

### EIOPA stress test results confirm European insurance industry's ability to meet promises to customers even under extreme 1 in 1000-year events

Following the publication of the results of the 2021 Solvency II stress tests that were conducted by the European Insurance and Occupational Pensions Authority (EIOPA), Olav Jones, deputy director general of Insurance Europe, said:

"The results of this exercise clearly demonstrate the exceptional resilience of our industry, especially given the extreme nature of the stress test scenarios which included what the European Systemic Risk Board estimated as being up-to 1 in 1000-year events. The results also confirm that liquidity risk, while monitored and managed by insurers, is in practice not a material issue.

"The extreme scenarios assume that market interest rates in the Euro area would be far lower at -1% for around twenty years, and that at the same time most major asset classes suffer significant losses. Even sovereign bonds, which are traditionally seen as "safe-haven" assets are projected to lose value. Furthermore, the scenarios assume that 20% of relevant policyholders lapse their policies, and that insurers are subject to increased claims inflation.

"The fact that all of the insurers tested would continue to be able to honour all their obligations to customers under such extreme scenarios — occurring all at the same time — vividly illustrates the strength of the industry's balance sheets and risk management. It also shows that, while very low interest rates and pandemics are sometimes identified as business challenges for insurers in terms of customer protection, current capital levels are more than enough to provide protection far in excess of that targeted by Solvency II."

- Ends -

#### Notes for editors

- For further information, or to be added to our mailing list, please contact Richard Mackillican, spokesperson (tel: +32 2 896 48 22, [mackillican@insuranceeurope.eu](mailto:mackillican@insuranceeurope.eu)).
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