

Risk Dashboard: European insurers' risk levels remain broadly stable

The European Insurance and Occupational Pensions Authority (EIOPA) published today its [Risk Dashboard based on the fourth quarter of 2020 Solvency II data](#).

The results show that insurers' exposures to macro risks remain at high level while all other risk categories remain at medium level. The European supervisors expect an increase in credit risks over the next 12 months, reflecting concerns over corporate indebtedness.

With regards to macro risk, Gross Domestic Product growth and inflation forecasts registered new upward revision. The long-term yields have increased across currencies in the first quarter of 2021. Financial markets remain broadly stable, amid an increase in bond volatility and concern over commercial real estate investments.

Solvency positions for life business showed an improvement, while non-life business slightly deteriorated. Insurers' profitability, measured by the return on assets and the return on excess of assets over liabilities improved due to positive market performance. Despite this improvement the insurers' profitability remained lower compared to pre-COVID levels.

Insurance risks remain at medium level in spite of the deterioration of some indicators. The catastrophe loss ratio significantly increased and year-on-year premium growth for non-life continued deteriorating. On the other hand, year-on-year premium growth for life reported a slight recovery after the deterioration in the previous quarters.

Market perceptions remain at medium level with an increasing trend. The insurance sector, both life and non-life, underperformed the stock market in the first quarter of 2021.