country's non-governmental organisations to register with the Ministry of Justice as 'organisations performing the functions of foreign agents' if they receive foreign funding or are engaged in vaguely described 'political activities'.

The resolution also condemns the recently approved amendments to the 'foreign agents' law', which considerably widen its scope and will allow for individuals to be discredited or labelled as 'foreign agents'. This measure is often used against civil society representatives, members of the political opposition or independent journalists.

The law also imposes specific requirements to register, label and do accounting for publications, and makes non-compliance a criminal offence, including the possibility of sanctions with heavy administrative fines or imprisonment of up to two years.

The text was approved by show of hands. The full resolution will soon be available [here](#) (19.12.2019).

Afghanistan

The European Parliament deplores the widespread and ongoing sexual abuse of thousands of boys and young men in Afghanistan, a practice locally known as *bacha bazi*, which constitutes child slavery and is prevalent in several provinces in the country. The *bachas*, typically boys between 10 and 18 years old, are often bought or kidnapped from impoverished families by influential members of the elite in rural areas, including politicians and army officers, after which they are sexually abused by men.

MEPs therefore call on the Afghan central and local authorities to eradicate

such practices and to set up a national victim support helpline dedicated to children's rights abuses. They also urge the Afghan government to start a nationwide campaign to educate the general public about the prohibition of *bacha bazi*, as only a combination of law enforcement and education will make it possible to achieve the cultural change needed to eliminate such abuse.

The text was approved by show of hands. The full resolution will soon be available [here](#) (19.12.2019).

Burkina Faso

MEPs condemn any form of violence, intimidation and the kidnapping of civilians in Burkina Faso, in particular violence targeting specific religious communities, as well as the misuse of religion to legitimise persecution of Christians and other religious minorities.

Since 2015, jihadists and other armed groups that were previously active in neighbouring Mali have terrorised the Burkinabe population and attacked state symbols such as military targets, schools and health care facilities. In 2019, over sixty Christians were killed in multiple attacks, the most recent one on 1 December against a Sunday service at a Protestant church in the Eastern town of Hantoukoura, which resulted in 14 casualties.

The European Parliament is concerned about the deteriorating situation in Burkina Faso and its international geopolitical implications, and underlines that the EU's continued security and political assistance for the G5 Sahel-led efforts in the region is imperative.

The text was approved by show of hands. The full resolution will soon be available [here](#) (19.12.2019).