

## **Yannis Stournaras: Challenges for the Greek insurance market and for the supervisors**

Speech by Mr Yannis Stournaras, Governor of the Bank of Greece, at the Groupama Assurance Mutuelles Management Team meeting, Athens, 4 May 2026.

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Distinguished ladies and gentlemen,

I would like to thank you for the invitation to participate in tonight's working dinner of the Groupama family. It is both an honor and a pleasure to engage with professionals in the insurance sector. When, moreover, the location is at a place like the Acropolis Museum, the pleasure is unique!

The global economy is characterized by intense mobility of capital, trade and human resources, while, in recent years, it has faced significant challenges, such as increased protectionism, geopolitical tensions and environmental pressures, which are affecting fiscal sustainability, price stability, financial stability and growth. In the European Union, and particularly in the Eurozone, where the cooperation of member - states is based on common policies and supported by the single market, which facilitates trade and promotes cohesion, there has been a strong imprint of all these challenges as well as of energy uncertainty, highlighting the need for even deeper cooperation.

Also, considering the long-standing pursuit of the European economy to balance economic progress and environmental sustainability, it is clear that international developments have a direct impact on Europe, either through trade and capital flows or through the fluctuations in the energy and raw materials markets.

It is therefore a common assumption that both international and national developments highlight the importance of the role of Private Insurance in the organized societies of the Western World. The period of intense geopolitical uncertainty we are experiencing, underscores, in the most striking way, the significance of the insurance sector. Rising energy prices, disruptions in supply chains, and the repricing of insurance costs are testing the resilience of economic activity. At the national level as well, the scale of the challenges faced by the insurance market emphasizes its importance for both the economy and society, while also demonstrating its resilience.

Reviewing just some of the challenges the Greek insurance market has faced in recent years, such as the impact of the pandemic, extreme weather events, and the energy crisis that began with the war in Ukraine and intensified amid geopolitical instability in the Middle East, makes clear the magnitude of the task undertaken at both operational and institutional levels. Insurance undertakings not only managed to respond effectively to these challenges, but they also maintained strong capital position.

More specifically, in 2025 the key financial indicators of insurance undertakings headquartered in Greece were more than satisfactory. The total assets of insurance undertakings supervised by the Bank of Greece amounted to €22.1 billion (of which €7.3 billion were invested in government bonds and €3.1 billion in corporate bonds),

while total liabilities reached €17.9 billion, with technical provisions standing at €16.1 billion. Own funds amounted to €4.2 billion, with the total Solvency Capital Requirement (SCR) at €2.3 billion (covered by €3.9 billion of eligible own funds) and the Minimum Capital Requirement (MCR) at €0.8 billion (covered by €3.7 billion of eligible own funds). Accordingly, the SCR coverage ratio stood at 173%, while the MCR coverage ratio reached 474%.

In addition to the above, it should be taken into account that, in recent years, the Greek insurance market has successfully managed its broad transformation. Following successive mergers and acquisitions, it now comprises 31 insurance undertakings supervised under the Solvency II, 11 of which belong to insurance groups headquartered abroad.

However, beyond the risks associated with current developments, the insurance market also addresses structural, long-standing challenges:

- The prolonged low-interest rate environment in the years preceding 2021 led insurance undertakings to reduce their exposure to products with long-term guarantees, while simultaneously increasing the supply of investment-linked products (unit-linked – IBIPs). The provision of products that offer policyholders fair value-for-money improves customer satisfaction, highlighting the role of insurance undertakings and intermediaries. In this context, a priority for the Bank of Greece is the monitoring of the value-for-money relationship of investment insurance products, the enhancement of consumers' understanding of the relevant risks throughout the entire life cycle of the insurance policy, as well as the strengthening of proper advice provision and cost transparency. In cooperation with EIOPA, supervisory tools are being developed to prevent unfair practices by insurance undertakings and intermediaries. The complexity of these products requires continuous monitoring by firms to ensure quality, while the supervisory authority focuses on consumer protection.

