

Abstract

The purpose of this thesis is to provide an overview of risk and vulnerabilities for financial stability of the European Insurance sector. The methods and principles of risk assessment are examined, as well as their application for the insurance sector. The current macroeconomic situation and its impact on insurers' financial stability is described. Downward changes of interest rates are identified as the biggest current risk. This results from a system-wide stress test conducted by EIOPA (European Insurance and Occupational Pensions Authority), analysis of sensitivities published by several big European Insurers published on a yearly basis and finally from an econometric analysis of the relationship between market data and changes in macroeconomic variables.

Keywords

financial stability, stress testing, insurance sector, insurance risks