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

> Samuel

* Last name

> Cywie

* Email

> samuel.cywie@institutdesactuaires.fr

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

- ⦿ Yes
- ◯ No

* Country

France

* Name of your organisation

Institut des actuaires

* 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

Samuel Cywie

* Email

samuel.cywie@institutdesactuaires.fr

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

Efficient risk diversification is a major part of the insurance service, as well as an acceptable « value-for-money », and diversification requires also that asymmetries are respected, as for example in other fields, data privacy is protected by the law. In other words, the concept covers different areas to precisely frame with respect to the stakeholders, the data involved, and the regulatory or legal as well.

Insurance covers a broad spectrum of guarantees, often complex, which makes it difficult to exploit data and even share raw data.
Example : for group insurance activities; insurers do not have a detailed view of the persons covered and receive only aggregated elements from the insured companies.

The sharing of data must be reserved exclusively for Europe and not extend to know-how.

Insurance industry has a particular model (inversion of the production cycle) which requires special measures.

However, banking experience can provide some insights, particularly with regard to PSD2:
• access limitation of banking APIs
 For example, certain consumer banking products (credit, savings, life insurance) and access to monthly account statements are excluded
• low level of harmonization of APIs between countries, due to an overly flexible PSD2 legal framework and especially banking or credit consumption practices that are sometimes very different from one country to another.

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

Open data for fraud detection for instance, considering the scope of companies versus the scope of the missions of supervisors. Pool already involved exchange of data in the market, and generally speaking homogeneous lines with convergent regulation should be focused first : housing, d&o, assistance...

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

Interests of policyholders, undertakings, insurance supervision, and DG-COMP supervision are by nature somehow divergent. Public comparison sounds to be in the scope of the "competition regulation".

A mandatory public site does not seem necessary and would be difficult to implement :
- Market players and consumer associations provide this service and do it very well;
- Unlike the banking offer, insurance guarantees and the resulting flows are diverse and complex (nature, scope, exclusions...) and not always comparable without a thorough analysis requiring experts.
One may even wonder if such a tool would not facilitate agreements on standard products and disadvantage insurers with limited supply (small players).

Insurance supervisors should be involved. This could be implemented on voluntary basis. Otherwise, a « market wide comparator » may look like an open insurance market, like a retail « Lloyds-like » market.

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

The French Institute of Actuaries brings together experts in the fields of mortality, disability and health insurance within committees and WGs to build tables or to realize studies for the profession through the pooling of data. One of the major issues is the construction of tables that can be approved by public authorities. The work is carried out as part of general interest research. The problems encountered are of several kinds:
- technical: based on based on volunteering there is a risk of selection bias depending on the actors involved (predominant actor or on the contrary absent major actor),
- level playing field: recruitment difficulties, "big" players wishing to keep their data or fearing flaws for compliance with GDPR and competition law
-regulatory: failure to certify results

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

RegTech and SupTech in supervision raises the question of the owner of the technology, and the contracting framework between private outsourcing third parties and the member states represented. Supervisors may (as written here) wish to implement automatic controls on basic compliance key points (for ex. contracts and notices). As stated in the paper, anonymized data may have to consider the right of transfer / deletion. Deep access of supervisors to policyholders private information should fall under the corresponding European regulations (2018/1725 ?).

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.

```
┌─────────────────────────────────────────────────────────────┐
│                                                             │
│                                                             │
│                                                             │
└─────────────────────────────────────────────────────────────┘
```

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

```
┌─────────────────────────────────────────────────────────────┐
│                                                             │
│                                                             │
│                                                             │
└─────────────────────────────────────────────────────────────┘
```

9. What can be done to maximise these benefits?

```
┌─────────────────────────────────────────────────────────────┐
│                                                             │
│                                                             │
│                                                             │
└─────────────────────────────────────────────────────────────┘
```

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

Exclusion of weaker customers and especially the older one (who will never produce a return).
See other answers : conflicts of interest. The solution would be to split off what can be in the scope of supervision and what is in the scope of insurance association/federation.

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

This proposes an improved, more « pro-active » approach (page 25).

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

Competition is not in the scope of the insurance supervision.
Complexity of the data in process is not the major barrier but data disclosure, data breach, very private or detailed data storage are.

14. What additional regulatory barriers do you see?

Data privacy. Member states and Union interests. As stated before : openness to external data, bias of the "comparators point of view" the industry and the supervision may be reluctant to follow, when no risk /efficiency outcomes are expected.
See the previous comment with respect to the regulation 2017/2358 "product approval process".

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?

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).

Insurance Data are related to individuals whereas financial data are related to financial instruments. It is not limited to health but encompass all nature of insurance products.
In Banking, focus on price is a different issue, and data involved is globally more framed, then information sharing should consider the efficiency of insurance risk-mitigating incentives to the policyholders.
The representation of insurance contracts in the form of flows is not always possible: it is necessary to take into account exclusions and guarantee surrender for example.
Insurance contracts complexity matches the risks covered : as deep as the real economy. And clausing of contracts also involve a different level of complexity (exclusions, coverages, deductibles & limits).

