

# EIOPA consults on ORSA in the context of COVID-19

NEWS

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The European Insurance and Occupational Pensions Authority (EIOPA) published today a [consultation on the Supervisory Statement on Own Risk Solvency Assessment \(ORSA\) in the context of COVID-19.](#)

The statement promotes convergence by guiding undertakings through common supervisory expectations on the ORSA in the current situation triggered by the pandemic, taking into account that the impact on each individual undertaking can differ depending on its specific risk profile. A proper balance between flexibility and acknowledgment of the ORSA as an undertaking own exercise and clarification of supervisory expectations, in particular in specific circumstances, should be kept.

EIOPA believes that the current situation calls for an ad-hoc/non-regular ORSA in the cases where the pandemic impacts the risk profile of the undertaking materially, in particular in those cases where the performance of the regular ORSA has not allowed the undertaking to assess and to take into account the impact of the pandemic.

Undertakings are expected to take into account the uncertainty in the duration and (macroeconomic) impact of the pandemic in its ORSA and, if relevant for its risk profile, consider multiple scenarios to capture this uncertainty in an appropriate manner. In this case the scenarios are expected to include several degrees of severity for the pandemic's impact on the undertaking's solvency and capital needs taking into account its individual situation.

The stakeholders are invited to provide the views by completing the survey by Monday, 15 March 2021. EIOPA will consider the feedback received, develop impact assessment and publish a final report on the consultation as well as submit the supervisory statement for adoption by its Board of Supervisors.

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## **Background**

Own Risk Solvency Assessment (ORSA) is a risk management tool setting out the principles of forward-looking self-assessment of risk management and solvency for (re)insurers. As part of its risk-management system, every insurance and reinsurance undertaking shall conduct its own risk and solvency assessment (Article 45 of the Solvency II Directive).

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