

The use of cloud computing by (re) insurance undertakings

Fourth InsurTech Roundtable organised by the European Insurance and Occupational Pensions Authority (EIOPA) on 11 April 2019 at EIOPA's premises in Frankfurt am Main

On 11 April 2019, the European Insurance and Occupational Pensions Authority (EIOPA) hosted its Fourth InsurTech Roundtable on “the use of cloud computing by (re)insurance undertakings”. Over 70 participants from 48 different organisations from all over Europe participated. This Roundtable continued EIOPA's work outlined in the recently published [report](#) on “Outsourcing to the Cloud: EIOPA's Contribution to the European Commission Fintech Action Plan”. The aim was to discuss with the different market participants views and approaches to cloud outsourcing in a Solvency II and post-European Banking Authority Recommendations environment and determine best practises for the development of an informed decision of a principle based guideline.

In his welcome address, Fausto Parente, EIOPA's Executive Director, stressed for EIOPA going forward it is important to keep in mind that the adoption of cloud solutions is one of the enablers to foster innovation in the (re)insurance industry. The Solvency II principles on outsourcing are still valid for cloud solutions. For this reason clarity, convergence and cross-sectoral harmonization on their application are at centre of EIOPA's work. Key supervisory concepts will remain in place and have to be respected, such as the principle of proportionality, technology neutrality and level playing field.

EIOPA presented an overview on its work on outsourcing to cloud service providers including a summary of the key issues to be addressed in the currently developed principle based guidelines.

Speakers from different organisations (see [agenda](#)) highlighted opportunities and challenges linked with the use of cloud services for the European insurance industry.

The key points made during the discussions were as follows:

- In the coming years cloud computing is expected to become the “new normal” for business and IT development due to its operational advantages
- To embrace the “cloud” insurance undertakings must weigh opportunities and risks and set-up a sound governance system to properly manage cloud projects and to adequately monitor the cloud services on an on-going basis

- Negotiating non-standard contractual clauses with cloud service providers is challenging in particular for smaller undertakings
- In addition to cloud infrastructure and security investments, the cloud industry is dedicating resources to increase transparency of their services by providing tools and approaches to “auditing” the cloud
- To succeed with the cloud it is paramount to keep in mind the shared responsibility model which requires a cultural shift of the management, the business, the IT risk management and the control functions

EIOPA will consider the outcome of the Roundtable discussions in its ongoing work on cloud outsourcing particularly in the currently developed principle based guideline for decision by EIOPA’s Board of Supervisors.

EIOPA is committed continuing the dialogue with stakeholders to address the challenges and opportunities of cloud outsourcing for the European insurance sector.

The [agenda](#) of the Roundtable and [EIOPA’s presentation](#) can be obtained [here](#).