

Risk Dashboard shows resilient insurance sector even as macro and cyber risks abound



PUBLISHED MAY 2, 2022
BY [EUROPA](#)

The European Insurance and Occupational Pensions Authority (EIOPA) published today its Risk Dashboard based on Solvency II data from the fourth quarter of 2021. The results show that insurers' exposures to macro risks are currently the main concern for the insurance sector. Macro risks remain at a high level together with digitalisation and cyber risks, while the other risk categories, such as insurance as well as profitability and solvency risks stay at medium levels.

With regard to macro risks, forecasted GDP growth at global level decreased while inflation forecasts for main geographical areas show an upward trend, reflecting the ongoing Russian invasion of Ukraine and subsequent further increases in energy prices. Credit risks have not changed significantly and remain relatively moderate, even though CDS spreads for financial unsecured and non-financial corporate bonds increased in the first quarter of 2022. The median investment in bonds and loans has not changed in the last quarter of 2021. Market risks overall did not increase compared to the previous assessment, notwithstanding the significant impact of Russia's invasion of Ukraine. Volatility in the bond market and the equity market increased in the first quarter of 2022 reflecting uncertainties related to the geopolitical situation.

Profitability and solvency risks remain at medium levels. Groups' solvency position improved, while the SCR ratio for solo life and non-life undertakings slightly dropped. Return on excess of assets over liabilities and return on assets both decreased but remain above the 2020 levels.

Interlinkages and imbalances risks remain at a medium level with insurance groups' exposure to insurances reporting a drop. The median investments in other financial institutions went up.

Environmental, social and governance (ESG) related risks are at a medium level. The median growth of insurers' investment in green bonds has slightly increased. The y-o-y growth in the amount of outstanding green bonds has also been volatile and it increased in the last quarter. The catastrophe loss ratio slightly decreased compared to the previous quarter.

Digitalisation and cyber risks rose to a high level. The materiality of these risks for insurance as assessed by supervisors increased given the resurgence of cyber security issues and concerns of a hybrid geopolitical conflict. Cyber negative sentiment indicates a mounting concern in the first quarter of 2022. The frequency of cyber incidents impacting all sectors of activity, as measured by publicly available data, has increased significantly since the same quarter of last year.

Go to the Risk dashboard

This Risk Dashboard, based on Solvency II data, summarises the main risks and vulnerabilities in the European Union insurance sector through a set of risk indicators of the fourth quarter of 2021. The data is based on financial stability and prudential reporting collected from 94 insurance groups and 2205 solo insurance undertakings.

Press release distributed by Wire Association on behalf of Europa, on May 2, 2022. For more information subscribe and [follow us](#).

Media Assets

Embedded Media

Visit the [online press release](#) to interact with the embedded media.

<https://wireassociation.eu/newsroom/europa/releases/en/risk-dashboard-shows-resilient-insurance-sector-even-as-macro-and-cyber-risks-abound-217>

Europa

Newsroom: <https://wireassociation.eu/newsroom/europa>

Website: <https://europa.eu/>

Primary Email: press@europa.eu

Social Media

Twitter - https://twitter.com/EU_commission

Facebook - <https://www.facebook.com/EuropeanCommission>

Instagram - <https://www.instagram.com/europeancommission/>

Linkedin - <https://www.linkedin.com/company/european-commission>
