

EIOPA public consultation on the ‘Discussion Paper on open insurance: accessing and sharing insurance-related data’

Fields marked with * are mandatory.

Introduction

1. Background and rationale

European Insurance and Occupational Pensions Authority (EIOPA) is launching a public consultation on the [‘Discussion Paper on open insurance: accessing and sharing insurance-related data’](#).

The discussion around the benefits and risks of so-called ‘open finance’ has taken place in many different jurisdictions for some time, focusing so far mainly on the banking sector (open banking).

Data broadly understood is critical for insurance, as it is the foundation of sound risk identification and pricing. Insurers are typically data rich. New kinds of data and data sources (e.g. social media) and new questions on who should ultimately decide on the use of data (e.g. the policyholder) are however introducing new players and challenges, disrupting this picture. In addition, questions are arising on whether and how far insurance value chains should be ‘opened’, i.e. whether and how far insurance-related data should be shared with other insurance or non-insurance operators, to put flesh on the bones of policyholder rights and to allow for innovation in products and services.

EIOPA is expecting from interested parties their views on this Discussion Paper.

EIOPA will assess the feedback to this Discussion Paper in order to better understand open insurance developments and risks and benefits related to that.

2. Responding to this discussion paper

EIOPA welcomes comments on the [‘Discussion Paper on open insurance: accessing and sharing data in insurance’](#).

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Please respond to the questions in the EU Survey Tool **by 28 April 2021**.

Contributions not provided using the survey or submitted after the deadline will not be processed and therefore considered as they were not submitted.

3. Publication of responses

Contributions received will be published on EIOPA's public website unless you request otherwise in the respective field in the EU Survey Tool.

Standard confidentiality statements in an email message will not be treated as a request for non-disclosure.

Please note that EIOPA is subject to Regulation (EC) No 1049/2001 regarding public access to European Parliament, Council and Commission documents and EIOPA's rules on public access to documents.

Contributions will be made available at the end of the public consultation period.

Data protection

Please note that your personal contact details (such as names, email addresses and phone numbers) will not be published. They will only be used to request clarifications, if necessary, on the information you supplied.

EIOPA will process any personal data in accordance with Regulation (EU) 2018/1725 on the protection of national persons with regard to the processing of personal data by Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC. More information on how EIOPA will treat your personal data can be found in the privacy statement.

Information about the respondent

* First name

Charles

* Last name

LOW

* Email

charles.low@ferma.eu

* Do you agree that your response is published in EIOPA website?

- Yes
 No

* Country

Belgium

* Name of your organisation

Federation of European Risk Management Associations (FERMA)

* Type of your organisation

- Insurance or reinsurance undertaking
- Insurance intermediary
- Technology company
- Industry association
- Consumer association
- Academia
- Other (please specify)

Please specify

* Would you be willing to engage with EIOPA on follow-up discussions on open insurance? If 'yes', please provide the main contact point for possible follow up (name and e-mail address)

- Yes
- No

* Name

Charles Low

* Email

charles.low@ferma.eu

Questions to stakeholders

1. Do you agree with the definition and the approach to open insurance highlighted in the Discussion Paper? If not, please describe what aspects would be essential to consider additionally?

- Yes
- No
- I don't know

Please explain

A qualified yes to both the definition and approach.

As the representatives of corporate risk and insurance managers, FERMA understands why the definition of open insurance at this stage remains broad. The trend towards open finance is a fast-moving and evolving area. In addition, our understanding of openness evolves with time. To illustrate our point, right now the discussion on open insurance often leads to talk of 'use cases', 'APIs' and 'regulatory sandboxes/innovation facilitators' or similar ideas. While these are important elements to open insurance, at least in our understanding, we take the view that there needs to be a thorough consideration of what openness means to the various parts of the insurance value chain. This is where in particular we—from the point of view of corporate risk and insurance managers—encourage EIOPA to more strongly consider the topic of Open Insurance from the point of view of SMEs and other businesses. While it is almost certainly the case that Open Insurance offers many potential benefits to individual consumers, we also take the view that the impact of open insurance on corporate insurance buyers, as well as SMEs must be considered.