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

The reversal of the production cycle is specific to insurance. Insurance can't be aligned with the banking model which is very different.

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

Insurance comparators market, and ad-hoc partnerships among undertakings to extend the bunch of services provided to the clients.

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

> Open insurance should be driven by by companies. Supervisors focus on risk and solvency.
>
> Solutions must be based on volunteering. Insurers must be able to build their own APIs while respecting common standards. The example of VulKan (graphical programming interface) is interesting in this respect. In the context of data protection, it was prudent to provide for the storage of insured persons' data within a period of time.

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?

> Insurance : brokers may have a leading role, intermediaries, and also all partners (clams managers, CRM, platforms, distribution, services : medical, assistance, reparations..)

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

> Please note that most of the insurance data are under the GDPR framework
> The question is raised and IoT which covers a deep information about personal habits. We read some interest about real-time data, what would be the positive impact on European member states to have access to such data, and/or to share with external stakeholders ? Cyber-incident data is probably more openable, but companies would probably be like to keep confidential op risk data.

Data that should be excluded

>

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

> Open insurance should be made on good will, but a way to push the evolution is to progressively create an open standard API. A good example of a successful open API is Vulkan, with a very good method to improve step by step the standard.
> Yet the choice of a data processing API should not conceal the major point under discussion here which is : which data is shared, with/without anonymization, where it is hosted, how GDPR is respected, how competition between players is kept unbiased, proportionality principle, ..
>
> Pricing bases or incident bases provide similar level of granularity, as long as external data is not included (cyber incident also). IoT involved high frequency data, with significant data privacy issues. And market losses database are the other level. Data table templates are already known in the market. External datasets conveys deeper granular information. Other topics are in the scope of the data privacy regulation.

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)?

> Companies may expect that sharing more data with supervisors would be balanced with automatic cost-saving in S2 calculations. Then the cost as such could be negative.

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?

> EIOPA could be the central certification for the open API certificate. In this regard EIOPA could deliver a certificate for every actor of the industry who use the standard API.
> RegTech (for supervisors) and insurance aggregators (for policyholders) which is both cases will be a cost for companies, with a benefit emerging with the internet generation.

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

These are issues for consumers, data privacy as well.
For companies, this shows potential blatant conflicts of interest (underlying idea of a « big data pool » ?), easily overcome if we consider it as a global conceptual framework, with different implementations by lines of business and by projects.

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

The first function is the identification of actors, the use of public certificate can be a technical option.

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?

Organization by key areas:
- the main goals of supervisory activity : for example anti-laundering, insurance distribution, data privacy,
- or insurance industry topics : fraud, claims management best practices, market "convention«, cyber-risk.
As soon as the data frame is defined, the API would be the tool in the hand of stakeholders, providing KRI and KPI..

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

Open data will help Big Tech Firm classify their data and qualify them.
To be discussed. Cf 29 : negotiation between states/GAFA could prevail over discussions between insurers and BigTech : the "data as an asset" angle drives (or not ?) the discussions.

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?

This falls in the scope of European & International negotiations with respect to data privacy (inc. existing regulation).

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

Case 1 is interesting in case of "assurance obligatoires", or "ANI prévoyance collective". Case 2 should fall in the scope of competition regulation. Case 5 will involve privacy topic at the states level, anonymization. Case 4 is already implemented sometimes, this also covers existing pooling or other regulatory/market systems.

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?

Important comments for question 10 :
For Consumer perspective : Open insurance will give access to the customer data:
- it means that GDPR compliance has to be insured. Its looks complex or contra logical to open data and be compliant with the GDPR.
- in addition to GDPR compliance, open data will put mutualization at risk: the more complex and difficult customer segments will be under the pressure of newcomers which will tackle only the profitable area, pushing more establish one to regain margin on least profitable one (premium increase) or to cancel low profitable segments. Please look to heath: less profitable segment means the older ones. For these customers no future return to profitability could be expected.

For an industry perspective, It will be complex for the head of the industry to justify investments: the value of the insurance companies are only Capital, people and data. If data and effort in data collection are to be considered as public, no research in the correct pricing factors will be made.
In addition to this, the impact of secured data base in accordance with the GDPR will cast for the open data providers. It is will be expensive for the data owners and will not remunerate the cost of collecting data.
It will not foster new products development, because it will produce for a new comer more revenue in copying existing product for "very specific segments"

Insurers are subject to EU's rules on competition, which prohibits tariff arrangements. With the problems of level playing field, this is one of the reasons for not producing the technical details for setting tariffs. The comparison of tariffs cannot be dissociated from the comparison of guarantees and their implementation methods (exclusions, exemptions, limits...). Data sharing should not replace assessment and advice.
Another problem that will arise is the responsibility of comparison platforms with regard to the duty to advise

The compliance of "open insurance" with the obligation of product assessment will put strong limits to the data sharing, as products are supposed to be designed by market within product approval process 2017 /2358.

See 7) for risks and benefits.

Contact

openinsurance@eiopa.europa.eu