



# EIOPA issues recommendations from EIOPA's 2021 Insurance Stress Test

NEWS

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The European Insurance and Occupational Pensions Authority (EIOPA) issued today its recommendations to supervisors and insurers based on the learnings and experience of EIOPA's [2021 Insurance Stress Test](#).

Having analysed the results of the stress test, EIOPA has now defined a series of actions that, once implemented, will result in a more resilient insurance sector in Europe. The recommendations fall into three categories.

Regarding vulnerabilities identified during the stress test, EIOPA emphasises the need to decrease undertakings' dependence on transitional measures. To address other vulnerabilities, national competent authorities (NCAs) should assess whether the risks that caused a sizeable drop in (re)insurers' SCR ratios are adequately managed. NCA's should also verify that undertakings allocate sufficient resources to properly assess risk not covered in the Solvency II reporting framework.

Two further recommendations focus on potential management actions. EIOPA recommends that NCAs investigate why certain entities chose not to assess potential management actions, while for those insurers that did assess them, EIOPA suggests closer analysis of the viability and reported impact of the management actions applied. NCAs should also evaluate how the decision-making processes, the ability to gather relevant information and the models used would allow them to rapidly respond to adverse developments.

Lastly, EIOPA included an individual undertaking-specific recommendation inviting the NCA concerned to take supervisory actions, including on-site inspections if needed, to further improve the validation process and the quality of data received from the participant.

#### [READ THE RECOMMENDATION](#)

#### Background

Recommendations are issued in accordance with Article 21(2)(b) of the EIOPA Regulation in order to address issues identified in the stress test.