

Insurance & Reinsurance

Financial Services Regulation and Compliance - Insurance June 2024

Domestically, the CBI publish latest issues of Insurance Quarterly Newsletter for Q2 2024 and Q1 2024 Insurance Corporation Statistics. At European level, EIOPA publish Annual Report for 2023 and biannual Financial Stability Report.

18 July 2024

Domestic

Quarterly insurance newsletter from the CBI (see [here](#))

The Central Bank of Ireland (**CBI**) has published the latest issue of its Insurance Quarterly Newsletter for Q2 2024 (the **newsletter**). The newsletter addresses topics including natural catastrophe modelling (following the CBI's recent thematic review) and the CBI's approach to the implementation of the Individual Accountability Framework (**IAF**).

The CBI has stated that its initial focus in implementation of the IAF will be on reviewing the statement of responsibilities accompanying each individual questionnaire (required for pre-approval controlled function roles).

The newsletter goes on to provide a helpful synopsis of major domestic insurance regulatory developments, including key elements of the CBI's Annual Report and Annual Performance Statement on 30 May 2024 and the CBI's Innovation Sandbox Programme on 4 June 2024.

The newsletter also discusses EIOPA publications, including its 2023 Annual Report, its supervisory statement on the supervision of reinsurance concluded with third-country reinsurers and the results of its peer review on the supervision of the prudent person principle under Solvency II.

As usual in these newsletters, the CBI has noted key dates that it wishes to draw insurers' attention to including the 4 August 2024 deadline for submission of solo Q2 quarterly returns.

Russian aircraft litigation commences (see [here](#))

The Irish High Court (Commercial division) litigation arising from coverage / claims questions relating to aircraft stranded in Russia, commenced in June. The litigation centres around aircraft stranded in Russia following its invasion of Ukraine and the resulting imposition of EU sanctions. Some 400 planes were

unable to leave Russia as a result; and lease agreements were forcibly terminated. Key to the proceedings is the question of whether “all risks” or “war risks” policy wordings cover these developments. Major aircraft lessors and insurers are among the parties involved in the (now consolidated) case. Connected / similar cases are ongoing elsewhere, including the UK and globally.

Insurance Statistics - Q1 2024 (See [here](#))

The CBI published the Q1 2024 Insurance Corporation Statistics on 7 June 2024. These statistics are based off balance sheet data provided by Irish (re)insurers to the CBI.

Key statistics to note include:

- insurance technical reserve (ITRs) liabilities increased notably in Q1 2024, driven by unit linked life ITRs, which grew by 5.3%
- total assets held by (re)insurers increased by 5.3% during Q4 2023 and now stand at €435 bn (6% higher than Q4 2022)
- the total value of premiums within the Irish (re)insurance market for the year 2023 increased very slightly by 1.2% to stand at €104bn
- notably, premiums in the non-life insurance sector decreased by 5%

European

Monthly Solvency II publication by EIOPA (see [here](#) and [here](#))

On 5 June 2024, EIOPA published its monthly technical information regarding the relevant risk-free interest rate term structures with reference to the end of May 2024, for Solvency II purposes. This information is used for the calculation of technical provisions for (re)insurance obligations. On the same date, EIOPA also published technical information on the symmetric adjustment of the equity capital charge under Solvency II with reference to the end of May 2024.

Annual Report from EIOPA - Challenges highlighted (see [here](#))

EIOPA's Annual Report, published on 14 June 2024, reflects on the achievements of EIOPA as well as challenges faced by the insurance sector in 2023.

High inflation and interest rates were listed as the main challenges facing the sector. As well as these challenges, EIOPA continues to be extremely concerned about the impact of protection gaps (particularly related to climate change). EIOPA will continue to prioritise measuring and closing protection gaps within the insurance sector. EIOPA mentions that it worked with the European Central Bank on policy options for closing insurance protection gaps including potential public-private partnerships to facilitate a backstop for uninsured risks.

EIOPA notes various achievements including the natural catastrophe dashboard, ongoing work with the review of Solvency II and ongoing focus on value for money and other consumer protection issues.

EIOPA report highlights resilience of sector (and risks) (see [here](#))

EIOPA published its biannual Financial Stability Report (the **report**) in June, which outlines key developments and risks in the European insurance and occupational pension sector. The report emphasises that Europe's insurance and pension fund sectors have stayed resilient amid a tense risk landscape. However, it also highlights that inflation and market risks may worsen due to intensification of geopolitical tensions. Among the other key issues addressed in the report, it points to the trend of increasing high natural disaster losses (due to an increased frequency of flooding, high temperatures and other extreme weather). It also indicates that risks associated with digitalisation and cybersecurity remain at a medium level. The report also notes that insurers' portfolios remain heavily focused on fixed-income assets and equities. Nonetheless, despite volatile interest rates, the insurance sector maintained solid capitalisation in 2023, showing improved solvency capital requirement ratios for life insurers and composite undertakings.

Siena Protocol updates - Mobility Directive (see [here](#))

EIOPA's decision on collaboration between supervisory authorities (**SAs**), also known as the "Siena Protocol" has been supplemented by the inclusion of a new annex. This annex takes account of the Mobility Directive (Directive (EU) 2019/2121) regarding cross border, conversions, mergers and divisions. Acknowledging that these apply equally to the insurance sector, EIOPA's new annex facilitates collaboration between SAs where insurers are relocating within the EU. Among other matters, it emphasises the importance of both active and early engagement between the departure and destination SAs, to ensure an effective and uninterrupted transition.

For more information on these topics please contact any member of A&L Goodbody's [Insurance & Reinsurance](#) team.

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