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Answer given by Executive Vice-President Dombrovskis
on behalf of the European Commission
(3.7.2020)

Despite the extreme market events linked to the COVID-19 pandemic that have severely hit insurers' balance sheets, the insurance sector has remained overall healthy with solvency positions above the regulatory requirements. This is largely due to the robustness and prudence introduced by the Solvency II framework¹ and has revealed the capacity of the sector to absorb the current extreme economic environment without negative consequences for policyholders and risks for financial stability. So far, the Commission has not identified urgent issues that would require the adoption of short-term exceptional amendments to the Solvency II framework.

In addition, the current situation has so far not revealed any particular liquidity issues for insurance portfolios such as to trigger the need of urgent measures to support the cash flows management in the short term.

The Commission, in close collaboration with the European Insurance and Occupational Pensions Authority (EIOPA), will keep monitoring the solvency and liquidity of the sector and evaluate the need for possible mitigating actions in case the situation will change in the near future.

The main aspects of the Solvency II framework, including the risk margin, the national component of the volatility adjustment and the prudential treatment of equity investments that are mentioned by the Honourable Members, will be dealt with in the Solvency II review, as planned.

In this context, EIOPA, in close coordination with the Commission, has recently decided to postpone its technical Advice to the Commission for the Solvency II review to December 2020², to take account of the impact of the current COVID-19 situation. The Commission will take into consideration this updated technical Advice in its review.

¹ Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1); and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 12, 17.1.2015, p. 1).

² https://www.eiopa.europa.eu/content/eiopa-revises-its-timetable-advice-solvency-ii-review-until-end-december-2020_en.