



EIOPA – European Insurance
and Occupational Pensions
Authority

Date: 30.09.2019
Our ref.: 19-745
Your ref.:

FINANCE NORWAY RESPONSE TO EIOPA CONSULTATION ON THE PROPSAL FOR GUIDELINES ON OUTSOURCING TO CLOUD SERVICE PROVIDERS

Norway is a member of the industry association Insurance Europe (IE), and would thus draw the attention to their reply to this consultation.

General comments on the recommendations

Finance Norway supports an additional guidance to the existing guidelines, in order to provide the needed clarity for institutions should they wish to adopt cloud computing, and fostering supervisory convergence regarding the applicable expectations and processes for the cloud. We think it is essential that fragmentation, as regards financial supervisory regulation and practise is avoided.

There is a need to clarify the regulatory framework and the supervisory expectations applied to outsourcing to cloud service providers. An example is the need of a common interpretation of “material cloud outsourcing” among supervisory authorities. In this respect the intention of the recommendations is appreciated. To address the heterogeneity in the supervisory expectations regarding the technical security of cloud computing services, it is important to prevent different interpretations by national supervisors.

In order to ensure that the scope of application is sufficiently precise, it is important to have clear definitions. The definition of material outsourcing should encompass critical and important operational functions or activities only to ensure legal certainty and consistency with the Solvency II Directive (Article 49) and its Delegated Regulation (Article 274 (3)).

There ought to be a risk-based approach to cloud computing, focusing on the outcomes of the recommendations.

As the recommendations are aimed at insurance and reinsurance undertakings as well as national supervisory authorities, this could have a negative effect on the transformation of *regulated* institutions, and may constitute an uneven playing field with other players competing in the same market. On an EU-level, there should be the same guiding principles for contracting between institutions and cloud service providers for all institutions acting in the same market.

The General Data Protection Regulation

Further consideration should also be given to the General Data Protection Regulation (GDPR), and its guidelines. Cloud outsourcing includes data transfers between controllers and processors, and as personal data needs to be secured at all times, adequate organisational and technical measures by both controllers and processors are vital.

Notification

A legal requirement for notification of cloud projects on a case-by-case basis increases the time to market thereby reducing the benefit of using the cloud. Finance Norway thinks that a notification on a case-by-case basis ought *not* to be required either at EU level or by national law or the supervisory practice. Article 49(3) of the Solvency II Directive does not specify the content of the notification. EIOPA's guidelines on system of governance (Guideline 64) solely requires a description of the scope and the rationale for the outsourcing and the service provider's name. Finance Norway therefore proposes to keep these requirements consistent.

To avoid unnecessary time, expenses and legal and processual uncertainty, initial notification should be allowed to take place once the cloud initiative is in the production phase.

Yours sincerely
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