

EIOPA's stress test confirms strength of the European insurance industry

In response to the results of the 2018 insurance stress test carried out by the European Insurance and Occupational Pensions Authority (EIOPA), Olav Jones, deputy director general of Insurance Europe, commented:

"Insurance Europe is pleased to see that the 2018 stress test exercise confirms the strength of Europe's insurance industry with a baseline SCR coverage over 200% and Assets over Liabilities (AoL) ratio of 109%. The purpose of this test is to provide information on financial stability under adverse market developments. EIOPA chose in fact very extreme scenarios, for example the yield curve down scenario includes an interest rate which is equivalent to assuming zero European growth for the next 100 years. The results confirm that, even under the very extreme scenarios applied, the industry would pose no concerns over their ability to pay claims, with the overall AoL ratio remaining above 106% for even the worst scenario."

It is important to recognise that the regulatory framework for the insurance sector, Solvency II, is already a comprehensive risk-based system which sets conservative capital requirements by covering all the risks that insurers are exposed to. These capital requirements are based on stress scenarios applied to assets/liabilities and calibrated with extreme 1-in-200 year type events and are publicly reported. Therefore, the post-stress SCR ratios reported in the stress test represent the impact of an extreme stress on an extreme stress. Even on this basis the industry is shown to be very resilient.

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Notes for editors

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2. You can also receive Insurance Europe's news and press releases by following us on Twitter @InsuranceEurope.
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