

## Insurance Europe response to EC consultation on Cloud and AI Development

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Referring to:	<a href="#">EC consultation on its upcoming Cloud and AI Development Act</a>		
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### Introduction

In its AI Continent Action Plan, the Commission states that in order to adequately serve the AI and general computing needs of businesses and public administrations across the entire EU, and to ensure competitiveness and sovereignty, it is essential for the EU to increase its current cloud and data centre capacity in a geographically balanced manner. It notes that the Cloud and AI Development Act will create the right conditions for the EU to incentivise large investments in cloud and edge capacity, with the objective of at least tripling the EU's data centre capacity within the next five to seven years and bringing it to a level that meets the needs of EU businesses and public administrations by 2035.

The insurance industry supports this focus on incentivising large investments and increasing overall cloud and data centre capacity across the EU. The focus of enhancing Europe's technological sovereignty should be on investment in R&D, infrastructure and cloud/AI capabilities, as suggested in the Commission's approach. Sovereignty can only be successfully achieved through capacity-building, not protectionism. Open strategic autonomy must balance sovereignty with interoperability, openness, and trusted partnerships, including with like-minded third countries.

While there may be merit in further exploring the possibility of enhancing Europe's digital sovereignty, this should be a longer-term, policy discussion at EU level with an appropriate focus on increasing investment and building capacity and infrastructure, rather than an approach that seeks to place restrictions on the private sector in their choice of providers. The European cloud market is not sufficiently mature and that it will take time for European providers to reach the level of technical capability of the US hyperscalers. Proposing to attain European sovereignty without the necessary technological capacity and infrastructure in place, and adopting a protectionist agenda that focuses on placing restrictions on the private sector, will not achieve the desired outcome.

From the perspective of the insurance sector, there are currently no EU-based cloud solutions that can match the operational scale, performance, and security maturity of established global providers. As such, any regulatory requirements or policy approaches that would prioritise independence from non-EU jurisdictions could



effectively disqualify US hyperscalers, without providing European companies with viable alternatives. This could result in:

- Reduced access to best-in-class technology,
- Legal uncertainty in cross-border operations,
- Risks of breaching international trade commitments, and
- A step backwards in digital innovation and security for EU businesses.

The insurance industry encourages policymakers to ensure that the Cloud and AI Development Act includes:

- a clear, risk-based definition of "sovereign cloud" that allows for compliance through contractual, operational, and technical safeguards rather than jurisdictional exclusion;
- flexibility for hybrid and multi-cloud strategies, to enable user choice and prevent market lock-in; and
- a focus on interoperability and innovation, to preserve Europe's competitiveness and prevent market fragmentation.

The stated objective of the AI Continent Action Plan is to boost and accelerate EU AI policies by investing in large-scale AI computing infrastructures, improving access to data, accelerating AI adoption in strategic EU sectors, strengthening AI skills and talent, and fostering regulatory compliance and simplification. It is crucial that these elements remain at the core of the Cloud and AI Development Act. Introducing strict sovereignty requirements without realistic alternatives risks undermining the very goals of digital transformation and competitiveness that the AI Continent Action Plan seeks to promote.

**Annex: Insurance Europe response to the EC questionnaire on the Cloud and AI Development Act (via EU Survey)**

*Section 2 Questions for specific target groups*

*Section 2.7 Questions for organisations other than the ones above*

*What is your main reason for participating in this survey?*

Rank each answer on a scale from 1 to 5 where 1 = not very important and 5 = very important.

