Memo for information

To: Prudential Working group
From: Prudential team
cc:
Date: 09-02-2026
Reference: ECO-PRU-26-060

Subject: EIOPA Risk Dashboard - January 2026

Summary

The secretariat reviewed EIOPA's latest January 2026 dashboard and the corresponding news article. A high-level summary is provided for members below.

The January 2026 publication shows that risks in the European insurance sector are overall **stable at a medium level,** amidst an uncertain geopolitical environment weighing on the macroeconomic and market risk outlook.

- **Level** – There are no changes to levels compared to the October 2025 dashboard:
  - **Market** risk remains the only risk at a **high level** (orange) due to financial market volatility increasing slightly and valuation indicators suggesting detachment from fundamentals and annual indicators remaining at levels that still require attention.
  - All other risks remain at a medium level (yellow).

- **Trend** - Compared to the previous quarter, **liquidity and funding risks** have slightly increased, while **insurance risk** and **ESG related indicators** have slightly declined.
  - **Liquidity and funding risks** show a gradual upward trend, with bond issuance increasing and activity in the catastrophe bond market picking up.
  - **Insurance risk** levels show a slight decrease on the back of positive premium growth, with overall conditions suggesting a more balanced and sustainable risk environment.
  - **ESG** related risks are showing a downward trend with slightly higher participation in green bonds and a gradual decrease in climate-relevant assets.
  - All other risks showed a constant trend over the past 3 months.

- **Outlook** – The current stability is expected to persist over the next 12 months, with all risk categories anticipated to stay unchanged, except for **macro risks**, which are anticipated to increase.
  - The increase in **macro risks** is driven by persistent geopolitical instability, with tensions emerging in Venezuela, Iran and Greenland are further heightening uncertainty and volatility.
  - All the other risks have stable projections, including digitalisation and cyber risks, that had a growing outlook in the previous report.

Background

EIOPA's Insurance Risk Dashboard, based on **Solvency II data**, summarises the main risks and vulnerabilities in the European Union's insurance sector through a set of risk indicators. The data is based on financial stability and prudential reporting collected from insurance groups and solo insurance undertakings.

There are three aspects:

- **Level** – colour for the level of risk as of the reference date (yellow = medium, orange = high).
- **Trend** - for the 3 months preceding the reference date
- **Outlook** - for the 12 months after the reference date, based on the responses received from 23 NCAs and ranked according to the expected change in the materiality of each risk.