

Enhancing the current macroprudential framework: EIOPA publishes the third paper of a series on systemic risk and macroprudential policy in the insurance sector

Today, the European Insurance and Occupational Pensions Authority (EIOPA) published the third in a series of papers with the aim of contributing to the debate on systemic risk and macroprudential policy. Until now, the debate has mainly focused on the banking sector due to its prominent role in the recent financial crisis. Through this series of papers, EIOPA will ensure that any further extension of the debate to the insurance sector fully reflects the industry's specific nature.

The [third paper](#) culminates the step-by-step approach followed by EIOPA. In the [first paper](#) entitled 'Systemic risk and macroprudential policy in insurance', EIOPA identified and analysed the sources of systemic risk in insurance and proposed a specific macroprudential framework for the sector.

In the [second paper](#), 'Solvency II tools with macroprudential impact', EIOPA identified, classified and provided a preliminary assessment of the tools or measures already existing within the Solvency II framework, which could mitigate any of the systemic risk sources that were previously identified.

This third paper builds on and supplements the previous ones by carrying out an initial assessment of other potential tools or measures to be included in a macroprudential framework designed for insurers. EIOPA carried out an analysis focusing on four categories of tools:

1. Capital and reserving-based tools
2. Liquidity-based tools
3. Exposure-based tools
4. Pre-emptive planning

The paper focuses on whether a specific instrument should or should not be further considered. This is an important aspect in light of future work in the context of the Solvency II review. This initial assessment should be understood as a first step of the process and not yet as a formal proposal.