

To: Economics & Finance Committee, Public Affairs Group, Communications & PR Committee

## EIOPA launches Europe-wide stress test for insurance sector

### | Latest Developments

On the 23 March the European Insurance and Occupational Pensions Authority (EIOPA) launched the second Europe-wide stress test for the insurance sector ([Stress Test Framework](#) + [Stress Test Curves](#)). The stress test is conducted in cooperation with the respective national supervisory authorities and will be carried out until the end of May, based on 2010 year end.

The aim of this exercise is to receive information on the current vulnerability of the EU insurance sector to adverse developments. At this juncture, priority is given to learning about the economic effects over implementing a supervisory tool. The stress test uses prospective measures in Solvency II and specifications laid out for the last available impact study. EIOPA points out that the stress test will be conducted on a best effort basis and undertakings are able to use reasonable approximations, and proxies, where necessary. Results will therefore need to be interpreted with this qualification.

This stress test aims to identify and quantify the impact of three different stress scenarios:

- Baseline scenario: severe stress
- Adverse scenario: even more severe market deterioration in the main macroeconomic variables
- Inflation scenario: assumes an increase in inflation, which forces central banks to rapidly increase interest rates
- And also includes a satellite scenario, which covers the risk of sovereign debt

The test will include a minimum of 50% of insurance companies per country measured by gross premium income.

The (lead) supervisors of the respective insurance groups and undertakings will be responsible for co-coordinating the exercise, collect data on all participating companies/groups subject to their supervision and make a qualitative assessment following the validation process. Following the collection of data the lead supervisor/national authority is then expected to submit the anonymised data to EIOPA for processing the results.

### | Next steps

- **28 March:** Workshop with participating groups/undertakings
- **31 May:** Results to be reported to national/lead supervisors
- **May:** Validation of results by national/lead supervisors
- **14 June:** Results to be reported by national supervisors to EIOPA
- **June:** Analysis of results and preparation of aggregate report
- **30 June:** Briefing to EIOPA Board of Supervisors and Communication
- **July:** Presentation of results to EFC, to the ESRB and public presentation of aggregated results

### | For more info

Ana Gonzalez-Paramo, Public Affairs, [Gonzalez@cea.eu](mailto:Gonzalez@cea.eu), +32 2 547 58 18  
Catherine Munt, Economics and Finance, [munt@cea.eu](mailto:munt@cea.eu), +32 2 547 58 62