

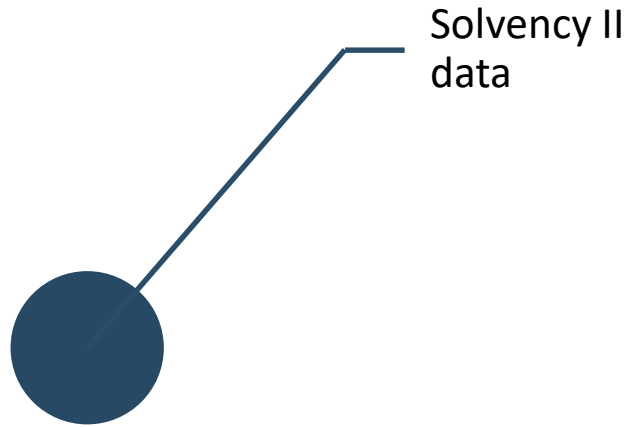
USE OF SOLVENCY II DATA RISK ANALYSIS AND MARKET MONITORING

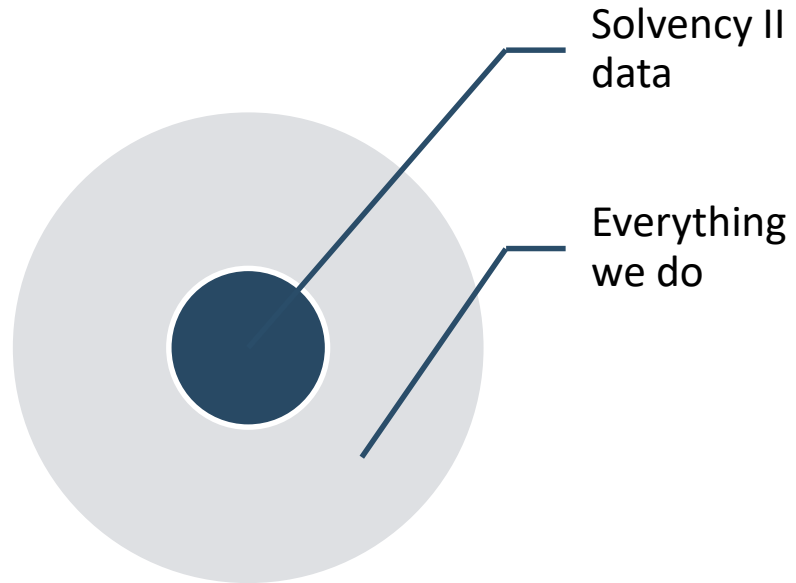
Workshop on insurance reporting (EIOPA/ECB)

Presenter: **Casper Christophersen**

Department: **Risks and Financial Stability Department**

Date: **20 October 2021**





OVERVIEW AND EXAMPLES (DATA SOURCES)

■ Pure SII products

- Statistics
- Insurance market overview

■ SII-based + external data

- Climate-change sensitivity analysis
- Risk Dashboard

■ External data + SII

- Bottom-up stress tests
- Physical risk study (and other data collections)



Thematic studies, articles, internal analysis (RFSC, BOS)



Findings communicated e.g. in Financial stability report or separately published reports

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STATISTICS

- Based on SII templates
 - Available by country, business type, EEA-aggregates
 - Available for groups and for solos
 - No manual adjustments, all based on submissions
 - Historical data updated with resubmissions

- Available as interactive tool, excel, CSV and PDF-downloads

https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en



STATISTICS

- Balance sheet
- Own funds
 - SCR ratios, distributions
 - LTG impact
- Information about model type in use
- Premiums, claims, expenses
- Cross border activity
- Financial stability indicators

https://www.eiopa.europa.eu/tools-and-data/insurance-statistics_en



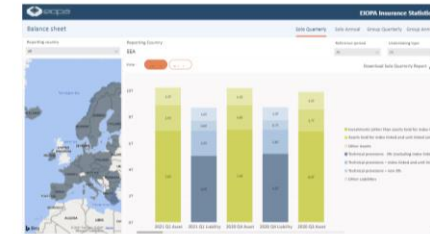
Insurance statistics

EIOPA provides statistical data on insurance undertakings and groups in the EU and the European Economic Area (EEA).

The statistics contain aggregated country level information about balance sheet, own funds, premiums, claims and expenses, asset exposures, use of transitional and LTG measures.

