



## Press Release

Contact: Anzhelika Mayer  
Phone: +49 (0) 69 95 11 19 6 8  
[press@eiopa.europa.eu](mailto:press@eiopa.europa.eu)

### EIOPA LAUNCHES EU-WIDE INSURANCE STRESS TEST

- *The exercise aims to test the overall resilience of the insurance sector and to identify its major vulnerabilities;*
- *Insurers will be tested against interest rate, corporate bonds, sovereigns, equity and property stresses as well as against insurance-specific shocks;*
- *The second module of the test represents a follow up to EIOPA's Opinion on Supervisory Response to a Prolonged Low Interest Rate Environment;*
- *The exercise will allow EIOPA and NSAs to define areas for further investigation and to focus supervisory responses;*

**Frankfurt, 30 April 2014** – The European Insurance and Occupational Pensions Authority (EIOPA) launched today an EU-wide stress test for the insurance sector.

The test package comprises two modules. The core module of the exercise includes two adverse market scenarios, covering financial asset stresses (sovereigns, corporate bonds and equities) as well, as shocks to real estate assets prices' and interest rates stresses. The adverse market scenarios are complemented by a set of independent insurance-specific shocks covering mortality, longevity, insufficient reserves and catastrophe shocks. The second module addresses the impact of a low yield environment and is a follow-up to EIOPA's Opinion on Supervisory Response to a Prolonged Low Interest Rate Environment. The adverse market scenarios have been developed in cooperation with the European Systemic Risk Board (ESRB).

It is envisaged that the stress test will cover at least 50% of the market share in each country both of life and non-life segments. Its results will provide a clear vision on the resilience of the insurance sector to different shocks and identify issues that require further supervisory response.

The technical basis of the stress test is the new insurance regulatory regime Solvency II, which will apply as of 1 January 2016. Simultaneous with the launch of the exercise, EIOPA publishes the Solvency II Technical Specifications for the preparatory phase that will provide a ground for undertakings to value assets and liabilities and to calculate solvency/minimum capital requirements and own funds.

The exercise will be run in close cooperation with national supervisory authorities (NSAs). The NSAs will collect data from undertakings in July 2014 and validate the information before it is aggregated at the EU level. To improve consistency in the calculations, during August and September 2014, EIOPA in cooperation with NSAs will conduct an EU-wide validation of the data received. Results of the stress test analysis will be disclosed in November 2014.

To facilitate the participation of undertakings in the exercise EIOPA will hold a workshop and will launch a Q&A tool to address queries raised by participants when completing the test.

Gabriel Bernardino, Chairman of EIOPA, said: "EIOPA's stress test is focused on the overall resilience of the insurance sector in the EU and on the identification of its major vulnerabilities in the emergence of relevant shocks. I believe that the design and the magnitude of the shocks will properly stress insurance companies' financial position and that the conclusions of the exercise will allow EIOPA and NSAs to define areas for further investigation and to focus supervisory responses".

Insurance Stress Test 2014: <https://eiopa.europa.eu/activities/financial-stability/insurance-stress-test-2014/index.html>

**Note for Editors:**

**Insurance stress test 2014** consists of **core-module and low yield module**. The core-module addresses (re)insurance groups and focuses on financial resilience. The core-module is based on market stress-scenarios and on single-factor-insurance stresses. Two market stress scenarios of the core module have been jointly developed with the ESRB.

The low yield module addresses individual (re) insurance undertakings only and represents a follow up on EIOPA's Opinion on Supervisory Response to a Prolonged Low Interest Rate Environment issued on 28 February 2013.

The **European Insurance and Occupational Pensions Authority (EIOPA)** was established on 1 January 2011 as a result of the reforms to the structure of supervision of the financial sector in the European Union.

EIOPA is part of the European System of Financial Supervision consisting of three European Supervisory Authorities, the National Supervisory Authorities and the European Systemic Risk Board. It is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union.

EIOPA's core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of insurance policyholders, pension scheme members and beneficiaries.