2. In addition to those described in this paper, including in Annex 1, do you see other open insurance use cases or business models in the EU or beyond that might be worth to look at further from supervisory/consumer protection perspective?

- Yes
- No

Please explain

In some of the markets covered by FERMA Members, we are aware that there are some initiatives underway, but at this stage it is too early for conclusions or lessons learned to be shared. However, FERMA mentions this at this stage as a point to come back to with EIOPA when we have more results to share. We also see that there is potential to link the work on Open Insurance to EIOPA's work on shared resilience solutions. From FERMA's point of view, when we as risk and insurance managers hear or read the term open insurance the key word for us is transparency. As insurance buyers, our view is that if we were to have more transparency from the insurance sector on, for example losses and claims (to stress at aggregated level, and in line with all relevant legal & privacy requirements), this data would help inform decisions on prevention measures, and would ultimately contribute towards the overall goal of organisational resilience. To stress here that we do not see open insurance as a panacea, and that there are various other elements to resilience. However, we see that there is a possibility for EIOPA to explore the linkages between its work on Open Insurance and other initiatives such as the work on shared resilience solutions, or for example the work on the dashboard for insurance protection gaps.

3. Do you think regulators/supervisors should put more focus on public comparison websites where the participation is compulsory for undertakings? What lines of business could be subject for that? What risks, benefits and obstacles do you see?

- Yes
- No
- I don't know

Please explain

FERMA takes the view that the ability to compare the offers from insurers via a comparison tool would be useful for the insurance buyer. While we anticipate that this may not be possible for every product, we must stress that from the point of view of the buyer the ability to compare offers is absolutely important. Furthermore, and in reference to what we have written in Q2, if we take the line that open insurance would result in more transparency from insurers on losses and claims, this type of data would assist organisations in making decisions on prevention as well as risk transfer.

In terms of the lines of business that could be subject to this, we are well aware that from the point of view of the insurer, a public comparison tool may only make sense for compulsory products such as MTPL. We are aware of the increasing focus being placed on the ability to compare pensions too, for example. Our comment here is that, while there will inevitably be some form of resistance to comparison tools since it would not always be comparing like-for-like, is that there is also a possibility that a comparison tool could go beyond price comparisons and could instead assist the insurance buyer on the range of coverage, limits and exclusions, and additional services that are offered by the insurer. From the point of view of the insurance buyer, selecting the insurance solutions that are best adapted to their needs in areas such as cyber insurance can be challenging in the fast-evolving legal and technological environment. The ability of the insurance buyer, notably in medium-sized enterprises, to understand, collect and justify internally the underwriting information required by insurers is one of the greatest challenges for organisations to fully benefit from the potential of cyber insurance, for example. Our comment at this stage of the discussions on open insurance is that something like a comparison tool, in theory, could be something that would help the buyer.

In terms of risk, there are going to be risks related to competition law and on privacy. However, we would make this more as an overall comment. And, we would also make the reference to PSD2 in terms of providing lessons learned that would help in setting a framework that provides the stakeholders engaging in open insurance with the necessary assurances and safeguards in this respect. In terms of obstacles, we see that there would be some resistance to it on product lines that are not mandatory. Another obstacle we see is the varying degrees of openness among insurers, different approaches to open insurance from the insurers, as well as a range of different standards on the data they produce that would make comparability difficult.

4. Please describe your own open insurance use case/business model and challenges you have faced in implementing it, if any.

There are some use cases in development in some markets and at this early stage of development it is too soon to say if there is a specific 'business model'. However, what we understand from our Members is that there is some reluctance on the part of insurers to open up their data. At the same time, there are also concerns about data security and additional processing of data on the part of policyholders.

