

PRESS RELEASE OF 29 DECEMBER 2020

IVASS RECOMMENDATION ON DIVIDEND DISTRIBUTION AND VARIABLE REMUNERATION POLICIES OF ITALIAN INSURANCE AND REINSURANCE UNDERTAKINGS

Following Recommendation No. 7 of 27 May 2020, on 15 December 2020 the ESRB amended its recommendation¹ to the national authorities of the banking, financial and insurance sector. The ESRB recommends continuing to use extreme caution in dividend distributions, buy-backs of own shares and paying variable components of remuneration, at least until September 2021².

EIOPA too has recently reiterated its recommendation to companies to use extreme caution in their capital management policies. Any dividend distributions, buy-backs of own shares or variable remunerations should not exceed thresholds of prudence; the potential reduction in the quantity or quality of their capital should not reduce own funds to a level inappropriate to their risk exposure; this with a view to safeguarding insurers' ability to absorb, also in the future, the impacts of the epidemiological emergency on their business models and solvency, liquidity and financial position³.

IVASS, in aligning with the ESRB's renewed recommendations, requests companies⁴ proposing to carry out one of the above-described operations, with regard to both 2019 and to the current year, to carefully and responsibly assess their impacts and to previously contact IVASS to verify consistency with the objectives of the recommendation.

IVASS will closely monitor compliance with these recommendations. In order to ensure a uniform approach at European level, IVASS shall take into account EIOPA's recommendations and shall cooperate with the other national authorities supervising over groups based in more than one EU Member State.

We will see to update this recommendation in light of the guidelines from the European authorities and of the developments in the economic situation and in the financial markets.

¹https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation200608_on_restriction_of_distributions_during_the_COVID-19_pandemic_2~f4cdad4ec1.en.pdf

²https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation201215_on_restriction_of_distributions_during_the_COVID-19_pandemic~2502cd1d1c.en.pdf

³https://www.eiopa.europa.eu/content/eiopa-outlines-key-financial-stability-risks-and-vulnerabilities-insurance-and-pension_en

⁴ Individual undertakings not belonging to a group and ultimate Italian parent undertakings of insurance groups with head office in Italy