Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Insurance Newsletter

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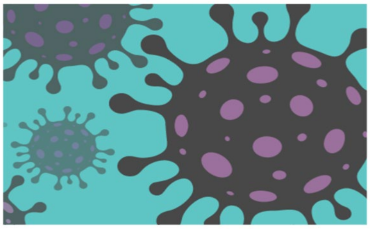
SEPTEMBER 2020



Financial Resilience: Navigating the Covid-19 Uncertainty

Covid-19 has been testing the resilience of the insurance sector in unprecedented ways. From a financial point of view, the sector as a whole entered the crisis with capital levels well above the requirements set by Solvency II and firms' solvency positions have generally remained robust across the industry. However, there is a long way to go, and the ultimate duration, path and scale of impact of the crisis – and any lasting economic and social legacy – remains very uncertain. It will take many months (or even years) for the full effects on the insurance sector to emerge.

As we move towards the year-end, it is timely for the Central Bank to share its expectations of firms for the sound and prudent financial management of their businesses as they navigate their way through the uncertainty. Many firms already have planning and Own Risk and Solvency Assessment processes ("ORSA") that operate to a high standard, with their worth being seen during the crisis, while others have room for improvement. Based on our observations over the last six months as the crisis has unfolded, there are some key considerations that boards and executive leadership teams should take into account as they reflect on their own recent performance, the effectiveness of their financial and risk management practices, and when making important reserving and business strategy decisions.

In this article, we focus on four areas:

1. Solvency measurement and monitoring;
2. Adequacy of technical provisions;
3. Importance of ORSA as a management decision making tool; and
4. Realism in setting business planning assumptions.

1. Solvency Measurement and Monitoring

Solvency II requires that a firm conduct their own ORSA through which they assess[1]:

- Overall solvency needs;
- Continuous compliance with the Solvency Capital Requirement ("SCR") and Technical Provisions ("TPs") requirements;
- Any deviation in the risk profile from the assumptions set out in the SCR.

Particularly in a fast changing and uncertain environment, we expect firms to be able to estimate their TPs and SCR coverage on a suitably regular basis. Firstly, as a financial management tool to inform the board and management's decision-making and, secondly, to underpin their Solvency II compliance obligations as described above. While many firms currently undertake regular calculations, others do not. Practicality and proportionality are considerations, of course, but the aim is to ensure that firms – and we as regulators - have up-to-date information to help navigate by. With this in mind, the Bank recently wrote to the compliance officers of all firms stating that it expects quarterly returns to include updated SCR calculations from the end of Q3 2020 (see Page 8, ***SCR Calculations – Request for Quarterly Updates***).

2. Adequacy of Technical Provisions

Covid-19 means that for many firms there will be greater uncertainty in the calculation of technical provisions than is normally the case. Methods that were appropriate in the past may not be so now, or in the future. Both Solvency II and the Domestic Actuarial Regime place the actuarial function at the heart of dealing with this uncertainty, including the assessment of TPs as covered in the Actuarial Opinion on Technical Provisions. Our article on Page 5, ***Actuaries Creating Transparent and Open Cultures***, highlights how actuaries can contribute to greater transparency around the calculation of technical provisions.

"for many firms there will be greater uncertainty in the calculation of technical provisions than is normally the case."

Through the work of the actuarial function, the board, and relevant senior executives, the Bank expects that:

- Firms will regularly assess the need to update their best estimate assumptions and refresh their approach as actual experience emerges (relative to prior assumptions) and as expert opinion about future prospects develops (for example, on the possible long term effects of Covid-19 on mortality and morbidity rates);

(continued over)

1. ORSA requirements are set out in Article 45 of the Solvency II Directive

- Regardless of a firm's stance on particular risks, the Head of Actuarial Function, and other stakeholders, should take into account the range of possible outcomes when setting the best estimate within the TPs. This will provide appropriate policyholder protection particularly in circumstances where there is contract wording uncertainty or exposure to latent claims;
- Where firms allow for material trends within the calculation of TPs, there should be sufficient evidence to support these assumptions and of discussion and challenge at board level. Firms should not assume that their experience in 2020 and assumptions set in earlier years are suitable for the future;
- Each assumption should be a best estimate. There should be no favourable adjustment to assumptions in one area, without good cause, merely to create headroom to offset the negative impact of adverse experience, poor underwriting results or the strengthening of different assumptions about the future in other areas.

