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EUROPEAN INSURANCE
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Policy panel discussion:

Macroprudential policy beyond banking

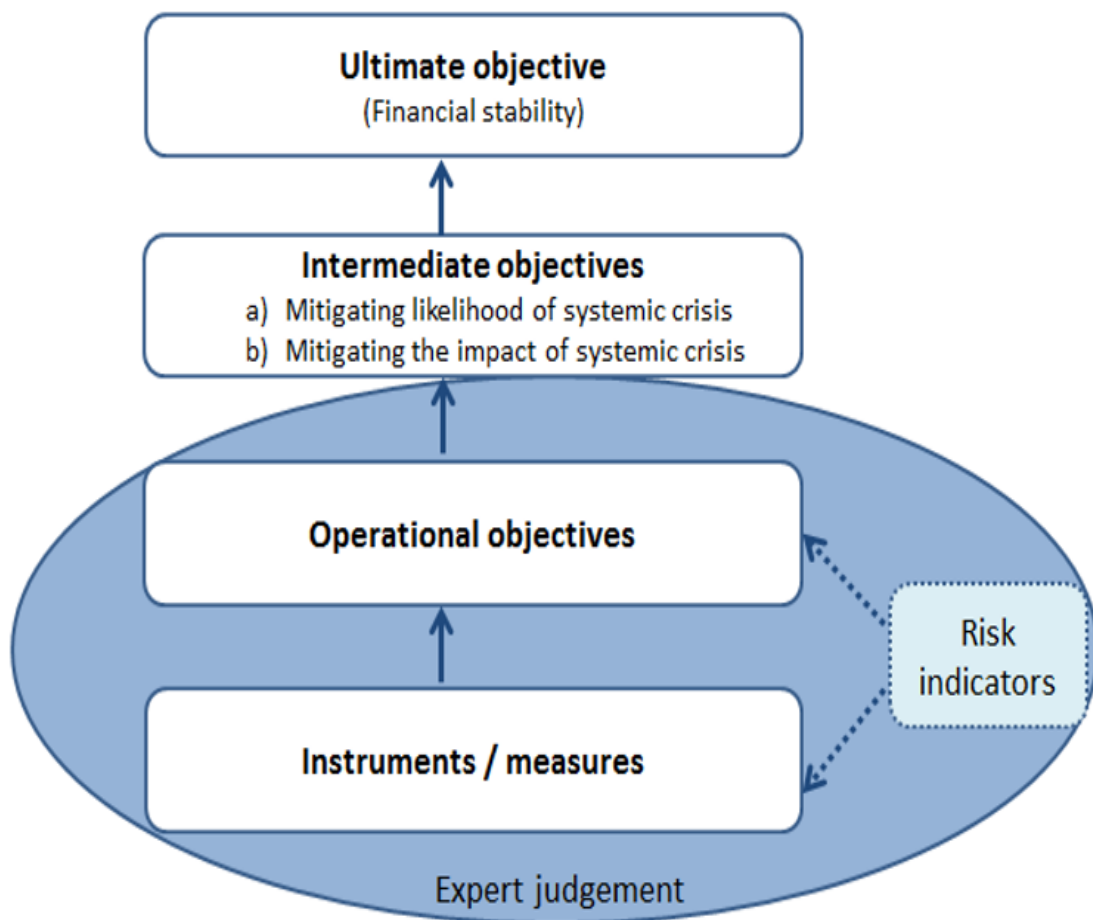
Gabriel Bernardino
Chairman

European Insurance and Occupational Pensions Authority (EIOPA)

European Systemic Risk Board - Second Annual Conference
22 September 2017

- Insurance plays important role in achieving a stable financial system
- Solvency II implementation in 2016 was a major step to mitigate the likelihood and the impact of failures
- But Solvency II is not a zero failure regime
- The review of Solvency II in 2021 is an opportunity to complete the prudential framework for the insurance sector in the European Union:
 - ✓ Macroprudential framework (including systemic risk)
 - ✓ Recovery and resolution framework (including insurance guarantee schemes)

