News Flash

Nº: **FLASH-25-014** Date: **30-01-2025**

To: Sustainability WG, Solvency II WG, Public Affairs & Communications Committee

EIOPA releases its opinion on 2023/2024 reassessment of the NatCat standard formula

Latest developments

On 30 January, EIOPA published its opinion on 2023/2024 reassessment of the NatCat standard formula.

Amid new scientific insights and increased catastrophic events, the reassessment conducted over the past two years, aims at ensuring that insurers' capital requirements for natural catastrophe underwriting risk adequately reflects natcat events' impacts.

In this document, EIOPA proposes adjusting standard formula risk factors for perils like flood, hail, subsidence, earthquake and windstorm for certain regions, while also expanding the number of countries considered. EIOPA is also considering a potential inclusion of emerging perils on top of the five risks factors already covered.

Background

Under Solvency II Review EIOPA will have the mandate to reassess, and, if needed, recalibrate natural catastrophe risk parameters at least every five years. The last update of standard formula risk weights took place in 2018. While under the existing Solvency II there isn't a mandated schedule for comprehensive recalibrations, EIOPA's undertakes monitoring and periodic reviews and makes recommendations to the Commission to ensure that the solvency capital requirements under Solvency II remain aligned with current market conditions and risks.

Next steps

- EIOPA proposals were submitted to the European Commission, which will consider EIOPA´s advice for a potential recalibration of the relevant standard formula parameters.
- Insurance Europe contributed to EIOPA's consultations in this area and will make an assessment of EIOPA's proposals in due course.

For more info

Public affairs team, publicaffairs@insuranceeurope.eu