3. The importance of ORSA as a decision making tool

No one could have predicted the specifics of Covid-19. However, under the ORSA process firms should already have considered situations that are similar in their impact. The ORSA forms an integral part of business strategy development, including potentially the reassessment of the firm's business model or parts of it. It is a fundamental tool through which to consider, inter alia, the impact of Covid-19 and the different possible future asset and liability stresses and adverse scenarios that arise. These include risks arising from combinations of stresses not previously observed or explored. In our experience, stronger ORSA processes show evidence of firms subjecting any material group links to robust risk management and stress testing. This has enabled those firms to respond much more proactively during the crisis to issues at group level.

"the ORSA is a fundamental tool through which to consider, inter alia, the impact of Covid-19"

Where firms face potential claims which are subject to a very wide range of possible outcomes (for example, business interruption claims under litigation), we expect them to consider worst-case scenarios when assessing the appropriate level of capital to hold. We also expect firms to have considered their liquidity risk exposures and contingency plans in stressed situations, areas that have historically received less attention within insurers than solvency. More generally, firms should consider on an ongoing basis whether circumstances have changed to such an extent that the scenarios considered in the last ORSA are no longer adequate, or if there has been a change in the firm's risk profile to the extent that the results of a new ORSA would materially affect the decision making of the board.

4. Realism in business planning assumptions

As the longer-term structural impacts of Covid-19 are yet to be seen, firms need to make sure that they adequately consider the range of possible futures that face them. We expect firms to thoroughly review their business plans and ensure that they reflect a realistic assessment of the future, including a range of downside scenarios considered alongside the central projections. Firms should be realistic and prudent in the assumptions they make as part of their forward assessments of solvency and liquidity. Areas for consideration, as appropriate to each business, may include; new business volumes, lapse rates, unit linked fund management fee income, future product pricing margins, claims inflation rates, claims trends, investment returns, counterparty default rates and expense levels. In addition, the wider macro-economic impact of Covid-19, with shifts in social norms and consumer behaviour, has the potential to affect the viability of some life and non-life business models. Boards and executive teams should also not lose sight of the broader landscape (See Page 6 - ***Emerging Risks***).

Conclusion

The points covered above are clearly non-exhaustive. There are many other issues and risks beyond Covid-19 that firms must consider – not least, the challenges of Brexit and climate change. The Solvency II regime provides a solid framework through which directors, senior executives and regulators can navigate the COVID-19 uncertainty, with the ultimate objective of ensuring that the insurance sector operates in the best interests of its customers and the wider economy.

By **Peter Towers**
Senior Actuarial Advisor,
Insurance Supervision Directorate

CP 131 - Regulations for pre-emptive recovery planning for (re)insurers

During 2019, Deputy Governor Ed Sibley highlighted the importance of pre-emptive recovery planning for Insurers and committed to go to public consultation in 2020 on proposals to introduce formal recovery planning requirements for insurers under Section 48[1] of the Central Bank (Supervision and Enforcement) Act 2013. The Consultation Paper (CP131 - Regulations for pre-emptive recovery planning for (re)insurers) was published on 25 June. Below, we provide some background on the importance of pre-emptive recovery planning.

Background to the proposed regulations:
A well-functioning insurance sector safeguards consumers and contributes to economic growth and financial stability, therefore, it is important that insurers have both the tools and the means to prevent or reverse a deteriorating financial position in order to protect itself, its policyholders and the wider economy from failure.

