

16 January 2023

Circular on the Supervisory Statement on Inflation issued by EIOPA

1.0 Introduction

On 22 December 2022, the European Insurance and Occupational Pensions Authority (hereinafter referred to as 'EIOPA') issued the [Supervisory Statement on inflation](#). This Supervisory Statement addresses the main impacts of inflation on insurance and reinsurance undertakings, which may affect both life and non-life business. The Supervisory Statement also aims to support the end of year Solvency II calculations, raising awareness about the relevant Solvency II provisions, and aims to foster convergence and consistent supervisory approaches across Member States.

2.0 Impact of Inflation on Insurance Business

This Supervisory Statement covers the supervisory expectations with respect to the following main areas:

1. Impact on technical provisions (best estimate evaluation);
2. Impact on investments; and,
3. Impact on solvency capital requirement.

In this respect, EIOPA highlighted the possible impacts of inflation on insurance and reinsurance undertakings and what needs to be done to minimize the impact of inflation on insurance business. The Supervisory Statement can be accessed via this [link](#).

3.0 Contacts

Any queries or requests for clarifications in respect of the above should be sent by email on ips_legal@mfsa.mt.