- A key long-standing challenge is addressing the insurance protection gap (GWP /GDP), as it affects not only uninsured individuals, but also the overall economic resilience of the country. When the consequences of low insurance penetration are combined with the impact of large-scale risks (such as those associated with climate change), the importance of reversing the insurance protection gap becomes evident. In a country like Greece, which is exposed to natural catastrophe risks (earthquakes, floods, wildfires), insurance coverage remains disproportionately low. Similarly low levels of insurance penetration are also observed in other segments of the Greek insurance market, such as pension insurance, health insurance, and general liability insurance.

- A challenge that has emerged in recent years is the continuous assessment of conduct of business practices in relation to the distribution of insurance products, as well as their ongoing improvement, so that the final product offered meets the actual needs of policyholders-customers. These practices cover the entire product lifecycle, from design to the termination of the insurance contract, and are linked to the undertaking's business model, the product design and development process, pricing, advertising, sales, and claims management-the so-called Product Oversight and Governance (POG) principle.

- To this I would add the challenge of implementing new supervisory tools, to align them with the digital transformation of insurance undertakings as well as cyber risks. This is a common challenge for both insurance undertakings and the Supervisory Authority. The penetration of insurance undertakings into new products and new markets is closely linked to ongoing technological advancements, enabling them to improve their operations and products and thereby strengthen their competitiveness in the market. By leveraging Artificial Intelligence and Big Data, insurance undertakings enhance risk assessment and develop innovative products that respond to the evolving needs of society. The use of advanced technological tools leads to more efficient pricing, reduced operating costs, and a limitation of insurance fraud, while at the same time providing a higher level of service to policyholders. Within the context of technological advancements and risks related to information systems security, the implementation of the European DORA Regulation is also relevant. Since January 2025, the DORA Regulation has been in force, imposing strict requirements for digital operational resilience in the financial sector. Insurance undertakings are now required to systematically manage the risks of their information systems, address technological incidents, and conduct resilience testing, to ensure their safe and effective operation even under crisis conditions.

- Another key priority of the Bank of Greece for the insurance market is addressing the impacts of climate change. The Bank of Greece has repeatedly highlighted the importance of private insurance in managing its consequences, as its role is twofold. On the one hand, insurance undertakings assume risks by absorbing losses that would otherwise burden citizens or the state budget; on the other hand, as institutional investors, they are able to channel into the financial system the funds they collect from policyholders and, through targeted investments, promote a green and sustainable economy (ESG). In addition, by enhancing the resilience of individuals and businesses through insurance coverage, they provide incentives for adaptation to climate change. Greece faces an elevated risk of natural catastrophes, due both to its geographical characteristics and to the effects of climate change. However, only a small share of related losses is insured, meaning that the main burden of recovery falls on private individuals, while public support remains limited. Exposure to natural risks has been increasing over time, making adequate insurance protection essential. Greece, given its high vulnerability to wildfires, floods, and earthquakes, as well as its comparatively higher public debt relative to other European member-states, experiences disproportionately severe impacts. Therefore, closing the insurance protection gap is crucial, as it contributes to faster economic recovery through timely compensation, reduces reliance on public assistance, and strengthens incentives for quicker adaptation to the new conditions imposed by climate change. Despite recent initiatives by the Greek government to reduce the protection gap, such as tax incentives through reductions in property taxation, mandatory insurance for businesses and vehicles against natural disasters, and the establishment of the Private Insurance Council for Natural Catastrophes, the insurance protection gap remains significant. Addressing it offers multiple benefits: it accelerates economic recovery through timely and adequate compensation, ensures more efficient use of public resources, alleviates fiscal pressures and risks to the financial system, while also encouraging preventive measures to reduce risk exposure and support adaptation to climate change.

