

# 2021 STRESS TEST EXERCISE MAIN FINDINGS

Press conference

16 December 2021, Videoconference

# AGENDA

	17:45 – 18:00	Opening of the meeting
1.	18:00 – 18:20	Introductory remarks, results and next steps <b>Petra Hielkema</b> , Chair of EIOPA
2.	18:20 – 19:00	Questions & Answers



# 1. Introductory remarks

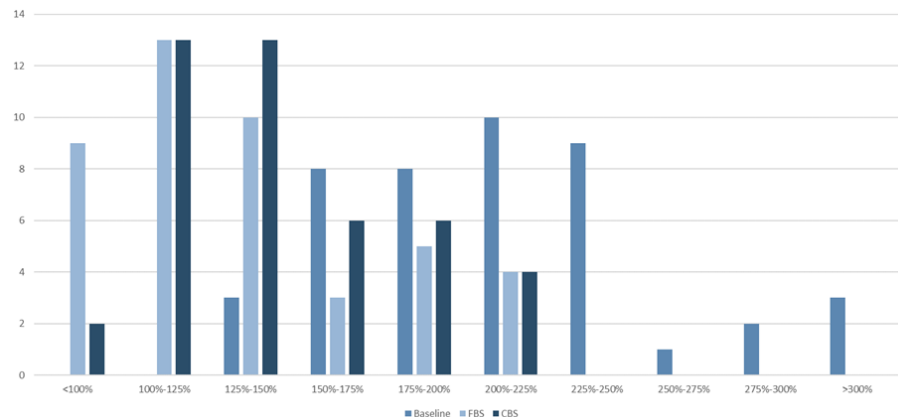


## 2. Results and next steps

# MAIN FINDINGS

## CAPITAL COMPONENT

### — SCR ratio – distribution of the participants in cohorts —



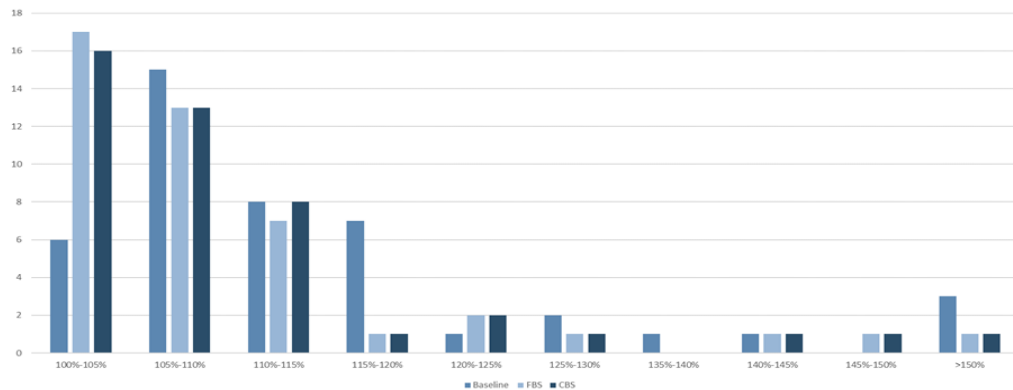
	Baseline	Fixed Balance Sheet	Constrained Balance Sheet
Solvency Ratio with transitional and LTG measures	217.9%	125.7%	139.3%
Solvency Ratio without transitional measures	204.6%	111.0%	123.8%
Solvency Ratio without LTG and transitional measures	173.3%	47.2%	55.1%

- ▶ Market shocks in form of “**double-hit**”
- ▶ The strong solvency ratio at the end of 2020 worked as a **needed buffer** to properly absorb the impact of the adverse scenario
- ▶ The industry **has at its disposal instruments** to cope with the adverse scenario
- ▶ Continuing **relevance of the long-term guarantees** and transitional package
- ▶ Part of the market still relies on **transitional measures** that are to be phased out by 2032

# MAIN FINDINGS

## CAPITAL COMPONENT

### — Asset / Liabilities – distribution of the participants in cohorts —



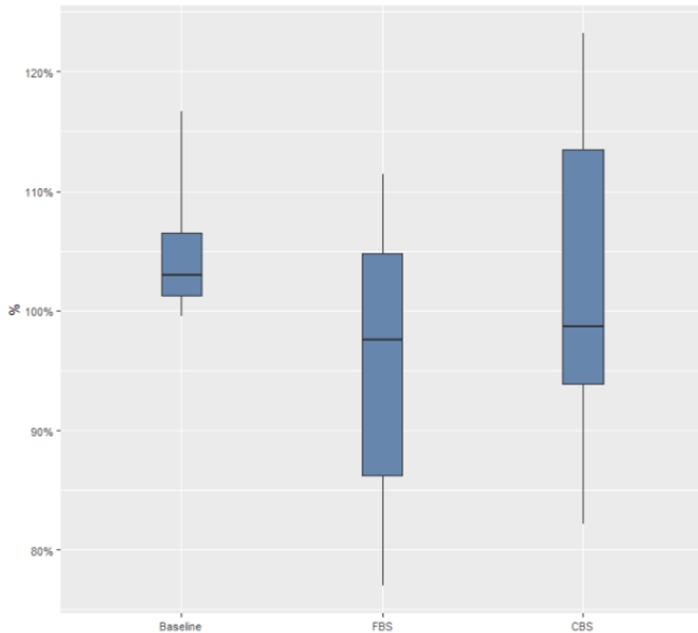
	Baseline	Fixed Balance Sheet	Constrained Balance Sheet
A/L Ratio with transitional and LTG measures	110.0%	105.9%	106.2%
A/L Ratio without transitional measures	109.1%	104.9%	105.1%
A/L Ratio without LTG and transitional measures	108.9%	102.2%	102.5%

- ▶ None of the participants falls under **100%** of the ratio in either the fixed balance sheet or the constrained balanced sheet simulations
- ▶ Reduction of the ratio is reflected in the **general shift in the distribution** of the A/L: post-stress concentration in the cohort of 100%-105%
- ▶ **relevance of the long-term guarantees and transitional package**

# MAIN FINDINGS

## LIQUIDITY COMPONENT

Sustainability ratio\*



- ▶ The **initial liquidity position** (approx. 70 billion EUR) is **materially impacted** by the prescribed shocks, resulting in an aggregated cash shortfall (approx. -10 bn EUR)
- ▶ Undertakings hold a **sufficient amount of liquid assets to cover the net outstanding amounts** between December 2020 and March 2021:
  - ▶ Use of **2.4%** (median value) of liquid assets at Dec. 2020 under fixed balance sheet
  - ▶ Use of **1.3%** (median value) of liquid assets at Dec. 2020 under constrained balance sheet

\*(Net cash flows - purchase and sale of assets + liquid assets at December 2020) / (liquid assets at December 2020)



## 3. Questions & Answers



THANK YOU!