	1	2	3	4	5	Not applicable / I don't know
* I am concerned about how secure my personal or professional data are when stored in the cloud	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
* I am concerned that non-EU tech companies have too much influence over our data and digital infrastructure	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* I want fair competition and support for EU businesses and start-ups in the digital space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* I would like the EU to invest in and prioritise EU cloud infrastructure and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* I believe there should be stronger rules and enforcement for how cloud and AI services operate in the EU	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* I am concerned about the environmental impact of building large-scale data centres and digital technologies	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
* I am concerned that some people or communities may be left behind in the shift to digital and cloud-based services (e.g. due to the lack of access to digital tools, poor internet, lack of training, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* I want to know how governments and public institutions use cloud services and how they protect our data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* I work in tech, policy, education or a related field and want to contribute with my perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
* I believe citizens should have a voice in digital governance aspects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
* Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

*Please specify (4000 characters)*

The insurance industry supports the focus on incentivising large investments and increasing overall cloud and data centre capacity across the EU. The focus of enhancing Europe's technological sovereignty should be on investment in R&D, infrastructure and cloud/AI capabilities, as suggested in the Commission's approach. Sovereignty can only be successfully achieved through capacity-building, not protectionism. Open strategic autonomy must balance sovereignty with interoperability, openness, and trusted partnerships, including with like-minded third countries.

While there may be merit in further exploring the possibility of enhancing Europe's digital sovereignty, this should be a longer-term, policy discussion at EU level with an appropriate focus on increasing investment and building capacity and infrastructure, rather than an approach that seeks to place restrictions on the private sector in their choice of providers. The European cloud market is not sufficiently mature and that it will take time for European providers to reach the level of technical capability of the US hyperscalers. Proposing to attain European sovereignty without the necessary technological capacity and infrastructure in place, and adopting a protectionist agenda that focuses on placing restrictions on the private sector, will not achieve the desired outcome.

From the perspective of the insurance sector, there are currently no EU-based cloud solutions that can match the operational scale, performance, and security maturity of established global providers. As such, any regulatory requirements or policy approaches that would prioritise independence from non-EU jurisdictions could effectively disqualify US hyperscalers, without providing European companies with viable alternatives. This could result in:

- Reduced access to best-in-class technology,
- Legal uncertainty in cross-border operations,
- Risks of breaching international trade commitments, and
- A step backwards in digital innovation and security for EU businesses.

*Are there any specific needs to be addressed for building new computational resources?*

*Please specify (4000 characters)*

For the current needs of the insurance industry, there are no viable European alternative providers. Building real alternatives requires significant investment in compute capacity, data centres, R&D and infrastructure. This should form the basis for any policy objective aimed at enhancing Europe's technological sovereignty. Sovereignty can only be successfully achieved through capacity-building, not protectionism. Reducing the availability of large cloud service providers on the market would make insurers less agile and could significantly disrupt their ability to scale cloud resources up or down to respond to fluctuating computing demands or to keep pace with customer needs.

*Are there any specific factors affecting your access to cloud services?*

*Please specify (4000 characters)*

There are currently no issues regarding access to cloud services by the insurance industry. Availability of software or hardware are not currently considered barriers. The main need for the insurance sector is access to the major hyperscale cloud providers, which are capable of satisfying insurers' demands in terms of cybersecurity protection, capacity, reliability and affordability. There are at present no viable European alternatives that can match the large providers in terms of services, offerings and quality. Any restrictions on

the ability to access cloud services provided by large hyperscale providers would have a significant detrimental impact on the sector.

*Are there any specific obstacles to the consumption of secure cloud services?*

*Please specify (4000 characters)*

One of the key considerations for insurers when choosing cloud service providers is to ensure the highest possible level of cybersecurity and to guarantee the operational resilience of their business. Access to best-in-class technology and security is paramount. Leveraging the size and scale of hyperscale cloud service providers allows for a more efficient overall security strategy.

It is essential that any future European alternative providers are able to deliver both in terms of quality and scale if they are to be real viable substitutes for the major providers in practice.

