



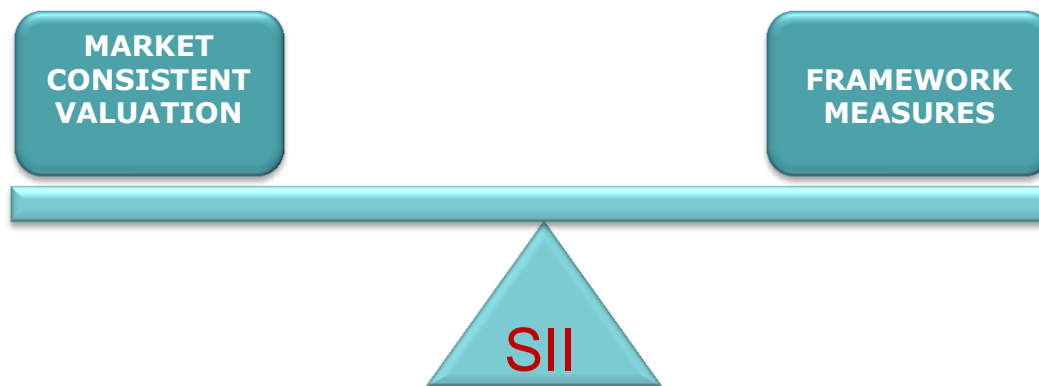
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Solvency II event: Ready, Steady, Go

Financial Stability and Crisis Management under Solvency II

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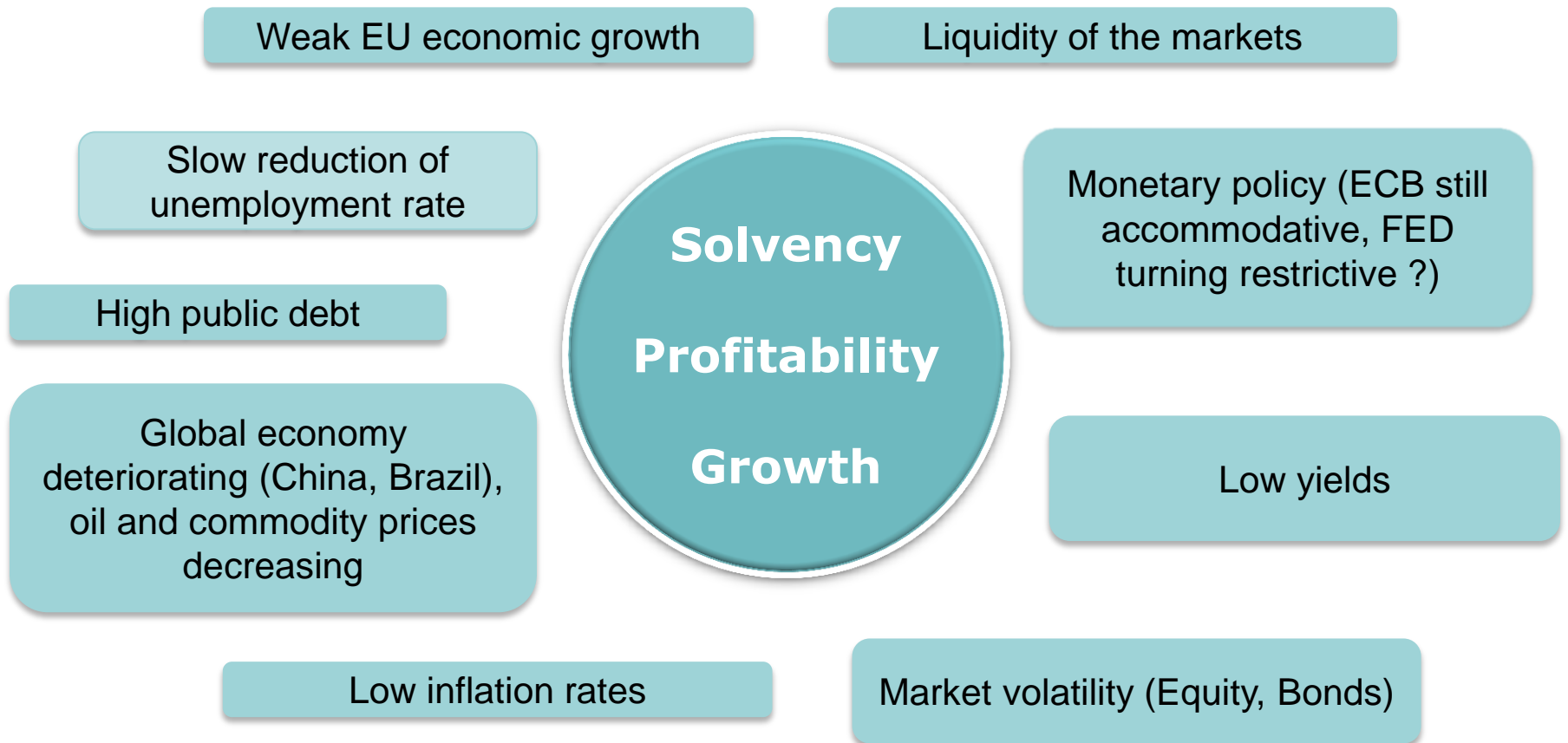


- Solvency II tries to strike the right balance:
 - Market valuation of all assets and liabilities is more transparent and close to reality
 - However, it may also create volatility and incentives for procyclical behaviour
 - LTG measures seek to limit this risk, subject to specific requirements

- Pillar 1 Measures
 - Symmetric adjustment to the equity risk module
 - Matching Adjustment
 - Volatility Adjustment
 - Transitional measures for the valuation of TP

- Supervisory review measures and other
 - Recovery plans and finance schemes
 - Extension of recovery period
 - ORSA

The current environment



Crisis management, Solvency II and the current low yield environment

- Can we further increase the resilience of undertakings?
- Limiting risky behaviour as insurers collectively “search for yield”
- Is a macroprudential approach needed in insurance?
- Considerations
- Possible future actions

- Information
- Financial Stability
- Crisis Prevention and Management

What have we actually done?



- Insurance Stress Tests
- IORPs Stress Test
- Thematic exercises
- Sound Principles for Crisis Prevention, Management and Resolution
- Participation in Crisis Management Groups of European G-SIIs
- A potential macroprudential approach to the low interest rate environment in Solvency II context
- Regular risk & vulnerabilities monitoring

Opportunities for further financial stability work



- Adjust/design models and risk indicators to the Solvency II regime
- Interconnectedness and cross-sectional analysis - an area of further work
- Cooperation with academia
- Enhance risk and vulnerability analysis

Opportunities for further financial stability work

SOLVENCY II