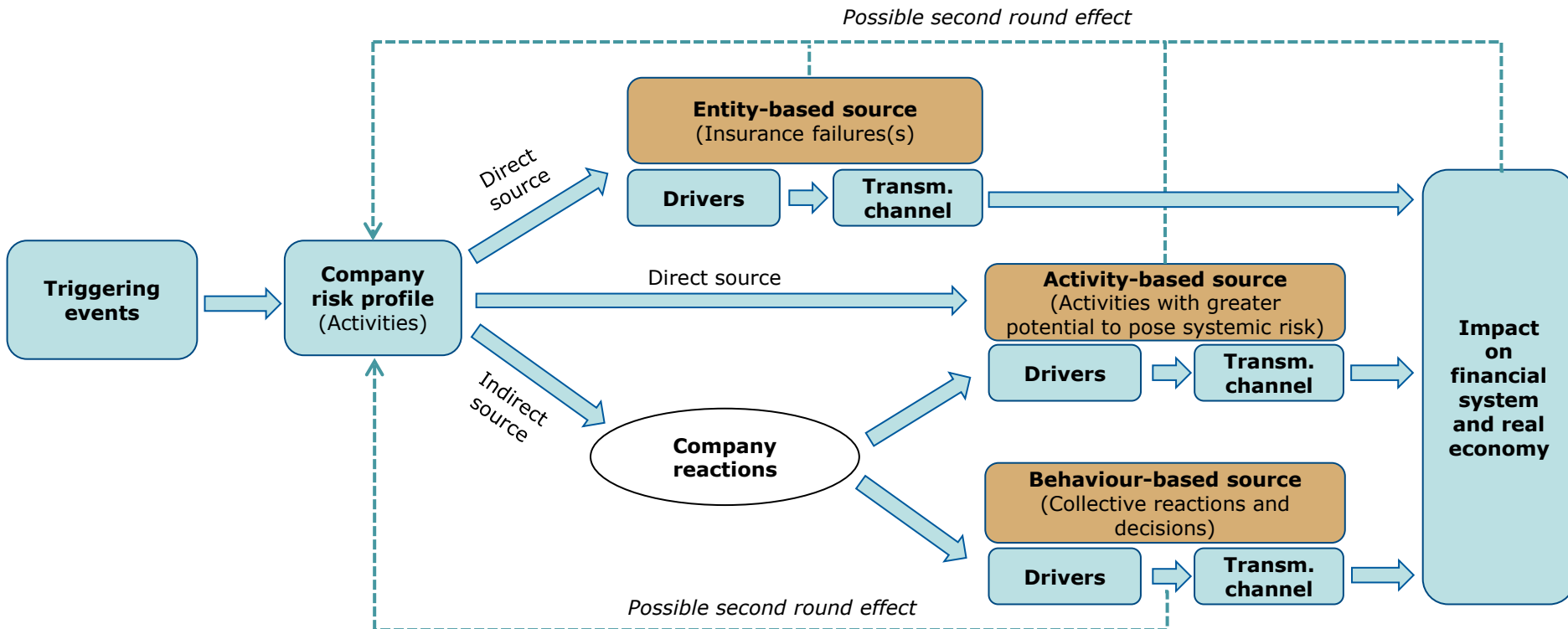
Macroprudential Framework for Insurance



Operational objectives

- ✓ Ensuring sufficient loss absorbency capacity and reserving
- ✓ Discouraging risky behaviour (e.g. “search for yield”)
- ✓ Limiting procyclicality
- ✓ Discouraging excessive level of direct and indirect exposure concentrations
- ✓ Discouraging excessive involvement in certain products and activities

Systemic Risk in Insurance



Recovery and resolution (EIOPA Opinion July 2017)



- **Key building blocks**
 - ✓ Scope – SII with application of the proportionality principle
 - ✓ Preparation and planning (e.g. recovery and resolution planning)
 - ✓ Early intervention, i.e. before the breach of the capital requirements
 - ✓ Resolution (including objectives, tools, etc.)
 - ✓ Cross-border cooperation
- **EIOPA's follow-up work**
 - ✓ Resolution funding
 - ✓ Insurance Guarantee Schemes



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Thank you for your attention

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