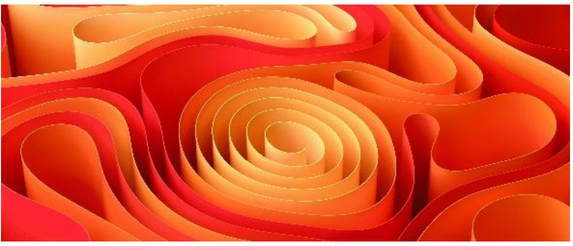
Pills

Regulatory/Supervisory Pills | N.33 March 2026



TOPICS:

Insurance

SOURCE:

European Insurance and Occupational Pensions Authority

EIOPA Seeks Input on Adaptation Measures in NatCat Insurance under Solvency II

- This EIOPA consultation paper examines whether and how **adaptation measures** to natural catastrophe (NatCat) risks should be more explicitly reflected in the **Solvency II Standard Formula (SF) catastrophe module**, beyond the regular recalibration of parameters. EIOPA invites stakeholders to provide their feedback on the consultation paper by responding to the questions via the online survey no later than 17 April 2026.
- The paper distinguishes between **micro adaptation measures** (asset-level actions such as flood barriers, resilient materials, or seismic retrofitting) and **macro adaptation measures** (area-wide interventions such as flood defences or forest management). While both reduce physical risk, they interact differently with catastrophe risk modelling. EIOPA notes that catastrophe models can, in principle, reflect adaptation through hazard modification, exposure data, or vulnerability functions. However, in practice, data limitations and the use of averaged industry exposure databases mean that many adaptation effects are only partially captured in the current SF calibration.
- The analysis focuses on the **NatCat catastrophe module**, as adaptation effects are more readily reflected in premium data than in sum-insured-based catastrophe calculations. The paper assesses materiality across perils and regions, concluding that **windstorm, flood, and earthquake risks** account for the majority of NatCat SCR and therefore warrant primary attention.
- EIOPA explores options for a **dedicated prudential treatment of adaptation measures**, weighing improved risk sensitivity against proportionality and complexity. The paper does not propose immediate changes but invites stakeholder feedback on whether targeted adjustments to SF parameters or methodologies could better reflect adaptation benefits, avoid perverse incentives, and support resilience-building while maintaining the integrity of the Solvency II framework.