



EIOPA's InsurTech Activities

**7th AIDA Europe Conference - Breakout Session 3:
„Calibrating the Regulatory Approach on New Technologies“**

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Occupational Pensions Authority**

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- 1. How technology and data are reshaping the insurance landscape**
- 2. EIOPA's InsurTech Activities**

Exponential growth of data and Insurtech investments

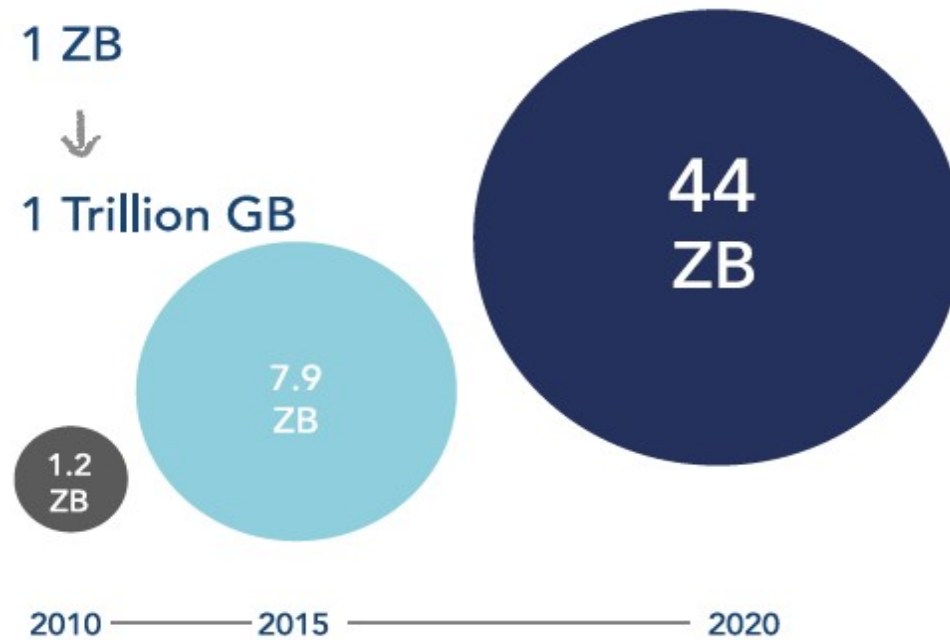


Active Growth of Global Data
zettabyte

1 ZB



1 Trillion GB



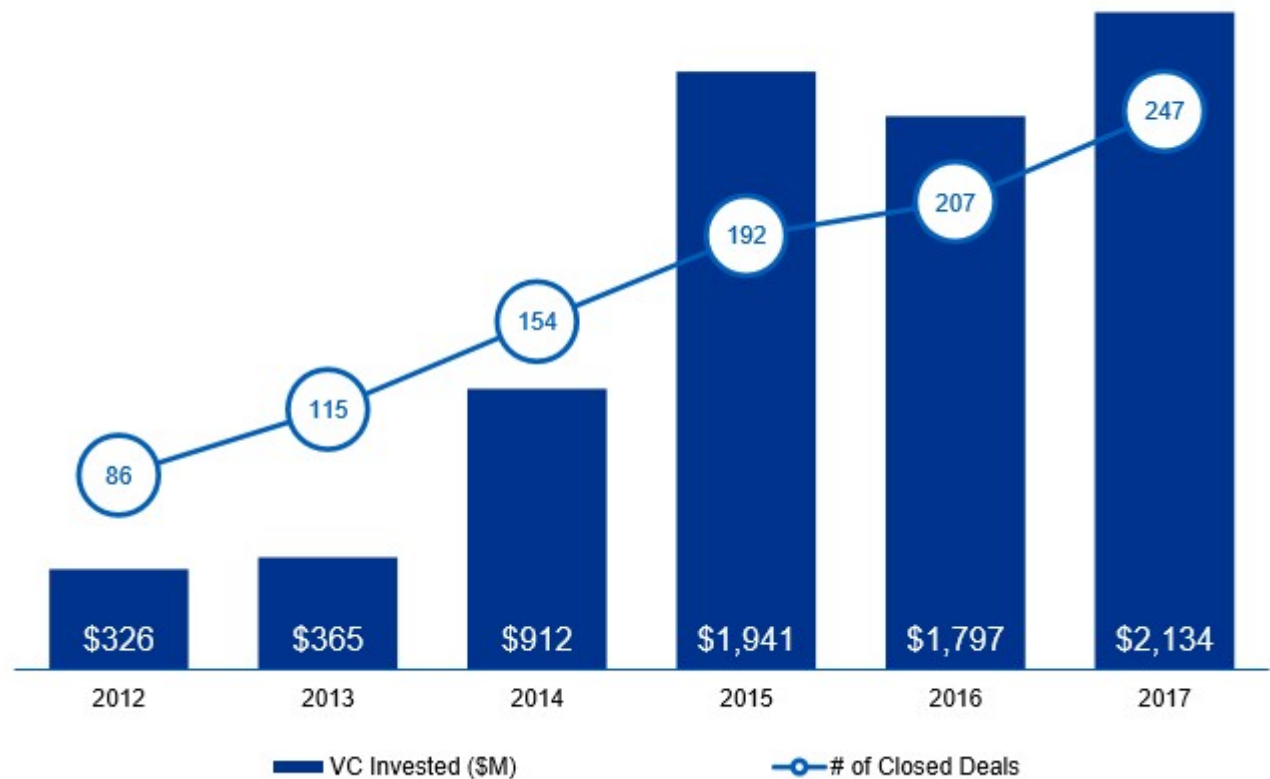
Source: CSC, IDC.