5. In addition to those described in this paper, do you see other open insurance use cases in RegTech /SupTech that might be worth to look at further from supervisory/ consumer protection perspective?

- Yes
 No

Please explain

There could be a link made between EIOPA's exploration of Open Insurance, to the ongoing work on shared resilience solutions/NDBI for pandemic, as well as with all of the work on the NatCat Protection Gap. In terms of what we know from our side as the insurance buyer, FERMA stands ready to discuss this in further detail with EIOPA when it is possible to provide some initial impressions from some initiatives involving risk management associations from a selection of markets. It is still too early to provide results at this stage.

6. Please describe your own open insurance use case/business model in RegTech/SupTech and the challenges you have faced in implementing it, if any.

n/a

7a. Do you agree the potential benefits for the consumers are accurately described?

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

7b. Do you agree the potential benefits for the industry are accurately described?

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

7c. Do you agree the potential benefits for the supervisors are accurately described?

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

8. Are there additional benefits?

- Yes
- No
- I don't know

Please explain

From the point of view of risk and insurance management, we see an additional benefit to open insurance in the form of an improved dialogue with brokers and insurers to evaluate the policy offers in the context of business needs. As before mentioned, we see that the enhanced transparency that comes with open insurance as a way of enabling the buyer to make more informed comparisons and choices but also in collaboration, since all market participants would have to collect and maintain data centrally in a standardised manner. We also see potential benefits in open insurance being a key to unlocking data—even if at a highly aggregated level—on loss and claims ratios, for instance, which could go some way to assisting insurance buyers in terms of targeting specific loss prevention measures. We do stress here that it is also important for EIOPA to consider widening its analysis of potential benefits from the individual consumer to also corporate insurance buyers and SMEs.

9. What can be done to maximise these benefits?

Principles for a framework that facilitates a more open exchange of data between insurers and insureds. Also, as stated elsewhere, all stakeholders/participants in an open insurance framework would need the necessary reassurances and safeguards that the flow of data between parties is above board and conforms to competition law.

10a. Do you agree the potential risks for the consumers are accurately described?

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

10b. Do you agree the potential risks for the industry are accurately described?

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

10c. Do you agree the potential risks for the supervisors are accurately described?

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

11. Are there additional risks?

- Yes
- No
- I don't know

Please explain

As representatives of insurance buyers and risk managers we are concerned that the focus on open insurance may result in too narrow a definition of what it is, and what it covers. If we solely focus, for example, on mandatory insurance products, eg MTPL, then there will be a vast area of untapped potential left untouched. Furthermore, if open insurance is considered only from the point of view of the consumer—while clearly a necessary perspective—that would lead to another area of open insurance being neglected, namely the potential risks and opportunities of open insurance to SMEs and large enterprises. Also, if there is a use-case led approach then potentially the best model might never be found, and it may not be replicable or scalable as a model. There are also risks that there would be exclusions from coverage for some insurance buyers, though to some degree EIOPA has covered this in its reflections. Beyond those risks already mentioned, there are inevitable the so-called 'unknown unknown' risks. Underpinning all of this, however, is our strong belief that the potential benefits of a more open, transparent insurance sector outweigh the risks.

12. Do you consider that the current regulatory and supervisory framework is adequate to capture these risks? If not, what can be done to mitigate these risks?

- Yes
- No
- I don't know

Please explain

We especially think this is the case since the regulators and supervisors can learn lessons from PSD2 and the banking industry experience.

13. Do you agree with the barriers highlighted in chapter 5?

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

Please explain

There are already barriers that exist preventing more data being shared between insurers and insureds (and third parties). Chief among these are concerns around confidentiality, and the possibility something may constitute commercially sensitive data. We particularly encourage EIOPA to look in depth to the state of play here through and investigation among the stakeholders in the Open Insurance value chain about what currently impedes Open Insurance.