Although the Solvency II framework has reduced the likelihood of insurers failing, it is not designed to eliminate this risk completely. Having in place an effective recovery framework for insurers will contribute to achieving policyholder protection, as well as maintaining financial stability. Adequate preparation and planning in the form of pre-emptive recovery planning should reduce both the probability of insurers failing and the impact of such failures.

Pre-emptive recovery planning forms part of the overall risk management process of insurers and fills a gap between the forward-looking ORSA (solvency focus based on severe but plausible stresses) and the existing ladder of intervention under SII following a breach of the SCR / MCR. As such, a pre-emptive recovery plans should cover a wider range of scenarios (liquidity, solvency and operational), less probable but more severe stresses and address issues such as crisis management governance, recovery indicators and escalation limits, a solvent wind-down scenario and operational continuity.

It is our view that pre-emptive recovery planning is necessary to facilitate increased awareness and preparedness within insurers including:

a) Promoting awareness and encouraging undertakings to prepare for a range of possible adverse situations;
b) Enabling undertakings to consider and evaluate the most appropriate and effective mitigation without the pressures of an actual severe stress; and
c) Enabling undertakings to identify more effective, comprehensive and thoughtful measures and to ensure their timely implementation if required.

Effective pre-emptive recovery planning informs strategic decision-making processes during a crisis and recognises that developing a strategy during an extreme stress can limit the scope of the planning, the detail of the review, and the efficacy of decision-making. The speed and scale of the recent Covid-19 developments further demonstrates the potential for severe stresses to emerge both from within the insurance business and from connectivity to entities operating in the broader economy

The Consultation Process:
The consultation paper details the Regulations that we are proposing to introduce. We are also proposing to issue accompanying Guidelines, setting out our expectations with respect to the structure and content of pre-emptive recovery plans prepared in accordance with the Regulations. These are also detailed in the consultation paper.

We request respondents to consider the following questions in addition to providing any general comments or suggested changes to the proposed Regulations or the Guidelines.

1. What, if any, other areas should be covered in the Guidelines or in future guidance?
2. Are there any areas where the application of proportionality can be improved or clarified?

The public consultation process on CP131 runs until 30 October 2020. Further information is available [here](#) on our website.

Insurance Insights

Actuaries Creating Transparent and Open Cultures

The scale of individual and corporate wrongdoing observed in financial services in recent years has profoundly affected public perception and credibility of the financial sector. With an increased focus on behaviour and culture of executive committees and individual accountabilities, the Domestic Actuarial Regime creates a good framework for actuaries to contribute to transparent and open cultures.

By **Grace von Offenberg Sweeney**
Head of Function – Actuarial, Insurance Supervision Directorate

What aspects of the Domestic Actuarial Regime drive transparent and open cultures?

- Transparency of individual responsibilities, requiring effective oversight of resources relating to actuarial function and improving risk management through recommendations.
- The breadth of opinions on key issues from reserving, underwriting, reinsurance and ORSA creates opportunities for open communication on matters relating to many aspects of the business, driving risk awareness and breaking down silo-ed decision making.
- 2020 will see the first peer review cycle completed for all undertakings on a 5 year cycle increasing the level of external challenge, creating opportunities for a more open culture and improving risk management.

How can the actuarial function contribute to a better culture for the protection of policyholders?

The adequacy of technical provisions is fundamentally linked to policyholder protection. By providing an independent view of risks, the Head of Actuarial Function plays an important role in advising Boards on how best to navigate through the uncertainties in order to ensure adequate protection for policyholders.

Are actuaries using the opportunity to increase transparency?

The Bank notes an improvement in transparency through the disclosures on key limitations relating to the Actuarial Opinions on Technical Provisions (AOTPs). It is encouraging to see approximately 30% of firms listing key limitations in the opinions at 2019 year end. We have also seen other opinions being used to identify key limitations and improve processes within firms.

Are there opportunities to improve?

