



# Innovation

We monitor new developments to ensure people and business remain protected

Rapid technological developments are changing the way insurance and pension products are developed and the way consumers shop.

These developments bring benefits to businesses and consumers, but can carry certain risks.

This fast-changing landscape also brings challenges to supervisors. EIOPA keeps pace with different aspects of innovation to make sure that the regulatory framework accounts for both the opportunities and risks that innovation brings.

EIOPA's priorities in the field of financial innovation relate to InsurTech, digitalisation and big data; cyber underwriting and resilience; and SupTech.

Through its work, EIOPA takes into account the European Commission's digital strategy and FinTech action plan. EIOPA also supports the goal of a Digital Single

Market.

EIOPA also works closely with the EBA and ESMA on topics of joint interest.

## InsurTech, digitalisation and big data

Further digitalisation, increasing the role for technology enabled financial innovation ('InsurTech' in the insurance industry), is an increasingly important issue that affect business models, distribution channels and claims handling.

In particular, the use of big data is resulting in a better consumer experience and more personalised products, but could also result in consumers being excluded from or priced out of certain products.

EIOPA closely monitors developments in this field to ensure that consumers are not negatively affected by the growing digitalisation of the insurance value chain.

[Read our latest reports on InsurTech, digitalisation and big data](#)

## Blockchain and crypto assets

Blockchain is a subset of distributed ledger technologies (DLTs), which uses 'blocks' of information to keep track of data transactions in a distributed network of multiple nodes or computers. Blockchain has the potential to transform the functioning of a wide range of industries, including the insurance industry. Potential use cases are currently being explored across sectors and by a variety of organisations. Although it is still early days for blockchain in European (re-)insurance sector, EIOPA is assessing its potential use throughout the entire insurance value chain. Blockchain could also potentially provide opportunities for both prudential and conduct supervisors (SupTech) as well as facilitate RegTech solutions.

Crypto assets are defined as a digital representation of value or rights, which may be transferred and stored electronically, using DLT or similar technology. There are many different types of crypto assets, but the majority of them remain unregulated in the EU. To address this gap the European Commission has published a legislative proposal for a regulation on markets in crypto assets (MiCA) which is being discussed by the European Parliament and the Council.

EIOPA is currently monitoring the use of crypto assets in the insurance sector in cooperation with ESMA, EBA and national competent authorities.

[Read our latest activities in the area of crypto assets](#)

[Read our latest activities in the area of Blockchain](#)

## Cyber underwriting and resilience

The growing use of digital technology has resulted in more frequent and sophisticated cyber attacks on organisations, including insurers. This has also lead to a growing market for cyber insurance.

EIOPA maintains a close dialogue with insurers to identify areas of risk and how to mitigate risks, as well as identifying most the most recent trends in the European cyber insurance market.

Our strategy on cyber underwriting includes the following supervisory and regulatory priorities:

- Identification of appropriate cyber underwriting and cyber risk management practices and the promotion of supervisory practices that contribute to such practices
- Adequate assessment and mitigation tools to address potential systemic cyber and extreme risks.

In its capacity as a facilitator and provider of advice on cyber insurance, EIOPA will:

- Foster a mutual understanding between policyholders and insurers of contractual conditions and terms
- Carry out adequate assessments and develop mitigation tools to address potential systemic cyber and extreme risks
- Promote an adequate level and quality of data on cyber incidents to be made available at European level.

[Read our latest reports on cyber risks and cyber insurance](#)

## SupTech

Supervisory technology, or SupTech, is the use of technology by supervisors to deliver innovating and efficient supervisory solutions that will support a more effective, flexible and responsive supervisory system.

Through its SupTech strategy, EIOPA aims to promote the use of technology by

supervisors through:

- Implementing a platform for the on-going exchange of knowledge and experience to promote a culture of innovation and initiatives between supervisors
- Organising and endorsing the analysis of potential development of tools and subsequent implementation following analysis

[Read our latest supervisory technology strategy](#)

## European Forum for Innovation Facilitators

Together with the EBA and ESMA, EIOPA established the [European Forum for Innovation Facilitators](#) as a platform for supervisors to meet regularly to share their experiences from engagement with businesses through innovation facilitators as a means of fostering a common approach to the regulatory treatment of new products, services and business models.

LAST UPDATED ON:

18 Mar 2022