

# [EIOPA addresses measures to improve the insurability of business interruption risk in light of pandemics](#)

The European Insurance and Occupational Pensions Authority (EIOPA) published today its staff paper on measures to improve the insurability of business interruption in light of pandemics. Building on the [Issues paper on shared resilience solutions for pandemics](#) published in July, 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.

EIOPA emphasizes that a key element of shared resilience solutions is prevention. **By promoting prevention measures**, insurers can improve society's capacity to reduce losses. Improving clarity on the scope of coverage as well as integrating prevention measures in risk-based pricing of the insurance cover can contribute to showing the true cost and create incentives for preventive behaviour. 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. Designing new and successful capital markets instruments for financing business interruption risk in a pandemic crisis pose challenges, and require legal certainty, predictability and swiftness in the payment of claims. 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. While pandemic-specific schemes are being discussed today, 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 to the paper until Wednesday, 31 March 2021 to [sharedresiliencesolutions@eiopa.europa.eu](mailto:sharedresiliencesolutions@eiopa.europa.eu).

[Go to the staff paper](#)