Source: Institute of International Finance

InsurTech venture capital investments have multiplied

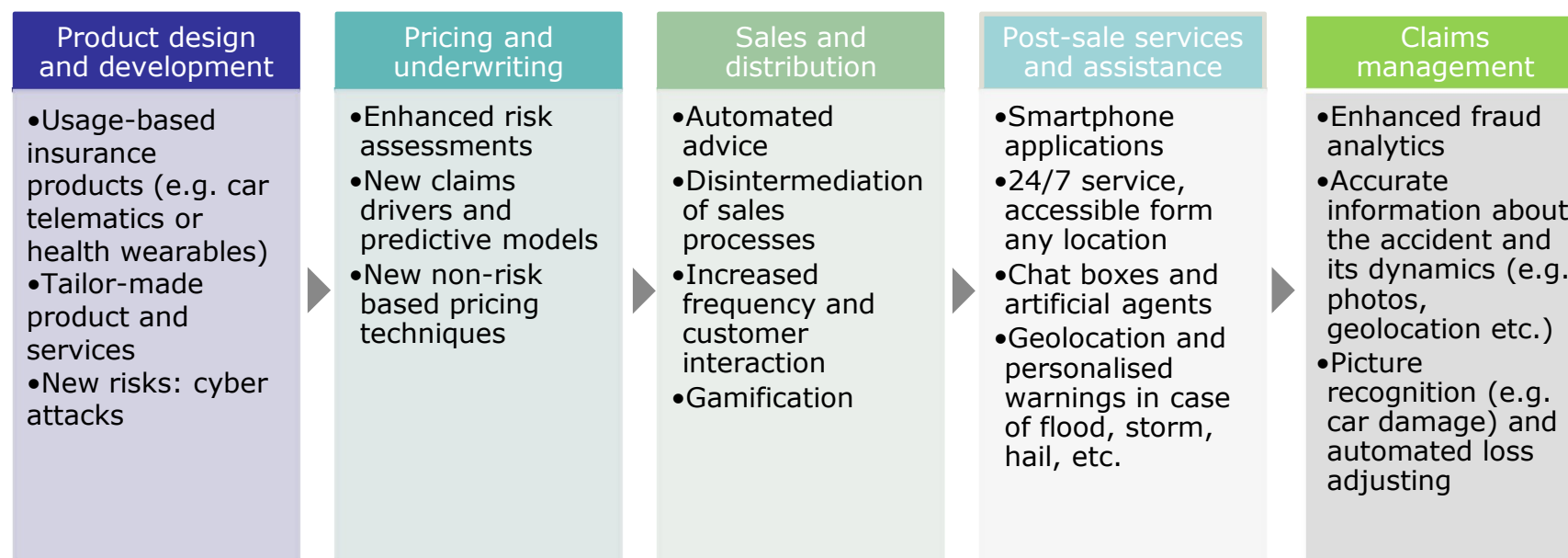


Global venture activity in insurtech
2012 – 2017



Source: Pulse of Fintech Q4'17, Global Analysis of Investment in Fintech, KPMG International (data provided by PitchBook) February 13, 2018.