*Have you identified any gaps in the current offerings of cloud computing providers that impact your day-to-day activities?*

*Please specify (4000 characters)*

Vendor lock-in can be a challenge faced by insurers when using cloud providers. To avoid potential vendor lock-in situations, it is important that cloud service providers facilitate the prompt transfer of data to alternative service providers or back in-house following contract termination to ensure business continuity during the transition phase. This could involve an appropriate minimum transition period for continuation of the service following termination in order to avoid the risk of disruption. It is important to ensure that the cloud service provider adequately supports the insurer when transferring the outsourced data, systems or applications to another service provider or directly to the insurer, and to also ensure that once the data has been transferred it will be completely and securely deleted by the cloud service provider in all regions.

Insurance Europe welcomes the steps already taken by the European Commission to encourage and facilitate the development of standard contractual clauses (SCCs) for cloud computing (this work is now being carried out in the context of the Data Act. However, prior to DORA, work had already begun in this area, with a specific focus on SCCs for cloud outsourcing in the financial sector. It will be important to ensure a final workable set of SCCs that can satisfy the requirements and obligations of the financial sector). The development of SCCs is particularly important to avoid any potential imbalance of the negotiating power between financial institutions and cloud service providers. Areas where this could be particularly useful include sub-outsourcing, access and audit rights, security of data and termination rights / continuity arrangements.

One of the main challenges regularly encountered by the insurance industry relates to the fact that the cloud service provider will generally refer to its own standard terms and conditions regarding the right to unilaterally change the terms of service. This is often with very little or insufficient notice period for the insurer to assess the changes. While not an issue that is directly covered by the existing regulatory framework on outsourcing, this is an issue that could be effectively addressed in the form of SCCs, at the very least to ensure that financial institutions are provided with sufficient time to assess any proposed changes to the terms and conditions of service and, where deemed necessary, to allow for an orderly withdrawal from the outsourcing arrangement.

Insurance Europe would also highlight the fact that cloud outsourcing agreements need to be negotiated at length with service providers before being concluded. This, along with relevant legal and supervisory requirements, creates difficulties for insurers to be sufficiently flexible to procure or adopt new cloud solutions. The possibility to allow greater reliance on independent assurance by third-party certification bodies, for example, would help facilitate the use of innovative cloud solutions. While this was something recognised in

EIOPA's guidelines on cloud outsourcing (to use third-party certifications and third-party or internal audit reports made available by the cloud service provider), this is another area that would benefit from the development of SCCs that recognise this possibility to rely on the use of third-party certification in order to facilitate more efficient use of resources and make it easier to adopt new cloud solutions.

### Section 3. EU Policies

#### Computing Capacities

*What type of EU action should be prioritised for boosting the availability of sufficient and adequate cloud capacity for AI workloads?*

(Rank each answer on a scale from 1 to 5, where 1 = not very important and 5 = very important)

#### Facilitation of investment

Policy action	1	2	3	4	5	Not applicable/I don't know
* Increasing public investment into private public infrastructures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>	<input type="radio"/>
* Creating public private partnerships for large scale data centres	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>	<input type="radio"/>	<input type="radio"/>
* Incentives for building computing infrastructure in underserved regions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>

#### Simplification of infrastructure permitting procedures

Policy action	1	2	3	4	5	Not applicable/I don't know
* Have a one stop shop service or a similar mechanism where the different permits at the different administrative levels can be requested and managed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
* Reduce the amount of time necessary to obtain the different certificates and permissions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
* Create expedited approval mechanisms and clear conditions for critical / strategic projects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>

### Simplification of regulations for the building of computing infrastructure with energy efficiency

Policy action	1	2	3	4	5	Not applicable/I don't know
* Unified guidelines at national level for all aspects including energy efficiency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
* Unified guidelines at EU level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>

### Environmental aspects

Policy action	1	2	3	4	5	Not applicable/I don't know
* Clear environmental compliance requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
* Addressing energy availability for data centres	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
* Addressing land availability for data centres	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>

### Energy efficiency

Policy action	1	2	3	4	5	Not applicable/I don't know
* Tax incentives for using sustainable technologies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
* Funding for research and development of energy-efficient technologies.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
* Standardized energy efficiency benchmarks.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
* Investments in the development of more efficient software to manage and monitor the energy efficiency and metrics of the data centre	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>

