



Press Release

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Publication of the Assessment of the Bulgarian Insurance and Pensions Sector

Frankfurt, 3 February 2017 - The Insurance Balance Sheet Review and Pension Funds Asset Review of the Bulgarian insurance and pensions sector followed the country specific recommendation of the European Commission and was included in the Bulgarian National Reform Programme - 2015. It is an important milestone in achieving greater transparency and enhancing the trust of consumers. The Review was overseen by a Steering Committee composed of representatives of the Bulgarian Financial Supervision Commission (FSC), the European Insurance and Occupational Pensions Authority (EIOPA), the European Commission, the Ministry of Finance of the Republic of Bulgaria, the Bulgarian National Bank and the European Securities and Markets Authority (ESMA) with the support of a Project Manager and eight independent external reviewers.

The independent assessment covered the entire Bulgarian insurance market (individual and group level) and all universal, professional and voluntary pension funds in Bulgaria. The reference date was 30 June 2016.

The Insurance Balance Sheet Review shows an aggregated Solvency Capital Requirement (SCR) ratio of 154% and an aggregated Minimum Capital Requirement (MCR) ratio of 308% for solo entities before the impact of consistency procedures. After the consistency check, the ratios increase respectively for 157% and 313%. 13 undertakings did not meet either SCR and/or MCR ratio of 100%. 7 undertakings undertook subsequent measures to cover the capital deficit.

In line with the agreed follow-up actions published by the FSC on 15 February 2016, the undertakings with capital shortfalls will have to submit to the FSC action plans for the implementation of remedial actions.

The Pension Funds Asset Review identifies an aggregated adjustment before consistency assessment of around 0.3% of the total assets of the pension insurance companies. These adjustments result from the revaluation of financial instruments and investment properties according to the national legal framework. The Review also includes an assessment of risks not fully captured by the legal framework, which are the basis for the recommendation of expanding the related parties' definitions in the current law.

EIOPA welcomes the good cooperation with the Bulgarian Authorities and will continue working with the FSC in order to support the implementation of the follow-up actions and to address areas of inconsistencies identified in the Review.

The summary report in [English](#) and [Bulgarian](#) on the results of the Insurance and Pensions' Reviews can be viewed on FSC's Website. The Pension Funds Asset Review will follow in due course.

The full report in English can be found on [EIOPA's Website](#). The Bulgarian translation will be made available at a later stage.

Note to the Editors:

The Steering Committee includes representatives from the Bulgarian Financial Supervisory Commission and the European Insurance and Occupational Pensions Authority (EIOPA) (voting members), as well as representatives from the Bulgarian Ministry of Finance, the Bulgarian National Bank, European Commission and European Securities and Markets Authority (ESMA) (observers with advisory powers).

The **consistency assessment**: Both Solvency II and IFRS are principle-based standards and involve the use of judgement. Under these frameworks mechanical rules replacing these principles cannot be imposed as that would contradict the referred frameworks jeopardising enforcement. Complete comparability will never be possible in practice. On the other hand, judgement has to be supported by sufficient evidence and be reasonable given the circumstances at the time the judgement is made. Having this in mind the Steering Committee asked the project management team to make an assessment of the situations where economic reality of similar transactions and events was not understood in a similar way. This consistency assessment will be taken into consideration when the follow-up measures are enforced.

The **European Insurance and Occupational Pensions Authority (EIOPA)** was established on 1 January 2011 as a result of the reforms to the structure of supervision of the financial sector in the European Union.

EIOPA is part of the European System of Financial Supervision consisting of three European Supervisory Authorities, the National Supervisory Authorities and the European Systemic Risk Board. It is an independent advisory body to the European Commission, the European Parliament and the Council of the European Union.

EIOPA's core responsibilities are to support the stability of the financial system, transparency of markets and financial products as well as the protection of insurance policyholders, pension scheme members and beneficiaries.