[To the Frequently Asked Questions](#)

Balance sheet



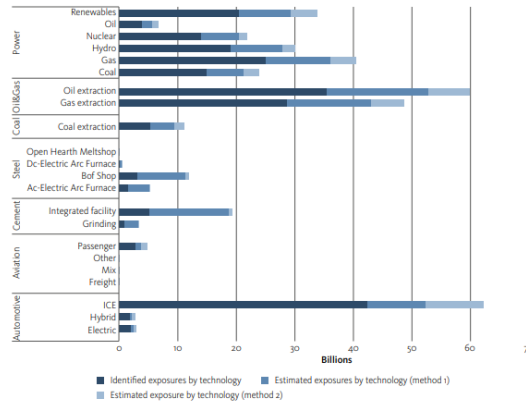
1. Balance sheet

2. Own funds
3. Premiums, claims and expenses
4. Asset exposures
5. Use of transitional and LTG measures
6. Cross-border premiums
7. European Insurance Overview
8. Previous statistical releases
9. Latest release which included the UK
10. Indicators from financial stability reporting
11. Legal disclaimer

SENSITIVITY ANALYSIS

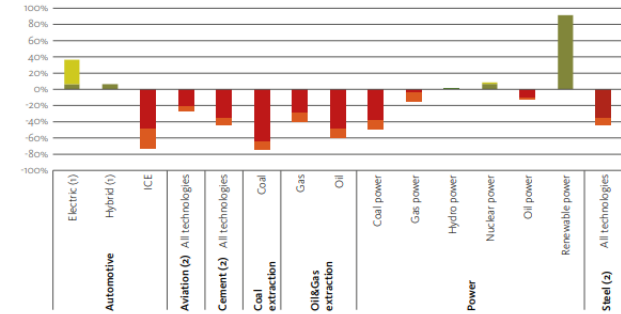
- SII data on investments is very detailed
- But limited on climate-change related data
 - NACE Sector
- But ideal for combination with external data sources
- Learning exercise to combine data with 2 Degrees Investing Initiative
 - Mapping of investments
 - Sensitivity analysis

Figure 12. Value of investments in key climate-policy relevant sectors. Corporate bonds and equity, incl. look through of funds (CIUs). All undertakings. Incl. unit-linked, EEA excl. UK



Source: Solo insurance undertakings reporting under Solvency II, 2019 Q4. The sectors coal and Oil&Gas represent fossil fuel extraction. In the power sector, it represents the fuel used to generate energy.

Figure 14. Price sensitivities per sector and technology for equity investments. Dark colour bars show the adjustments for the main scenario and the lighter bars show the additional impact under the supplementary scenario.



Source: EIOPA, 2DII and The Prudential Regulation Authority at the Bank of England (2019). Calibration based on 2019Q4 data for all solo insurance undertakings. (1) indicates that the main scenario calibration was based on the baseline (current policies scenario) and not the production profile. (2) indicates that the source for the main scenario calibration is the Prudential Regulation Authority at the Bank of England (2019).

RISK DASHBOARD

- Quarterly publication
- Data driven
- SII data and external data sources
- Currently 8 risk categories
 - Detailed annex with key data

Risk dashboard

The risk dashboard presents EIOPA's quarterly risk assessment of the European Union insurance industry



With the implementation of the Solvency II regime in January 2016 substantial improvements as regards the risk quantification and the reporting standards were introduced. The enhanced data of all (re)insurance undertakings subject to the Solvency II regime is the basis of the newly developed and improved analytical risk dashboard.

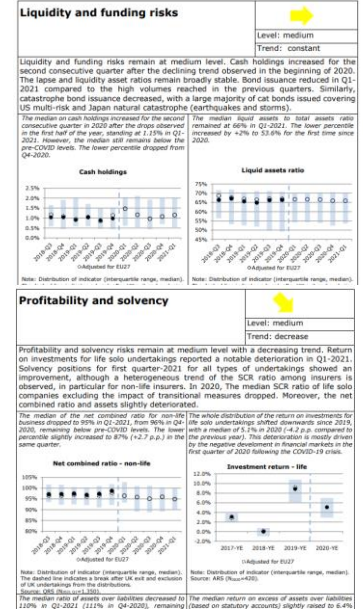
Key observations

Risk Dashboard July 2021 (Q1-2021 Solvency II Data)

Risk Dashboard July 2021

Risks	Level	Trend (past 3 months)	Outlook (next 12 months)
Macro risks	High	→	→
Credit risks	Medium	→	→
Market risks	Medium	→	→
Liquidity and funding risks	Medium	→	→
Profitability and solvency	Medium	→	→
Interlinkages and imbalances	Medium	→	→
Insurance (underwriting) risks	Medium	→	→
Market perceptions	Medium	→	→

Note: The structural break as of Q1 2020 related to the Brexit withdrawal agreement and represented with a dashed line indicates a break in the number of undertakings of the time series and rebalance of the country weights. Additionally, adjusted time series for EU27 before Q1 2020





THANK YOU!

For more information visit:
<https://www.eiopa.europa.eu>