



Press Release

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EIOPA CALLS UPON NATIONAL SUPERVISORY AUTHORITIES TO ENSURE THAT INSURERS PROPERLY ADDRESS ALL RISKS TO THEIR SOLVENCY POSITION IN LIGHT OF THE WITHDRAWAL OF THE UNITED KINGDOM FROM THE EUROPEAN UNION

- *National supervisory authorities should assess the risks arising for their national markets.*
- *The Opinion sets out 14 areas where the determination of the solvency position of insurers will change.*
- *EIOPA will be closely monitoring the risks taking into account their nature, scale and complexity.*

Frankfurt, 18 May 2018 – Today, the European Insurance and Occupational Pensions Authority (EIOPA) has issued an Opinion on the solvency position of insurers in light of the withdrawal of the United Kingdom (UK) from the European Union (EU).

The objective of this Opinion is to call upon national supervisory authorities to ensure that all risks to the solvency position of insurers arising from the UK becoming a third country are properly addressed.

National supervisory authorities should ensure that the insurance and reinsurance undertakings under their supervision identify, measure, monitor, manage and report the risks arising from the UK becoming a third country and include them in their own risk and solvency assessment. Furthermore, national supervisory authorities should assess the risks affecting their national markets and, where necessary, take preventive supervisory actions.

The withdrawal of the UK from the EU might have an impact on the solvency position of insurers. Technical provisions, own funds and capital requirements of insurance and reinsurance undertakings in Member States other than the UK can change when the UK becomes a third country due to changed regulatory

requirements. In particular, Solvency II and other financial regulation distinguish between activities in and outside of the EU.

The Opinion sets out 14 areas where the determination of the solvency position of insurers will change. The areas include the risk-mitigating impact of derivatives, the recognition of ratings from UK rating agencies and the regulatory treatment of credit risk exposures situated in the UK. Not all of the changes may affect each insurance company.

Together with national supervisory authorities, EIOPA will monitor the risks to the solvency position of insurance and reinsurance undertakings. The monitoring will be proportionate to the nature, scale and complexity of the risks. National supervisory authorities should provide to EIOPA the necessary information for this monitoring within the current European framework for supervisory cooperation.

Gabriel Bernardino, Chairman of EIOPA, said: *"In their risk management, insurers should in particular prepare for the scenario that the UK becomes a third country and leaves the internal market. It is important that national supervisory authorities monitor and assess the risks to their national markets and take timely and effective supervisory actions."*

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