

To: Pandemic Risk PG

EIOPA publishes its staff paper on measures to improve the insurability of business interruption in light of pandemics

On 12 February, EIOPA published its [staff paper](#) on measures to improve the insurability of business interruption in light of pandemics. Insurance Europe provided input on the paper through its membership of EIOPA's exploratory group on shared resilience solutions (see EXCO-PAN-21-077).

Building on the [Issues paper on shared resilience solutions for pandemics](#) published in July 2020, EIOPA analyses options relating to prevention measures to reduce losses, capital markets risk transfer, and multi-peril solutions for systemic risk. It also addresses the general challenges related to modelling and triggers for claims in the context of pandemics.

In this paper, EIOPA particularly highlights that:

- a key element of shared resilience solutions is prevention. By promoting prevention measures, insurers can improve society's capacity to reduce losses. Prevention can be supported by regulatory incentives, as well as by public-private initiatives for sharing data. Aligning public-private measures for risk prevention can help in reducing moral hazard and improve the insurability of the risk.
- to improve society's capacity for bearing business interruption risk beyond traditional insurance mechanisms, capital markets can be an additional layer of risk transfer and diversification. Progress on pandemic risk modelling and pricing is needed, where possible incentivizing risk prevention through relevant claim triggers.
- multi-peril solutions can provide opportunities for addressing the systemic risk of 'following' events. The option to introduce future-focused multi-peril pools should be considered going forward. This could support the development of common prevention measures, as well as address the opportunity cost of separate peril solutions.

EIOPA invites all interested stakeholders to provide their views on the paper until Wednesday, 31 March 2021 to sharedresiliencesolutions@eiopa.europa.eu.

Next steps

- **31 March:** Deadline for sharing comments on the paper with EIOPA
- The secretariat will assess the need for sharing further comments on the paper and follow up with members on in due course.

For more info

Áine Clarke, Policy advisor, general insurance, clarke@insuranceeurope.eu, +32 2 894 30 58

Fabienne Zwagemakers, Policy advisor, public affairs, zwagemakers@insuranceeurope.eu, +32 2 896 48 30