- Specific limitations are more useful to Boards and management. Where generic limitations are noted, it's helpful if the effect of that limitation for the firm in question is made clear.
- More transparency in relation to the sensitivity of technical provisions to key assumptions. When testing the sensitivity of the technical provisions to changes in assumptions, the severity of the sensitivity used is sometimes unclear or not well motivated e.g. x% higher claims ratio without indicating how x% related to actual experience.
- More transparency of how limitations are taken into account in the calculation of the technical provisions.

Remind me, what were the improvements made to the Domestic Actuarial Regime?

Amendments were made to the Domestic Actuarial Regime which increased the level of transparency on key issues relating ultimately to policyholder protection. These amendments came into force in 2019

One of these amendments was for AOTPs to clarify the level of reliance that is placed on others, whether there are any key limitations in the calculation of the Technical Provisions and any recommendations for improvements.

The 'Domestic Actuarial Regime and Related Governance Requirements' can be accessed here on our website.

Emerging Risks & Climate Survey

The Central Bank of Ireland acknowledges the challenging environment that the insurance sector is facing as a result of COVID-19. Nevertheless, we consider it important not to lose sight of emerging risks more generally in the medium to long term.

By **Anne Marie Butler**
Lawyer, Strategy Team,
Insurance Supervision
Directorate

Emerging Risks

The term "emerging risk" can relate to both new risks that had not been previously identified, and to existing risks that are subject to new or unfamiliar conditions. The Bank expects Irish insurance undertakings to give appropriate consideration to assessment of emerging risk (and climate change in particular) and adopt a longer term perspective than typical business planning and strategy setting processes. Risk management frameworks, and undertakings' ORSAs in particular, should reflect these considerations, including taking a prudent approach to the high degree of modelling uncertainty. We expect to see evidence of robust analysis and challenge, including from the board, and timely and effective action.

In order to better understand Irish insurance undertakings' exposure to, and management of emerging risks, the Bank will issue an Emerging Risk Survey later this year, with a particular focus on climate risk (including flood cover) and cyber underwriting risks.

Climate Risk (including Flood)

It is a strategic priority for the Bank to address the challenges posed by climate change for the financial system. The Bank has a lead role in ensuring that financial firms incorporate climate change into strategic and financial plans, while ensuring that consumers have sufficient information to navigate the financial risks posed by climate change.[1] The insurance sector has a material exposure to climate change risk via three channels: physical, transition and liability risk.[2]

Locally, floods (both fluvial and coastal) present perhaps the most significant physical risk. Coastal and fluvial flooding have caused significant losses in the recent past. As climate change has the potential to increase the frequency and severity of flood risk in Ireland, the survey will incorporate assessment of flood risk coverage within areas protected by 18 Office of Public Works (OPW) flood defence schemes across the State, to be completed by insurers with exposure to Irish flood risks.

Cyber Underwriting Risk

The risks presented by cyber-attacks have increased significantly over recent years, with a noticeable spike in the number of cyber-attacks since the advent of the Covid-19 situation. Whilst we continue to focus on IT & Cyber Security controls across the insurance sector, we also need to understand cyber underwriting risk exposures, i.e. the extent to which insurance contracts may be exposed to cyber-related losses resulting from malicious acts e.g. cyberattack, and non-malicious acts (e.g. loss of data, accidental acts or omissions). This includes both:

- affirmative cyber risk, i.e. insurance policies that explicitly include coverage for cyber risk; and
- non-affirmative cyber risk, i.e. insurance policies that do not explicitly include or exclude coverage for cyber risk. This is sometimes referred to as 'silent' cyber risk.

'Silent' cyber is a particular concern, as insurers could be liable for significant cyber related losses from non-cyber policies, leading to unexpected increases in technical provisions, and a corresponding impact on solvency coverage.

