

Insurance against pandemic risk: EIOPA identifies options for shared resilience solutions

Today the European Insurance and Occupational Pensions Authority (EIOPA) published its Issues Paper highlighting options for developing shared resilience solutions for pandemic risk. The paper recognises that private insurance solutions alone will not be sufficient to protect society against the financial consequences of future pandemics. Solutions will require both public and private sector involvement, and build on the following four key elements:

1. Proper risk assessment
2. Risk prevention and adaptation measures
3. Appropriate product design
4. Risk transfer

The options include different insurance models and coverage, for example whether cover should be mandatory, and whether payouts should be based on a pre-agreed parameter or index. The options also include different ways the public and private sectors could work together, for example establishing an EU-expert group for data sharing and risk modelling, and creating a platform for public and private coordination on prevention measures. Different potential roles are considered for how the European Union can contribute towards solutions.

As a next step, the scope of the shared resilience framework could be expanded to consider further resilience gaps stemming from systemic cyber, climate change impacts in natural catastrophes and terrorism.

In developing this paper, EIOPA consulted the insurance and reinsurance industry, as well as commercial insurance buyers and insurance brokers and distributors.

Gabriel Bernardino, Chairman of EIOPA, said: 'It is of the utmost importance not only to have a debate about how our society can better react to future disruptive events such as Covid19 but also to come up with a way forward. While it is clear that insurance cannot cover the full costs of pandemics, insurers and reinsurers should be part of the solution and not part of the problem. Furthermore, I strongly believe that shared resilience solutions can play an important role in mitigating economic fragmentation throughout the European Union and should be part of the recovery efforts towards a European Union that protects its businesses and its citizens. We invite views on the options raised in the paper'.

[Read the paper](#)