

Review of illiquid liabilities and analysis of potential implications: Request for feedback launched

NEWS

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One of the most debated issues before the Solvency II implementation and still nowadays is the treatment of long-term insurance business. In addition to the LTG Review, EIOPA also embarked in work to further explore evidence on the features of liabilities, especially concerning their illiquidity characteristics. Therefore, a dedicated EIOPA Project Group on Illiquid Liabilities was set up. The illiquidity characteristics of liabilities may contribute to the ability of insurers to mitigate short-term volatility by holding assets throughout the duration of the commitments, even in times of market stress.

A Request for Feedback on Illiquid Liabilities is being launched today, on Monday 29 October 2018 and open until Friday 7 December 2018. With this, EIOPA asks stakeholders for feedback on the envisaged approaches to assess the illiquidity characteristics of insurance liabilities, the actual holding periods of assets of insurers as well as the risks of holding assets over a longer term.

Such analysis will contribute to EIOPA's further assessment whether the risks connected to illiquid liabilities and the assets covering long-term liabilities are adequately reflected in the current regulatory regime.