Solvency II

Solvency II is the prudential regime for insurance and reinsurance undertakings in the EU

Solvency II sets out requirements applicable to insurance and reinsurance companies in the EU with the aim to ensure the adequate protection of policyholders and beneficiaries.

At the core of the new regulatory framework Solvency II is an economic risk-based approach, which should enable the assessment of the “overall solvency” of insurance and reinsurance undertakings through quantitative and qualitative measures.

The business model of insurers and reinsurers is about taking risks, mutualising risks, managing risks while remaining solvent, and profitable.

Under Solvency II, the solvency requirements for the undertakings are determined on the basis of their risk profiles and on the way in which such risks are managed, therefore providing the right incentives for sound risk management practices and securing enhanced transparency.