

The impact of EIOPA statement on insurers dividends: evidence from equity market

DOCUMENT

DATE:

31 Jul 2020

Abstract

In an environment of a quick unfolding crisis with high uncertainty, the European Insurance and Occupational Pensions Authority issued on 2nd April 2020 a statement requesting (re)insurers to suspend all discretionary dividend distributions and share buy backs aimed at remunerating shareholders.

Although, this should have a positive impact on the overall financial stability of the sector, it could have a negative impact on insurers' equity prices as a response to the published statement.

Hence, this article empirically investigates this potential effect using an event study methodology. Although, negative drops were observed in some cases, the obtained empirical results suggest that they were not statistically significant for the overall European insurers' equity market when considering the event windows covering a few days after the publication.

LAST UPDATED ON:

31 Jul 2020