Next Steps

We plan to issue an emerging risk survey encompassing these risks, to a representative

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1. Economic Letter 2019 – Climate Change and the Financial System
2. Physical Risks from climate change arise from a number of factors, and relate to specific weather events (such as floods, wildfires and storms) and longer-term shifts in the climate (such as changes in precipitation, sea level rise, and rising mean temperatures). Transition Risks can arise from the process of adjustment towards a low-carbon economy. Liability Risks from climate change can arise where parties who have suffered loss or damage from physical or transition risk factors seek to recover losses from those they hold responsible.

sample of insurers later this year. A short consultation process will be undertaken in September, followed by issuance of the survey. Undertakings will have approximately 4 weeks to submit responses. We will analyse responses and provide feedback on our key observations. When completing the survey, we would ask undertakings to consider the following:

- Level of awareness of these specific risks across the undertaking e.g. ORSA, Risk Management Strategy, Governance;
- Level of understanding of the nature of the risks and corresponding exposures;
- Allocation of appropriate resources to complete the survey; and
- Any additional measures that undertakings are involved in to address climate risk.

If you have any queries in relation to the Emerging Risks Survey please email:

INSA_EmergingRisksTeam@centralbank.ie

Business Interruption Insurance – New Supervisory Framework

On 5 August 2020, the Bank published the Covid-19 and Business Interruption Insurance Supervisory Framework, the objective of which is to seek early identification and resolution of issues which have the potential to cause customer harm, driving clarity for affected businesses as quickly as possible. The Framework outlines:

- The Bank's approach to the identification of potentially systemic issues of customer harm;
- The Bank's expectations of insurers to address those issues where identified; and
- The escalation strategy for intervention by the Bank where necessary.

Whilst some business interruption insurance policies do provide cover for the circumstances of interruption related to the outbreak of Covid-19, others clearly do not. In certain cases the position is unclear, but a strong or reasonable argument can be made that they do provide cover. The Framework is designed to identify and monitor insurers' approaches to these types of policies and to set out the Bank's expectations in relation to same.

Diversity & Inclusion in the Irish Insurance Sector

In July 2020, the Bank published 'A Thematic Assessment of Diversity & Inclusion in Insurance Firms'. The assessment highlights evidence of a lack of Diversity and Inclusion (D&I) in a sample of 11 insurance undertakings, including some of the largest insurers operating in Ireland. Following publication of the assessment, the Deputy Governor – Financial Regulation, Ed Sibley, remarked:

"Some progress is being made in terms of insurers recognising the importance of diversity and inclusion. However, progress is too slow. The lack of join up between diversity and inclusion policies and decisions being taken at the most senior levels of firms is striking."

The Assessment considered a number of factors including insurance undertakings' policies, procedures and practices, as well as their approaches to monitoring progress on D&I. Remuneration of men and women was also examined and an analysis was conducted into pre-approved control function (PCF) applications received by the Bank between 2012-2018.

Among the key findings and observations arising out of the Assessment are that most entities do not have a D&I strategy, and where there is a D&I strategy, it is not clear how this strategy is aligned to the overall company strategic objectives. The assessment concludes that most of the undertakings surveyed are not sufficiently prioritising D&I, and considerations of diversity and the overall effectiveness of boards and senior executive teams is not sufficiently evident in senior recruitment and succession planning.

The full assessment is available to view or download here on our website

Insurance Updates

SCR Calculations – Request for Quarterly Updates

On 7 September 2020, the Bank wrote to all insurance undertakings regarding the receipt of quarterly information under the Solvency II Framework. In light of the current environment, and the Statement issued by EIOPA on 27 July 2020, the Bank now expects all insurance and reinsurance undertakings to submit updated Solvency Capital Requirement (SCR) calculations on a quarterly basis. The Solvency II solo quarterly Own Funds template (S.23.01) submitted with reference dates from 30 September to 31 December 2020 inclusive should include an updated calculation (or at least an estimation) of the SCR. The resubmission of the previously submitted SCR (as currently allowed) will not be sufficient for reporting purposes.