### Cross – cutting issues

Policy action	1	2	3	4	5	Not applicable/I don't know
* Supporting an open source software ecosystem	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>	<input type="radio"/>	<input type="radio"/>
* Collaborative programs for R&D and innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>	<input type="radio"/>	<input type="radio"/>
*Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>X</b>

*At EU policy level, is it appropriate to distinguish between capacity for training, for fine-tuning, and for inference of AI models and solutions?*

- Yes
- **No**
- I don't know

Why not?

At present, the needs of the insurance industry are met by the major providers for training, fine-tuning and inference of AI models and solutions. As such, there is no need to access different services for the different scenarios. With regard to training AI models, current services and solutions provide more than enough computing power to meet the needs of the industry. Access to training-specific compute is therefore not currently needed.

#### *Public Sector actions*

*What EU policy actions would best address the current issues faced by Public Administrations when procuring cloud and AI services? (multiple options possible)*

- Guidelines with standard criteria to procure cloud services
- Guidelines with standard award criteria
- Standardized tender vocabulary and requirements
- **I don't know**
- Other

Please specify (1000 characters)

*What EU policy actions would address the current issues faced by Public Administrations on cloud and AI services? (multiple options possible)*

- Include a criterion ensuring sovereignty, autonomy, resilience and availability in the procurement of narrowly defined highly critical and strategic use cases
- Include a criterion for highly innovative solutions
- Include a criterion for solutions with added value and innovation
- Improvement of skills and capabilities, including training and certifications
- Marketplace of cloud services, AI services, and other software applications for the Public sector.
- Other
- **I don't know**

Please specify (4000 characters)



*Open source in the public sector*

*What EU policies would alleviate the challenges of releasing the code funded by public money as open-source\* code? (\*released under a license in which the copyright holder grants users the rights to use, study, change, and distribute the software and its source code to anyone and for any purpose)*

- A common open-source licensing schema across the EU
- Guidelines to set up the governance mechanisms of the open-source community
- Guidelines to select relevant open-source communities/foundations where the code can be released
- The set up of a public-private foundation dedicated to such communities
- An obligation to release the source code developed with public money onto open-source repositories, except in duly justified cases
- Other
- **I don't know**

*Cross – cutting topics*

*What EU policy actions would address bundling? Bundling is a commercial strategy where several software packages are sold together for distribution, deployment or use.*

- Regulation of bundling practices to ensure fair competition
- Promoting open licensing models for AI tools and platforms
- Transparency requirements for cloud provider pricing and licensing
- **I don't know**
- Other

Other, please specify (4000 characters)

*What EU policy action would best serve to protect against unlawful access to [sensitive] data [by third-country legislation with extraterritorial reach] and risks associated with supply chain dependencies and possible disruptions) of cloud and AI services?*

- **Pursue international cooperation (including international agreement) with third countries that address such risks**
- Develop criteria that could be used to differentiate between third countries depending on whether they pose specific threats to the Union.
- Develop criteria to narrowly identify highly critical use cases for cloud and AI services
- Define criteria to narrowly identify highly critical use cases for which public procurers could address specific risks related to third countries' legislation with extraterritorial reach, aligned with international agreements.
- Other
- I don't know

Other, please specify (4000 characters)

*The EU pursues and has concluded with third countries agreements facilitating trusted cross-border data flows and prohibiting unjustified data localisation restrictions, including with the UK, Japan, Singapore and Korea. How important is it in your view that the EU promotes such partnerships with likeminded countries?*

- **Very important**
- Somewhat important
- Neutral
- Never very important
- Not important at all

Insurance Europe is the European insurance and reinsurance federation. Through its 39 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings active in Europe and advocates for policies and conditions that support the sector in delivering value to individuals, businesses, and the broader economy.