A word from the Editor

The stability of the financial system results from various factors that affect its multiple sectors. Traditionally, the greatest attention in scientific research is paid to its main element, i.e. the banking sector. Even the definitions of financial stability proposed by many authors refer to its understanding in the context of banks and banking. However, the financial system also consists of other sectors. One of them is the insurance sector, which is the main subject of this issue of Safe Bank. The considerations presented in the 97th issue of our journal seem to create an ideal background for the important events that have taken place in recent weeks and which determine the conditions for insurance activity, as well as the stability of insurance companies. This concerns the publication in the Official Journal of the EU of two important regulations, i.e. the revision of the Solvency II Directive[1] and the new IRR Directive[2]. IRRD creates a framework for conducting recovery and resolution processes in the insurance sector. In the face of these events, we present several interesting articles.

In the first one, Mr. Krzysztof Budzich, a member of the Management Board of the Bank Guarantee Fund, presents his considerations regarding financial stability in the context of the insurance sector. In these considerations, he directly refers to the recently published IRR Directive. He indicates that the insurance sector is an important element of the financial system and that crisis phenomena occurring in it may have an impact on financial stability. This also influences changes in thinking about crisis management in this sector, which results in the introduction of regulations (e.g. the IRR Directive) allowing for minimization of the financial and social consequences of potential bankruptcies.

1 Directive (EU) 2025/2 of the European Parliament and of the Council of 27 November 2024 amending Directive 2009/138/EC as regards proportionality, quality of supervision, reporting, long-term guarantee measures, macro-prudential tools, sustainability risks and group and cross-border supervision, and amending Directives 2002/87/EC and 2013/34/EU, OJ L, 2025/2, 8.1.2025.

2 Directive (EU) 2025/1 of the European Parliament and of the Council of 27 November 2024 establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132 and Regulations (EU) No 1094/2010, (EU) No 648/2012, (EU) No 806/2014 and (EU) 2017/1129, OJ L, 2025/1, 8.1.2025 (IRR Directive, IRRD).

The next text concerns the underestimated liquidity risk in the insurance sector, which is generally considered to be a typical banking risk. The author, Hubert Grochowski, a practitioner dealing with risk management in an insurance company, comprehensively presents the issues of defining liquidity risk and its subtypes. He also proposes his own approaches to capturing liquidity risk in the activities of an insurance company. The text presents a systematic division of risks, which can be a helpful tool in appropriate liquidity risk management processes in individual entities.

As mentioned, legal conditions are also an element that creates the framework for insurance activity. Prof. Marcin Orlicki presents considerations regarding the scope of liability of the Polish Insurance Guarantee Fund (pol. *Ubezpieczeniowy Fundusz Gearancyjny*, UFG). As he points out, it is difficult to interpret the scope of UFG's guarantee liability unequivocally. The author puts forward the thesis that UFG is liable in the event of bankruptcy of an insurance company only in relation to compulsory insurance in the strict sense of the word and only to the extent to which insurance protection for a given entity is required by law. This seems to prove the even greater importance of the resolution process in the Polish insurance sector.

In the next article, author Julia Kuchno takes up the niche topic of segmentation of overdue receivables from the insurance sector, originating from the secondary market. The author has demonstrated a high level of risk of this type of receivables and their low recoverability. The results of this research should constitute an important contribution to considerations on the quality of overdue receivables from the insurance sector in the context of the safety of the operation of companies, as well as in the context of planning crisis management processes in this sector.

In the following part of the issue, Andrea Battista presents the causes, course and effects of the crisis of the Italian insurer Eurovita. The text contains the author's own observations, which were possible mainly thanks to the author's direct and personal involvement in the management of Eurovita – the author was the president of this company for years before it ran into financial problems. The analysis of the Eurovita crisis shows that bankruptcy of the insurer is possible, and factors and risks assessed as typical for banks may also affect the insurance sector. The example of Eurovita proves how important the regulations published in recent weeks are, in particular the IRR Directive.

The issue ends with a text by Dr. Edyta Cegielska and Dr. Piotr Kuszewski, in which they provide an in-depth review of the book by Prof. Pukała entitled: *Insurance in financing the effects of start-up risk* [*Ubezpieczenie w finansowaniu skutków ryzyka start-upów*].

I hope that the presented issue of Bezpieczny Bank will contribute to expanding the readers' knowledge about the insurance sector and will become a contribution to interesting discussions.

I wish you a pleasant and inspiring reading!

Dr. Magdalena Kozińska