



# **Keynote speech**

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# **Solvency II**

Two years on and two reviews

# Europe's largest institutional investor

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€10trn



Insurers' investment in the  
European economy



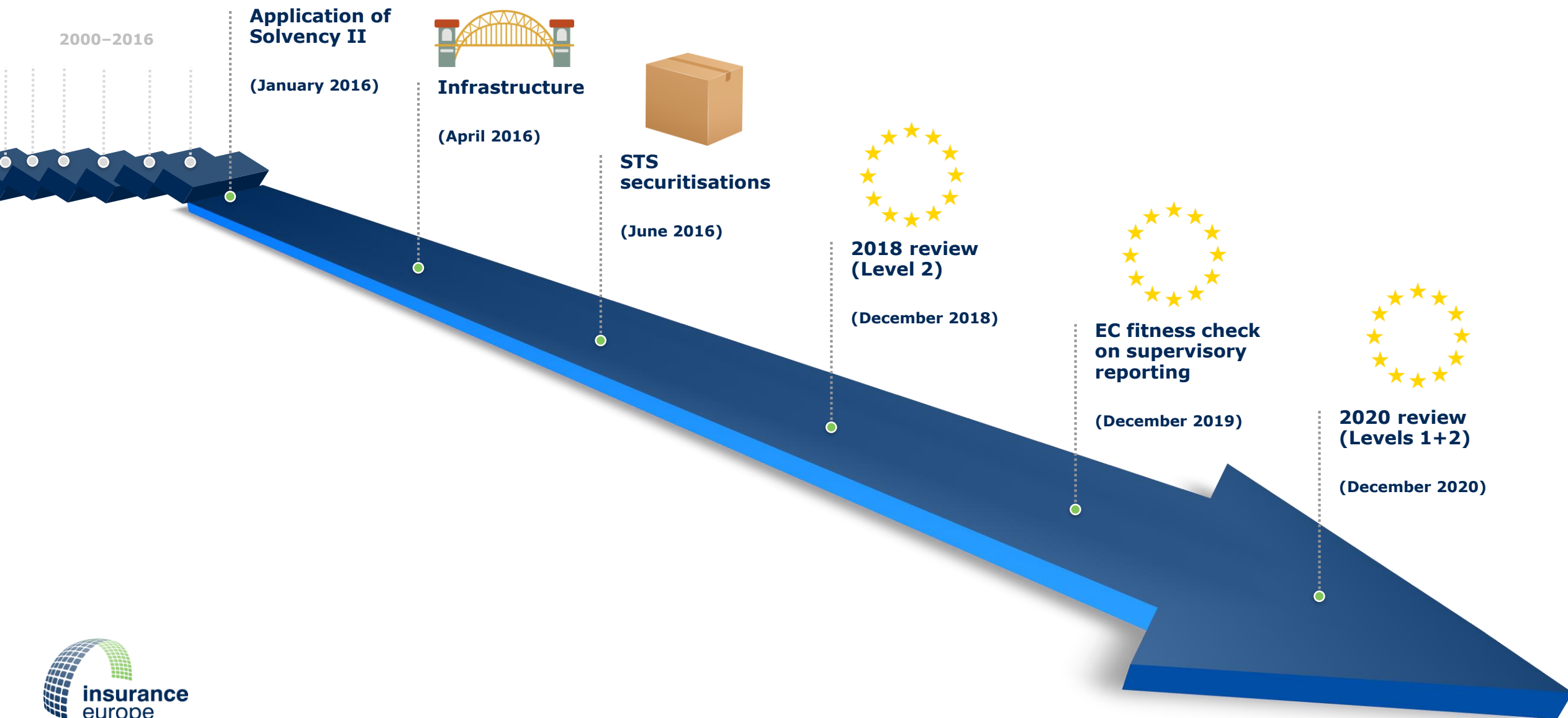
62% of EU GDP



Ratio of the investment  
portfolio to EU GDP



# A long journey ... and it is not over yet



# Risk margin

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**€200bn**

**Amount set aside by  
industry**



**€1bn**

**Amount required based  
on 1-in-200 calibration**

# Long-term investment $\neq$ trading



# Effects of Solvency II

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## Positive impact on:

- **Risk management and governance**



- **Data quality**



- **Asset-liability management**



**BUT...**



# Effects of Solvency II

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## Negative impact on:

- Long-term savings products with guarantees



- Long-term investment



# The EU pension saving gap

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**GENDER**

**37%**

Percentage by which  
women's average  
pension is lower than  
men's

**NEW FORMS OF  
EMPLOYMENT**

**14%**

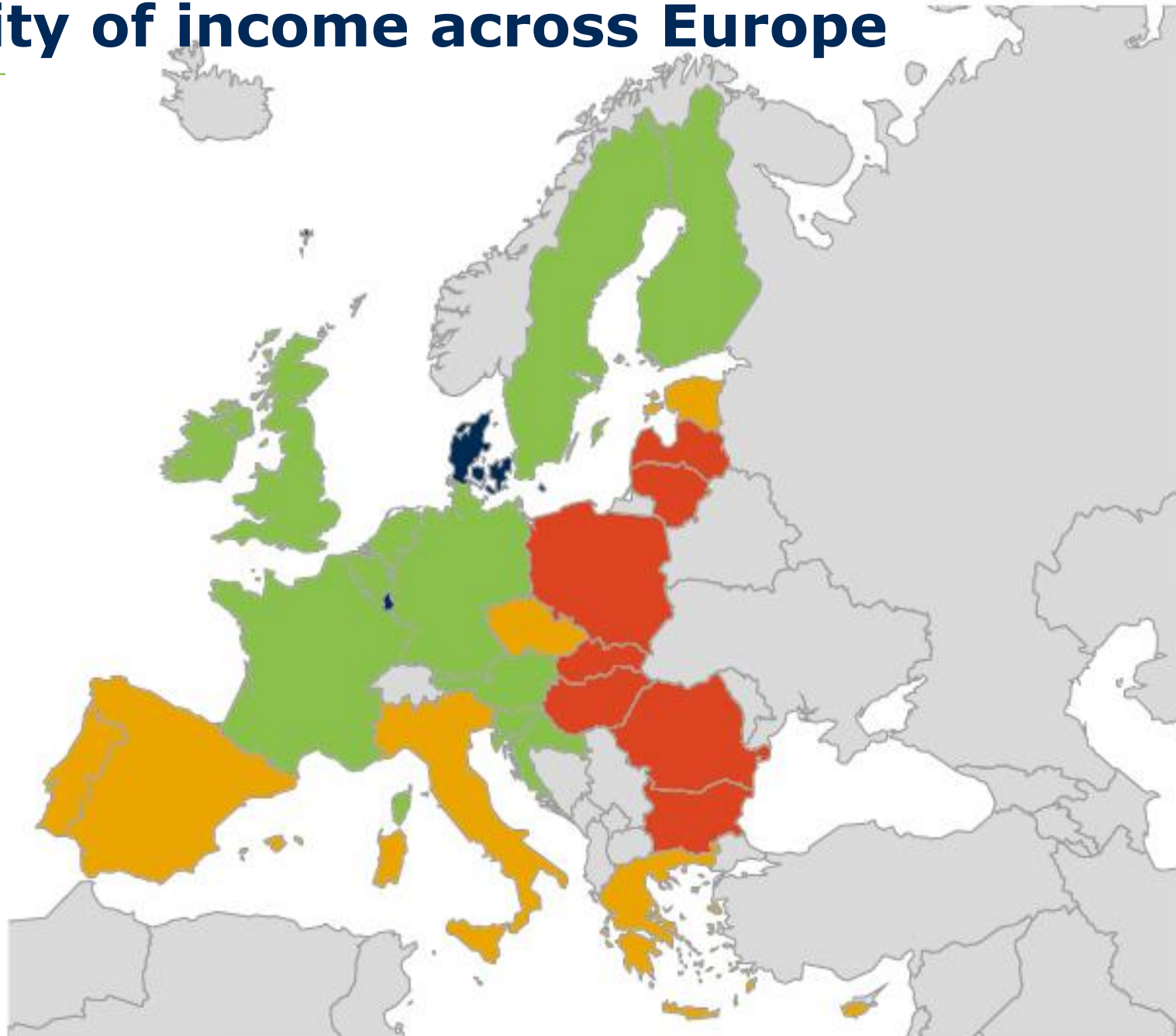
of EU working population  
are self-employed

**MOBILE WORKERS**

**3.7%**

of EU working population  
are mobile workers

# Variability of income across Europe



Net average monthly salary (after tax)

- < €800
- < €2000
- < €3000
- > €3000

# Solvency II = shifting the risks on to individuals

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**RISK**



**RISK**





An elderly couple is walking down a set of wide stone steps in a park. The woman, on the left, has short white hair and wears glasses, a plaid shirt, and grey trousers. The man, on the right, wears a tan flat cap, glasses, a tan jacket over a light blue shirt, and tan trousers. They are both smiling and looking towards the right. The background is a lush green park with trees and a path.

**Improved  
Solvency II**

**+**

**PEPP**

**=**

**More, safer  
pension  
savings**



# Insurers' roles in promoting sustainability

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**INVESTING**

**PREVENTING**

**PROTECTING**



# Improving Solvency II

PROBLEM	SOLUTIONS		
	Capital Markets Union	2018 review	2020 review
Solvency II doesn't reflect long-term business	<ul style="list-style-type: none"><li>■ Infrastructure</li><li>■ STS securitisations</li></ul>	<ul style="list-style-type: none"><li>■ Equity (unlisted and <b><u>listed</u></b>)</li><li>■ Unrated debt</li></ul>	<ul style="list-style-type: none"><li>■ Other long-term investments</li></ul>
		<ul style="list-style-type: none"><li>■ Risk margin — CoC</li></ul>	<ul style="list-style-type: none"><li>■ Risk margin</li><li>■ Discount rates (MA, VA, etc.)</li></ul>