We recognise the importance of focusing effort on the overall accuracy of the SCR, and that undertakings may consider a proportionate approach to less material aspects of the calculation. For Internal Model firms, we expect insurance and reinsurance undertakings using an approved partial or full internal model, to submit updated "Structured Internal Models SCR" templates on a quarterly basis that show the breakdown of the recalculated SCR reported in the Own Funds template (S.23.01). Notwithstanding the above, please note that an undertaking may be asked by their supervisor to provide a re-calculation of SCR on an ad-hoc basis. Should you require any further clarification, please contact Insurance Regulatory Reporting Queries Team: InsuranceRegulatoryReportingQueries@centralbank.ie

Insurance Industry Briefing

Preparations are underway for the our Central Bank Insurance Industry Briefing. The briefing is scheduled to take place on 12 November 2020. Due to ongoing Covid-19 restrictions, the briefing will be a web based event, with a key-note address provided by Domhnall Cullinan, Director of Insurance.

We will confirm the exact details of the web event over the coming weeks, and will communicate these to insurance undertakings.

Differential Pricing Review

On 8 September 2020, the Bank issued a letter to the insurance sector setting out its expectations in respect of the pricing of insurance policies. This concludes the first phase of the Consumer Protection Directorate's Review of Differential Pricing in the Motor and Home Insurance Markets. The Review, which commenced in January 2020, is being conducted in three phases: (1) market analysis; (2) quantitative analysis and consumer insight; and (3) findings and recommendations.

The purpose of Phase 1 was to establish the extent to which differential pricing is in use within these markets and, where it does exist, to determine how undertakings are utilising the practice and whether it is in line with the Consumer Protection Code. The Bank has identified a number of weaknesses in the market analysis phase that are of sufficient concern and these have been communicated to insurance undertakings. An FAQ Document for Consumers has also been published to our website. Phase 2 of the Review (Quantitative analysis and consumer insight) is already underway and the Bank will determine further actions based on the outcomes of this next stage in our work.

Central Bank of Ireland Portal - Rollout to Insurance Undertakings

On 19 August 2020, we rolled-out the new Central Bank of Ireland Portal to insurance undertakings. Initially the Portal will allow authorised users to view and request changes to specific institution details. Over time, it will offer services, including Online Returns, Fitness & Probity Applications and Industry Levy Management. Once you complete the registration process, it will allow us to set your institution up on the Portal.

At this point, your nominated Portal Administrator should have obtained their person code, created their password, and filed a Portal Administrator On-boarding Return via the Online Reporting System (ONR). If they have not done so, we request that they do so at the earliest opportunity. Please note, only one Portal Administrator per institution can be nominated via the Online Return. For more information, please visit the Portal Help pages on our website.

Central Bank Updates

Regulatory Service Standards Report

On 30 July, the Bank published the Regulatory Service Standards Performance Report for the first half of 2020. The Bank sets itself challenging standards for managing applications for authorisation and the assessment of Fitness and Probity applications. This report sets out the Bank's performance against those standards.

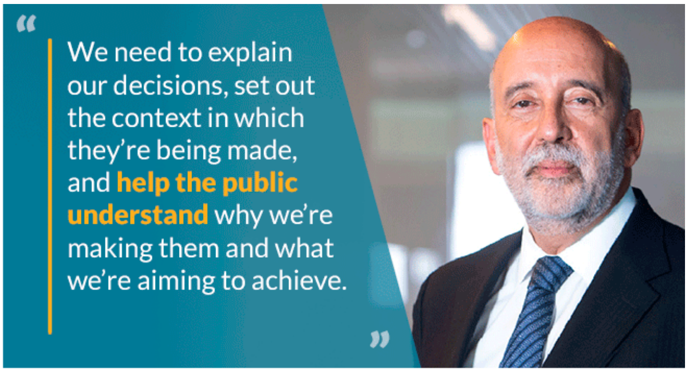
We are pleased to see that service standards were maintained throughout the period, when the Bank – like many of our regulated firms – moved from an office-based environment to remote working as a result of Covid-19 pandemic.

