



Breakout session ***Innovation in Reinsurance: opportunities and risks***

EIOPA ICIR

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Innovation in Reinsurance: opportunities and risks

Broad understanding of *innovation*

- Innovation as '*novel ways of doing things better or differently, often by quantum leaps versus incremental gains*'⁽¹⁾
- Innovation not necessarily 'tech' driven
- Examples
 - 'Tech' driven ((Re)Insurtech)– From AI for life insurance lapse analysis, to enhanced computing power for increased modelling sophistication and speed, to granular meteorological data for loss estimate or parametric trigger sharpening, etc.
 - Non 'tech' driven – From insurer-reinsurer partnership for fine-tuned product development, risk management or capital allocation to reinsurer/retrocedent-investor relation for tailored third-party capital provision (e.g. sidecars, design/layering of financial instruments to serve investors needs and appetites, reinsurance exchange platforms, etc.
- Regulatory and supervisory approaches to enabling responsible innovation

Multiplicity of perspectives on – and interests in – *reinsurance*

- Perspective of the risk transfer parties, i.e. the ceding insurer & the assuming reinsurer/s, and the retrocedant & the retrocessionaire/s; perspective of risk transfer intermediaries
- Perspective of the service providers, e.g. lawyers, accountants, modellers, Insurtech providers, sector/market analysts, credit rating agencies, etc.
- Perspective of the capacity providers, e.g. shareholders, third-party capital providers (e.g. capital markets providers)
- Perspective of regulators and supervisors
- Other perspectives, e.g. academics, researchers, etc.
... but also ...
- Perspectives from developed economies and from emerging economies, perspectives from economic policy development, financial stability, etc.
- Perspectives from policyholders, policymakers etc.

⁽¹⁾ Perrin, B. (2002) How to – and How Not to – Evaluate Innovation. *Evaluation*, Vol. 8(1), pp. 13–28.



Breakout session – Exercise agenda

Small groups creation (3 to 5 groups)

5 minutes

- Life insurance, life reinsurance, P&C insurance, P&C reinsurance
 - ✓ Investors delegates to join the group that best reflect your investor's profile
 - ✓ Supervisors to join group that best reflects your job, i.e. life insurer supervisor, life reins, etc. or join at will
 - ✓ Intermediaries, service provides, others please join the group you feel you can make the best contribution to

Small group discussion

30 minutes

- Participants to briefly introduce themselves
- Designate a Group Spokesperson
- Share with group the innovations that you see, or you're are working on, or considering, etc.
 - Focus on what is the innovation about; innovation drivers; opportunity opened, obstacles; risks, risk management
- Summary by spokesperson – Key messages
 - Type of innovations discussed, drivers and opportunities, obstacles, risks and other challenges, ways forward, etc.

Plenary discussion

20 minutes

- All small groups come together
- Each Spokesperson to report back to group on key messages
 - Innovations discussed
 - Opportunities identified, drivers
 - Obstacles found, risks, and risk management & mitigation
 - Supervision / regulation
- Summary by facilitator – Key messages to take to the '*Panel Discussion*'





Thank you!

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