We are aware that there may be concerns about information on pricing or intellectual property falling into the wrong hands, which is necessarily something we must avoid. It is therefore the case that there would need to be some assurances and safeguards put in place to reassure participants in an open sharing framework. We do, however, urge EIOPA not to overstate the risks and barriers of sharing in an insurance context when compared to open banking.

14. What additional regulatory barriers do you see?

15. What are your views on possible areas to consider for a sound open insurance framework highlighted by EIOPA in chapter 6? Are there additional underlying aspects or other aspects under concrete areas to consider for a sound open insurance framework?

Yes, we urge EIOPA to consider the implications of an open insurance framework on the corporate insurance buyer and SMEs that purchase insurance. While we absolutely understand the focus of the narrative is on consumers, (e.g. empower consumers ref. p 27) open insurance can also have tremendous potential in the B2B (and B2B2B) world.

16. What are the key differences of between banking and insurance industry which are important to consider in light of open insurance implementation? (e.g. higher variety of products, more data, including sensitive health data in insurance).

In our view, while we accept there are indeed differences between banking and insurance, it is important not to overstate these differences. Just as there are sensitive data in insurance, there are certainly sensitive data also in banking. Perhaps there are already some indicative lessons from PSD2 that EIOPA consider in its deliberations on open insurance.

17. What are the 'lessons learned' from open banking that might be relevant to consider in open insurance?

18. Do you think open insurance will develop without any regulatory intervention? (e.g. without PSD2 type of compulsory data sharing provisions)

- Yes
- No
- I don't know

Please explain

In some of the markets covered by FERMA's membership we are aware of some small activities that have started in terms of open insurance. At this early stage, however, we do not have results that are ready to be shared. On the one hand, this can be seen as the market already taking the lead in developing some form of open insurance example, or 'test case'. While some initiatives have developed organically, we are hesitant to say that this can be taken off the ground if it is entirely industry-led. Perhaps when looked at from a longer term point of view, you could say that open insurance fits in a broader trend towards more transparency, and more data being produced and shared more generally. And, perhaps it is the case that what is needed to kick it into gear is some form of intervention from regulators or supervisors to provide the necessary assurances and safeguards that would reassure all players that they have a safe, trustworthy and competitive environment in which to exchange data and innovate.

19. Do you think open insurance should be driven voluntarily by industry/private initiatives or driven by regulatory intervention?

- Driven by private initiatives
- Driven by regulation
- A mix of the two options above

Please explain

As a first step, the market should not be restricted in its development of examples of 'open insurance' that provide benefits for industry participants. However, we are already at a stage where we are talking about what could help facilitate open insurance, which to some extent implies there are impediments that already exist. And, to get over those impediments, as well as ensure that development efforts occur, are mutually supported and no silos are created, there seems to be the need for some form of regulatory (or supervisory) intervention. Determining what form the intervention takes and what moment should be the focus of EIOPA's further exploration in this important area.

20. Do you have views on how the EU insurance market may develop if some but not all firms (e.g. based on different industry-wide initiatives) open up their data to third parties?

There is a risk that there is a tendency of those that think they will benefit most from data sharing will do it, and those that do not will not.

21. What datasets should be definitely included in the scope of a potential open insurance framework? What data should be definitely excluded from the scope of open insurance framework? Are there any data sets you currently do not have access or do not have real-time access or where you have faced practical problems, but you consider this access could be beneficial? This could include both personal and non-personal data (e.g. IoT devices data, whether data, sustainability-related data, data on cyber incidents etc.). Please explain your response providing granular examples of datasets.

Data that should be included

As mentioned here, sustainability-related data and data on cyber incidents would certainly be useful. We are also of the view that aggregated loss and claims data in 'large risk' business lines (eg cyber) would be extremely useful to those purchasing cover since it would enable more accurate risk assessments, and would better inform corporate insurance buyers about possible loss prevention measures.