The most recent report finds that the Bank met or exceeded the standards in all 34 of the applicable targets. Over 5,500 applications and submissions were assessed during the first six months of 2020. The types of applications and submissions assessed included applications from funds and management companies, applications for the clearance of investment managers, debt and equity prospectuses, applications from retail intermediaries and payment firms, and various other activities.

Governor's Blog

In February 2020, Governor Makhlouf spoke on the subject of central bank communications and their importance in doing our job effectively. He outlined the importance of explaining our decisions, of setting out the context in which they're being made, helping the public understand why we're making them and what we're aiming to achieve by them.

Since April, Governor Makhlouf has published occasional blog posts, setting out how we are making sense of the pandemic and our understanding of its economic impact. He has also used the blog to help explain some of his own ideas, and to discuss other, non-pandemic-related, issues such as consumer protection, the debt challenge, and the wider economy.



The Governor's Blog can be accessed here on our website.

Covid-19 Information Hub

The spread of Covid-19 has been a major shock to economic activity in Ireland, the euro area and worldwide. The Covid-19 pandemic is a global public health emergency with few precedents. Apart from the obvious impact on public health, Covid-19 has also put many livelihoods at risk. The pandemic – and the necessary measures taken to mitigate it – is having significant economic consequences on people, businesses and the wider economy.

In line with our mission of safeguarding stability and protecting consumers, the Bank is attempting to contain these effects and is doing everything in our power to protect consumers, households and businesses. We've also created a Covid-19 section on our website to bring together relevant and timely information, guidance and policy decisions for consumers, businesses and regulated firms. Content is updated regularly as new information becomes available.

You can access the Covid-19 Hub here.

EIOPA Updates

EIOPA launch the Solvency II Single Rulebook

On 31 July 2020, EIOPA launched its [Single Rulebook](), an online tool focused on Solvency II that further promotes the consistent implementation of the regulatory framework for insurance supervision.

The Single Rulebook enables easier navigation across a multiplicity of legal texts, such as the Directive, Delegated Acts and Implementing Regulation, and also the various EIOPA Guidelines, Recommendations, Opinions and Supervisory Standards.

EIOPA plans to expand the scope of the Single Rulebook by adding Questions and Answers submitted via EIOPA's dedicated Q&A process. Nevertheless, to ensure that the Single Rulebook meets users' needs, EIOPA invites stakeholders to share their experience by sending any comments and suggestions to rulebook@eiopa.europa.eu.

EIOPA Risk Dashboard

On 17 August 2020, EIOPA published its updated Risk Dashboard based on the first quarter of 2020 Solvency II data.

The results show that the risk exposures of the European Union insurance sector remain generally high as a result of the COVID-19 outbreak. The pandemic has continued to cause disruptions in all financial sectors and economic activities. Insurers are particularly exposed to very high levels of macro risk, while market, credit, profitability and solvency risks are also at a high level. The reference date for company data is Q1-2020 for quarterly indicators, and 2019-YE for annual indicators. Risk Levels are based on a 4-level scale from Low (green) to Very high (red).

The latest Risk Dashboard, and the related observations, can be viewed here on the EIOPA website

Report - Impact of ultra low yields on the insurance sector

On 17 July 2020, EIOPA published a report on the Impact of ultra-low yields on the insurance sector, including first effects of the Covid-19 crisis. The ultra-low interest rate environment remains a key concern for the insurance market and constitutes an important source of systemic risk for insurers.

The low interest rate environment has been compounded by the Covid-19 outbreak and this has severely affected macroeconomic and market conditions worldwide, increasing the likelihood of a "low for long" scenario with adverse implications for the insurance sector. As a result, insurers are significantly challenged in terms of asset allocations, profitability, solvency issues and business model adaptation.

