EIOPA publishes first

Risk Dashboard under Solvency II

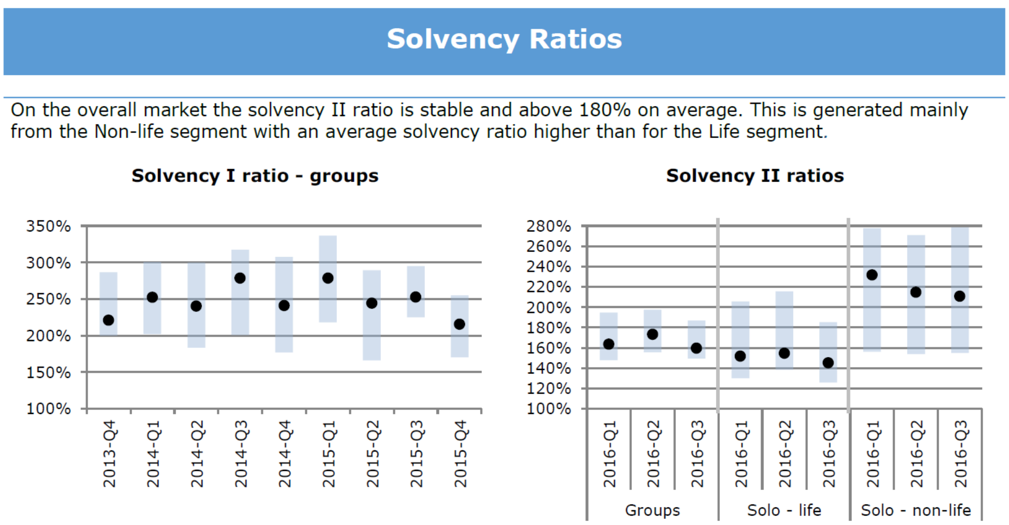
On 28 February 2017 EIOPA published its Risk Dashboard for the first time since the implementation of the Solvency II regime. Although Solvency II implied a major change in the methodological framework for the calculation of the solvency capital requirements, the initial transition to the new regime appears to have gone smoothly. The results for the third-quarter 2016 show that the low-yield environment and market risks continue to be a major challenge for the European insurance sector according to EIOPA.

The dashboard is a quarterly publication summarising the main risks and vulnerabilities in the European insurance sector by using a set of indicators grouped into seven risk categories: macro risks, credit risks, market risks, liquidity and funding risks, profitability and solvency risks, interlinkages and imbalances risks and insurance (underwriting) risks. An additional category "market perceptions" gives insight on how the insurance industry is perceived by financial markets.

The data covered by the Risk Dashboard is based on the financial stability and prudential reporting of a sample of 93 insurance groups and 3,076 solo insurance undertakings from Q3 2016. The previous Risk Dashboard was based on Solvency I data reported by 32 selected insurance groups on a best effort basis.

The full article can be viewed here.

Of particular interest are the comparative SCR Coverage ratios under Solvency I and II and the breakdown of these coverages between life and non-life under Solvency II. For groups, it appears that a Solvency I coverage of c. 215% at Q4 2015 evolved into a c. 165% coverage under Solvency II at Q1 2016.



Maiden and IRC

Maiden and IRC offer insurers a seamless continuum of capital solutions to address any SCR Coverage shortfalls. Our vision is to offer tailored capital solutions for both subordinated debt and reinsurance or a combination of both.

With the advent to the Pillar 3 disclosures many insurers are now setting SCR Coverage targets. Achieving and maintaining appropriate target SCR Coverage is of critical importance. Optimising capital composition under Solvency II is a key area for capital management over the next 5 years according to Deloitte (*Capital Management in Insurance Survey*, 29 Feb 2016).

Please contact us at business@insuranceregcap.com or your local Maiden Business Development team to discuss how we can provide optimised capital support to your business.

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Insurance Regulatory Capital

IRC provides eligible regulatory capital, principally in the form of Tier 2 subordinate debt, to mid-sized insurers that are too small to access the capital markets.
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