- Beyond the challenges imposed by market forces, there are also regulatory challenges. The widely acknowledged successful adaptation of the private insurance

market to the demanding European Solvency II regulatory framework in 2016, partly anticipates its adjustment to the recently revised Solvency II Directive. The new framework (Solvency II review), whose national transposition is expected to be completed by January 2027, strengthens proportionality, sustainability, and the stability of the insurance sector in the European Union. It reduces supervisory requirements and administrative obligations for small and non-complex undertakings, while simplifying procedures and decreasing reporting frequency. In addition, it introduces incentives for the creation of excess own funds, aimed at enhancing competitiveness and risk-bearing capacity. At the same time, it promotes cooperation between supervisory authorities in relation to cross-border activities and group supervision. New requirements are also introduced for risk management, such as liquidity and sustainability planning, while climate-related scenarios are incorporated into the Own Risk and Solvency Assessment (ORSA). The revised framework enhances the adaptability of both undertakings and supervision to address the current and future challenges of the insurance sector.

- In parallel with the changes introduced by Solvency II review framework, the insurance market is required to comply with the requirements of the Insurance Recovery and Resolution Directive (IRRD). Aiming to protect policyholders and safeguard financial stability in the European Union, the new Directive introduces an obligation for insurance undertakings to prepare recovery plans, as well as a corresponding obligation for Supervisory Authorities to develop resolution plans for insurance undertakings. At the same time, additional supervisory tools are adopted to strengthen the role of Supervisory Authorities in the implementation of resolution measures. The implementation of these regulatory frameworks enhances the flexibility and resilience of the sector, enabling insurance undertakings to respond more effectively to growing challenges and risks, while at the same time strengthening policyholder protection and confidence in the markets.

- Concluding my reference to regulatory framework changes, I would also like to highlight the importance of the cooperation between the Greek Supervisory Authority and EIOPA, which makes our work more effective, as feedback is continuous and allows us to draw on comparable supervisory practices applied by other European Supervisory Authorities. Supervisory colleges also contribute to this process, a mechanism that facilitates not only the exchange of information but, more importantly, the sharing of expertise. Beyond the day-to-day supervisory activity, the Bank of Greece is investing in the future. In addition to the process of national transposition of the Solvency II Review and IRRD Directives-a process that absorbs significant human resources-the Bank of Greece allocates resources to the systematic study of upcoming regulatory changes that could affect both the European and the Greek insurance markets.

The Greek Insurance Market is currently facing a period of significant challenges, which nevertheless also provide opportunities for innovation and growth. Adapting to the new regulatory requirements, acknowledging the importance of digital transformation and effectively managing risks, are some of the key steps towards the sustainable development of the insurance sector. Insurance undertakings that successfully adapt to these challenges will be able to emerge as leaders and provide robust solutions for the Greek economy and society. In this direction, the Bank of Greece will continue to work to ensure that both supervised entities and consumers feel-and, most importantly, are-secure.

Concluding my intervention, I would like to emphatically highlight the pivotal role of the insurance sector in the economy. Insurance undertakings provide coverage against a wide range of risks assumed on behalf of policyholders, while, at the same time, channeling the funds accumulated through premiums into the financial system. In this way, they operate as significant institutional investors, making a substantial contribution to economic activity. These two functions underscore the Greek insurance market as a strategic pillar of growth.

The long-term priorities of the Bank of Greece focus on ensuring high professional standards, strengthening effective governance, and addressing in substance the challenges arising from climate change. In this context, the 2026 insurance market is well ready to play a leading role in the Greek economy, successfully responding to both existing and emerging risks.

In this context, the Bank of Greece will continue to provide active support to any initiative that promotes the advancement of the insurance market in the interest of the economy and society at large, while remaining steadfastly committed to safeguarding the public interest.

Dear esteemed colleagues,

Looking at the rock of the Acropolis, I reflect that today's meeting confirms the long-standing & significant influence of French and Greek culture, both at a business and a cultural level.

Thank you for your attention.