



PRESS RELEASE

European insurers between solvency, inflation and rising interest rates

BdV and BETTER FINANCE once again examine the stability of the main EU insurers.

20 September 2022 | This year, the German Association of Insured (BdV) together with BETTER FINANCE and Zielke Research again examined selected European life insurers. The 10 largest life insurance companies from France, Spain, Italy, Germany and the Netherlands were analysed.

There are still considerable differences between the life insurance markets in our scope. Compared to last year, however, threats to solvency are no longer a chief concern. That said, life insurers now have to deal with rising interest rates. *"The European markets are still very fragmented. Even companies of the same group pursue very different strategies depending on the national market,"* explains Axel Kleinlein, actuary for BdV. *"With the exception of Germany, the other European insurance companies have invested heavily in government bonds. If interest rates rise, existing policies will yield a lower return and policyholders need to be aware of possible real losses."*

In particular, the insurers from Italy and Spain examined for this report have high investments in government bonds, which can lead to problems due to different phases of rising interest rates.

Last year, BdV, BETTER FINANCE and Zielke Research already noted the spreading of "legalised fraud", as it was labelled by Kleinlein, beyond the German borders towards France. The misuse of policyholders' money as a substitute for own capital reserves has gained traction in Germany and France, though misuse has not yet spread throughout the rest of Europe, and that is good news.

Disconcertingly, in terms of transparency these reports leave a lot to be desired. Although there is a legal obligation to publish SFCRs, in some countries the reports can only be found with great difficulty or by explicitly asking the companies. *"We have informed EIOPA and asked them to put an end to this arbitrary handling of publication obligation - for the benefit of all policyholders and consumers,"* emphasises Carsten Zielke. *"We definitely need a common freely accessible database to be able to download all SFCRs free of charge."*

Moreover, even if policy holders manage to get hold of the SFCRs they will still struggle with the technical jargon. *"Solvency reports should also be accessible for non-professional readers, specifically policyholders. Despite the very technical nature of the SFCRs",* Guillaume Prache, Managing Director of BETTER FINANCE, stresses, *"we strongly recommend including a concise and understandable summary in the SFCR addressed to "retail" clients, including a justification of "value for money"."*

➔ Read the [full report](#): **"Solvency Reports (SFCR) 2021 under examination: the Body mass Index of the life-insurance industry | 2022 Edition"**

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