InsurTech impacts all the stages of the insurance value chain



EIOPA's view: Key opportunities and challenges arising from InsurTech



Personalised products and services based on own needs and characteristics
Better customer experience
Empowerment
Addresses information asymmetry/transparency
Enhanced competition: reduced prices
Risk mitigation and prevention

Opportunities for consumers

Challenges for consumers

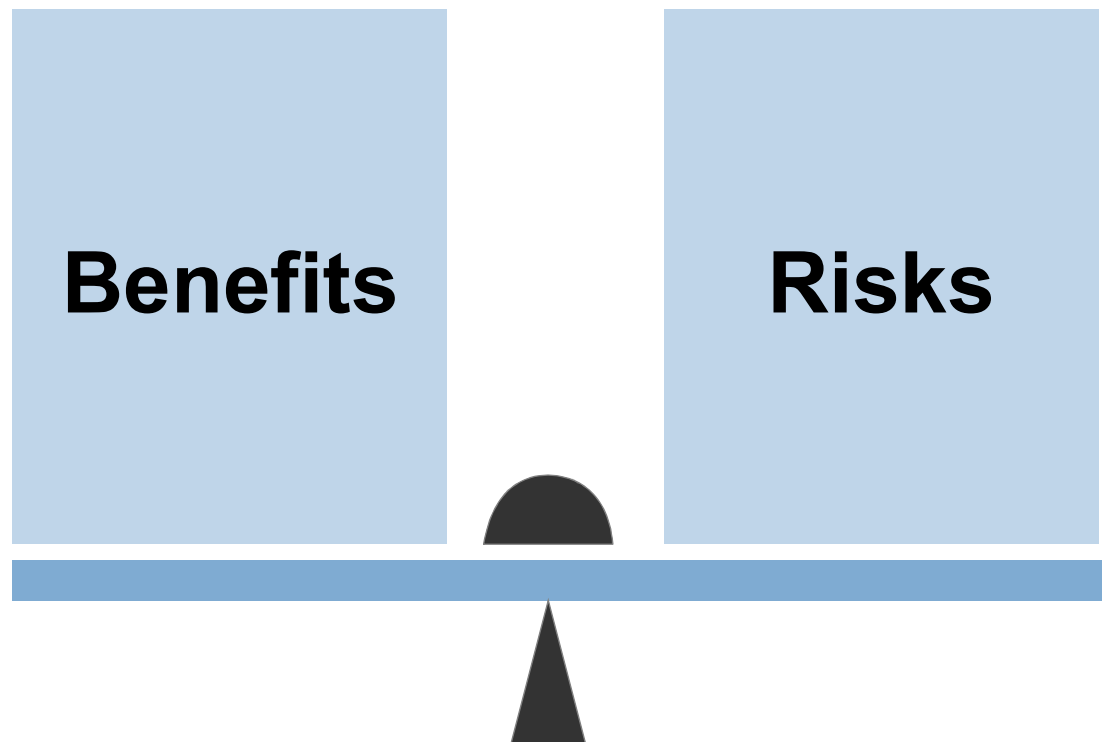
Financial inclusion or exclusion?
Price optimisation: fair treatment of consumers?
Data accuracy and spurious correlations
Privacy issues and data ownership
Non-digital population left behind
Less comparability of (individualised) products and prices
Supervision of algorithms

Cost efficiency
Enhanced risk assessments
"Regtech"
Targeted and individualised advertising
Improve their customer's experience
Direct access to customers (disintermediation)
Fight against fraud

Opportunities for industry

Challenges for industry

New competitors: defeat or ally?
IT Flaws
Cyber risk
Access to data
Employment
Legacy issues
Insurance business model to be re-thought?
Fragmentation of the value chain



EIOPA's approach to digitalisation

“Strike a balance between enhancing financial innovation and ensuring a well-functioning consumer protection framework and financial stability”

Regulation and supervision must be **technology neutral**

2016 and 2017

- Opinion on **sales via the Internet**
- Best practices report on **comparison websites**
- Joint Committee report on **automation of advice**
- Joint Committee report on the use of **Big Data** by financial institutions

EIOPA's InsurTech Activities (II)

Thematic review on Big Data

Gather empirical evidence on:

- Benefits and risks on pricing, underwriting, sales, and claims.
- Financial inclusion and exclusion
- Consumer segmentation and fair treatment of consumers

Cyber Risks

- Cyber insurance policies and accumulation of risks
- Supervisory practices around ICT security and governance requirements
- Consider developing possible cyber resilience testing framework for significant market participants

EIOPA InsurTech Task Force

Supervisory approaches to InsurTech

- Sandboxes and innovation Hubs
- Licensing requirements and principle of proportionality
- Identify barriers to financial innovation

Cloud Computing

- How to assess the materiality of cloud outsourcing
- Supervisory authorities' right of physical access to the premises
- Contingency plans and exit strategies

Beyond 2018

- **(Re-)insurance value chain** and new business models
- Supervision of **algorithms**
- **Innovation Hub**
- **RegTech** (including RegTech for supervisors)
- Distributed ledger technology / **Blockchain**



Thank you for your attention.

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