Data that should be excluded

At this early stage in the development of this topic, we only take the view that it may be premature to exclude specific data sets. Also, naturally the data that is shared would have to comply with the relevant EU regulatory framework (i.e. by GDPR compliant).
For the business buyers, it would be difficult to disclose information on business interruptions.

22. In your opinion, which regulatory/licensing approach would be best for the development of sound open insurance framework (e.g. unlocking the benefits and mitigating possible risks)? Could an increased data sharing require revisions in the regulatory framework related to insurance data? Please explain your response.

- Compulsory data sharing inside the regulated insurance industry
- Compulsory data sharing inside the regulated insurance industry and with third parties with bespoke licensing approach
- Compulsory data sharing in certain lines of businesses and/or amongst certain products
- Compulsory data sharing covering only IoT data / sensor data
- Self-regulatory approach to data sharing (no regulatory intervention in addition to the GDPR data portability rules)
- A mix of the approaches
- Other

Please explain your response

We see a mixed approach as preferable. If we only make data sharing compulsory in certain lines of business or among certain products we will miss many possibilities. If there is only a self-regulatory approach then there may be a tendency towards a lack of standards in the data, which would in turn undermine the integrity & comparability of the data, which would prevent it from being successful. Additionally, we do feel there is the need of some sort of framework, with a work towards standardisation of the data that is shared, and how it is shared and accessed across the stakeholders.

23. Could you provide information which helps to evaluate the cost of possible compulsory data sharing framework (e.g. based on your experience on PSD2 adoption)?

24. In the absence of any compulsory data sharing framework in insurance as it is currently the situation, how do you see the role of EIOPA and national supervisors to guarantee proper market oversight and consumer protection?

Guidelines, exchanges of best practice, periodical market reviews, as well as intervention in terms of pointing out standards, but also providing a platform for awareness-raising.

25. This Discussion Paper highlighted some of the ethical issues relevant to open insurance (e.g. price optimisation practices, financial exclusion, discrimination). Do you see additional ethical issues relevant in light of open insurance?

- Yes
- No
- I don't know

If "yes", please explain

26. What functions and common standards are needed to support open insurance and how should they be developed? Please consider this both from self-regulatory angle and from possible compulsory data sharing angle.

This would require some technical consultation and would need to cover areas such as interoperability, data access protocols, as well as the necessary security dimension. Functions and standards should be developed in consultation with industry and European standards organisations.

27. What existing API/data sharing standards in insurance/finance in the EU or beyond could be taken as a starting point/example for developing common data sharing standards in insurance?

28. Do you believe that open insurance only covering insurance-related data could create an un-level playing field for incumbent insurance undertakings vis-a-vis other entities such as BigTech firms Please explain your response

- Yes
- No
- I don't know

Please explain

Difficult to say whether yes or no here. The incumbent insurers will play an important role due to their existing expertise, relationships etc.

29. How do you see the market will develop in case the data sharing is extended to non-insurance/non-financial data?

What are the biggest risks and opportunities?

Don't know. This merits further exploration.

30. Do you have any comments on the case studies in Annex 1?

All six case studies rely on motor insurance data as their motivation. This makes sense since MTPL is a compulsory insurance product throughout the EU. This means that there is a critical mass of (historical) data that is available on this business line. The broader applicability of MTPL to open insurance is therefore limited. If we begin to talk about eg open insurance in the area of climate-related data, the MTPL examples will not serve any useful template since the data related to climate is much broader. Moreover, potentially it is a suboptimal approach to consider open insurance by business line, and rather focus on creating an open insurance environment.

31. Are there any other comments you would like to convey on the topic? In particular, are there other relevant issues

that are not covered by this Discussion Paper?

To reiterate that we appreciate EIOPA taking the lead on thought leadership on the topic and putting this all together. We also would like to say that there is an opportunity for EIOPA to link its work on Open Insurance to other areas, such as shared resilience solutions and NatCat protection gap (as only two examples).

Contact

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