



# EIOPA consults on (re)insurance value chain and new business models arising from digitalisation

NEWS

DATE:

10 Jun 2020

Today, the European Insurance and Occupational Pension Authority (EIOPA) launched a public consultation on a 'Discussion paper on (re)insurance value chain and new business models arising from digitalisation'.

Technology continues to evolve, bringing new opportunities, social change and new expectations for consumers. In response, insurance undertakings and intermediaries continue to develop and revise their business models, often in increased co-operation with third parties (e.g. BigTech companies and start-ups), bringing both beneficial innovation and a new set of emerging risks that have to be taken into account.

These changes in firms' reliance on outsourcing and third parties bring potential benefits and opportunities. They are expected to transform the way products and services are provided with benefits for consumers (in terms of products and services that are better targeted to consumers' needs, of a better quality or that are more cost-effective) and insurance undertakings (for instance in terms of more efficient processes and decision-making or better fraud detection and management of risks).

However, it may also create new conduct and prudential risks and amplify or relocate significantly old risks (e.g. operational risk, Information and Communication Technology risks, security, governance, and reputational risks, consumer protection). It can also lead to legal and compliance issues (e.g. data protection and compliance with outsourcing rules and regulatory perimeter issues). The widespread use of third party providers can also lead to concentration risk if a large number of undertakings become dependent on a small number of dominant outsourced or third party service providers.

In this context, a possible fragmentation of the insurance value chain could occur, including, most pertinently, a potential for a reduced regulatory and supervisory 'grip' on the relevant activities in the value chain, or ways in which the 'lengthening' of the value chain 'stresses' existing regulatory and supervisory oversight.

The goal of the public consultation is therefore to get a better picture on possible fragmentation of the European Union's insurance value chain and supervisory challenges related to that in order to plan for next steps.

The deadline for submission of feedback in [EU Survey Tool](#) is 7 September 2020.

EIOPA will work further on this together with national competent authorities on supervisory responses to further support supervisors and supervisory convergence while maintaining a strong and open dialogue with the market and other stakeholders.

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