

To: Solvency II WG
From: Prudential Team
cc:
Date: 30-06-2025
Reference: ECO-SLV-25-244

Subject: EIOPA Stress Test event 30 June - Lessons learned

Summary

On 30 June, the secretariat joined an EIOPA virtual event to conclude the activities of 2024 Insurance Stress Test Exercise. During the event, EIOPA presented and discussed the feedback received from the participants to the technical and operational aspects of the exercise, including the lessons learned.

The meeting also included representatives from the national supervisory authorities (NSAs) and industry associations.

EIOPA speakers

- **Petra Hielkema**, Chairperson of EIOPA
- **Dimitris Zafeiris**, Head of the Risks and Financial Stability Department, EIOPA
- **Matteo Sottocornola**, Financial Stability Team Leader, EIOPA

Key takeaways

- The next insurance stress test **remains planned for 2027**. EIOPA noted that the plans to “extend bottom-up stress tests to every four years or beyond” (as per EIOPA’s April 2025 [publication](#) on simplification) remain in development.
- Ahead of the 2027 exercise, EIOPA highlighted **3 guiding principles** of focus:
 - Target methodological improvements (focused on mortgage lending)
 - Prolonged interaction and early engagement with and other stakeholders
 - Disclosure of individual results, finding a stable approach.
- EIOPA has pointed to the 2024 stress test as being a **useful exercise** for considering geopolitical uncertainty while engaging with the ESRB, IAIS and the European Commission.
- EIOPA directly asked the secretariat to consider **forming a formal working group** with other industry associations to engage directly with EIOPA ahead of, and during, the next stress test exercise.
- EIOPA discussed cross-sectoral and macroprudential top-down stress tests, consider non-banking financial intermediation (**NBFI**). EIOPA remains engaged with other parties on this topic but continues to highlight the value of existing sectoral-specific tests and existing framework where insurers are well regulated.
- During the Q&A, one attendee highlighted the year 2027 will already require increased resources and planning for the **implementation of the Solvency II-review** – and running stress test in the same year could prove challenging.
 - EIOPA accepted this point and noted that it would consider this further in planning for the next stress test.

Participant feedback

- 35 of the 48 participants provided feedback to EIOPA through their survey.
- Feedback scoring was higher than the 2021 exercise equivalent in most areas. One notable area of dis-improvement was regarding the **timing for design** (from 3.8/5 to 3.5/5). This has prompted EIOPA to plan for earlier engagement in future.
- Technical improvements were highlighted in feedback, in relation to valuation of loans and mortgages, treatment of participations and liquidity data collection.
- Feedback on time spent on the exercise showed an average of **213 working days** per participant. Capital and liquidity aspects of the exercise were noted as 55% and 24% of the time spent respectively. **9 participants** used outsourced support

March 2025 volatility

- EIOPA communicated that the severity of the stress tests can be considered in the context of March 2025 market volatility. EIOPA note approximately **50% of their stress test scenario** were experienced, in reality.
- The secretariat queried for more detail on this and EIOPA explained the 50% shock is referencing EUR swap rate spikes in March 2025, compared with the **IORP 2025** stress test.
- The following was not discussed during the meeting – but is highlighted for members’ information:
 - This statement was also highlighted by EIOPA during the EP scrutiny session on Solvency II Level 2 on 24 June (secretariat summary - [ECO-SLV-25-228](#)).
 - The secretariat has investigated further and highlighted the IORP 2025 stress test states a **+100 bps** shock to 10-year EUR swap rate, compared to **+46 bps** equivalent for the Insurance 2024 exercise.
 - EIOPA’s June 2025 Financial Stability [report](#) states “the interest rate shock on March 3rd, which saw a significant increase in the 10-year German Bund – referred to as the European risk-free benchmark - and the 10-year euro swap rate. Over the course of just 1-2 days, rates rose by **30-40 basis points**, highlighting potential vulnerability to rapid market fluctuations.”