The report notes that response measures to alleviate the impact on economic activity, will inevitably contribute to the perpetuation of the low interest rate environment. Given that market yields are at very low levels, this may potentially impact on insurers' profitability in the medium to long-term horizon. You can read the full report here on the EIOPA website.

Peer Review on the Regular Supervisory Report

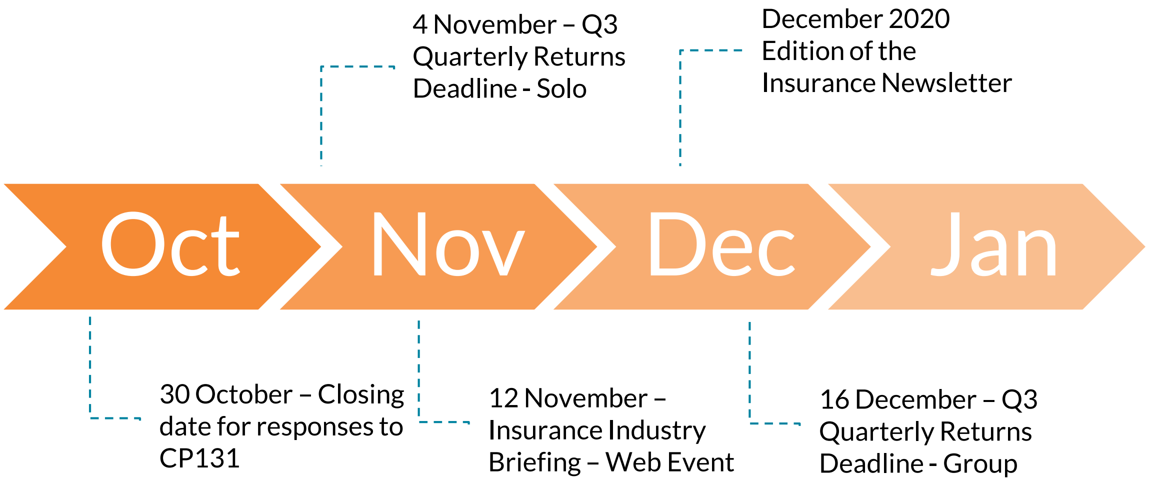
In June 2020, EIOPA published the findings of its peer review of the Regular Supervisory Report (RSR). The peer review examined how and to what extent the proportionate approach set out under the Delegated Regulation has been implemented among national competent authorities (NCAs).

EIOPA issued 51 recommended actions, addressed to NCAs in 26 countries. No recommended actions were addressed to the Central Bank of Ireland.

The full Peer Review on the Regular Supervisory Report is available to view or download on the EIOPA website.

Forward Planner & Communications

Upcoming Dates



Recent Speeches

Date	Topic	Link
14 September 2020	COVID-19 and the future of monetary policy – by Governor Gabriel Makhlouf	https://www.centralbank.ie/news/article/speech-covid-19-mon-policy-governor-makhlouf-14-sep-2020
5 June 2020	Protecting Consumers, Investors and SMEs during Covid-19 – by Director General Derville Rowland	https://www.centralbank.ie/news/article/speech-protecting-consumers-investors-smes-derville-rowland-5-june-2020
5 March 2020	Gender Diversity for Policy Making, a Central Banking Perspective – by Deputy Governor Sharon Donnery	https://www.centralbank.ie/news/article/speech-gender-diversity-for-policy-making-sharon-donnery-05-mar-2020

Contact Us

General queries on insurance matters should be sent to:
insurance@centralbank.ie

Queries on regulatory reporting should be sent to:
InsuranceRegulatoryReportingQueries@centralbank.ie

Queries on insurance policy matters should be sent to:
insurancepolicy@centralbank.ie

Responses to CP131 – Pre-emptive Recovery Planning should be sent to:
recoveryplanning@centralbank.ie