

EBRD proposes resolution to Romanian insurance crisis



The European Bank for Reconstruction and Development (EBRD) is concerned by the unfolding crisis on Romania's insurance market.

After due diligence, in October 2021, the EBRD invested a minority equity position in Euroins Insurance Group in Bulgaria (EIG), the parent of Euroins Romania Asigurare-Reasigurare SA (EIRO). As a shareholder, the EBRD has engaged with the Board of EIG to further improve operations and performance, particularly in Romania.

The EBRD notes the [announcement](#) on March 17 by ASF, Romania's financial regulator, that EIRO's license was withdrawn due to perceived corporate governance shortfalls. This was in light of a Permanent Capital Report (PCR) published by ASF on 2 February, which identified a capital shortfall of over EUR 400 million.

In follow-up to the PCR, the EIG Board, supported by the EBRD, commissioned an independent actuarial analysis of EIRO by a leading global actuarial expert. The analysis does not provide a basis to revise

EBRD's view of the strong financial standing of EIRO at the time its license was withdrawn.

The EBRD is actively engaging with all responsible parties to achieve a solution to the market disruption caused by the withdrawal of EIRO's licence, which EIRO has disclosed triggered clauses effectively eliminating an array of reinsurance coverage for insurance claims in Romania, and created a large mass of orphaned liabilities.

The EBRD is keen to help secure a solution at no additional costs to policy holders or tax-payers, and along with EIG has made a resolution proposal to ASF. Constructive discussions about the resolution proposal are ongoing between the EBRD, EIG and ASF.

Euroins Insurance Group (EIG) remains one of the largest independent insurance groups in the central and south-eastern European region, with leading positions in Bulgaria, Romania, North Macedonia and a broad presence in other countries such as Poland, Greece, Ukraine, and Georgia. The EBRD will continue to work with EIG management and the other stakeholders to find a workable solution in Romania, for the benefit of the company, the Romanian people and the Romanian insurance market.

EBRD is a long-term investor in Romania, having deployed over €10 billion overall with a current portfolio of €2.5 billion and with 2022 investments of about €710 million. The EBRD is owned and governed by over 70 countries, including Romania and the EU.