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

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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

Monique

* Last name

Schuilenburg

* Email

moniques@actuary.eu

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

- (●) Yes
- ( ) No

* Country

Belgium

* Name of your organisation

Actuarial Association of Europe

* Type of your organisation

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

Please specify

Non-profit organisation representing 36 actuarial associations in Europe.

* 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

Monique Schuilenburg

* Email

moniques@actuary.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

While Open Insurance is described as general and holistic option for all insurance, specific focus is necessary. At the time, it seems more feasible for new as well as very dynamic lines of business (examples: Cyber or Internet of Things insurance) and for areas with high claims frequency. Structuring and ordering Open Insurance perspectives may also support prioritisation or detecting of starting areas for Open Insurance application.

In figure 1 the area of legal/national and/or social insurance seems to be missing (e.g. statutory health, pension, nursing care, disability, and unemployment insurance). These play a major role in the private markets for health and life insurers.
Additionally, Open Insurance as a concept should be split on specific market segments and corresponding data, alongside with the composite insurance perspective:
- by consumer: private insurance vs. commercial/industrial insurance
- by market segment: life, pension, general (non-life), and other

by consumer-related goal: consumer & product data (e.g. pricing), financial data (e.g. reserving), modelling data (e.g. risk management), external data (to support any portion of the value chain)

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.

From an actuarial and data science perspective the main focus of open insurance should be to collect more specific and more precise data describing and explaining the risk. Such data can be a driver to reduce uncertainty and safety loadings and thereby improve pricing for the customer. In addition, with increased amount of data actuarial claims reserving can be done much more accurately reflecting the real risk, leading to reduced capital cost and again improving pricing. Finally, APIs and open insurance increase data-driven management in insurance operations, claims management and underwriting. Strong professionalism in these areas can be supported by trained actuaries using an always evolving skillset and toolset that provide underlying methods and standards.

The paper lacks focus on data ownership and corresponding actions: who owns the history of an insurance consumer (policy development, claims, …)? The answer may provide insight into corresponding standardisation on data exchange: How is the switch of insurance provider to be treated, also for long-term business?

In the insurance market, many stakeholders exist that contribute to value creation and underlying data use processes. Intermediaries and third parties are already listed in the discussion paper. Are rating agencies and auditors already considered in the current perspective of EIOPA's industry angle?

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

Depending on the line-of-business and jurisdiction there are different sites where data is collected. Open Insurance needs to discuss how access to these data depositories is granted and also how this should be standardized across the EU.
There exist, depending on the line of business, multiple other use-cases, all of which require cost-benefit evaluations. Independent of that and from a general standpoint, for supervisory and consumer protection it would be good to collect:

- Industry data on “industry losses” in the EU for existing risk types (example: perils.org) – e.g., for man-made and natural catastrophes (Terror/Cyber/Fire/…)
- Industry data of largest losses in the EU by line of business (e.g. largest possible claims, by source /reason) for validation of risk models (pricing/reserving settings)
- Industry data of risk vulnerability (e.g., EU-wide building standards, …)
- Industry data of risk & insured object developments (e.g. loss-inflation, geographical risk spread, monetary risk level, …)
- Industry data on insurance coverage (e.g. market data on specific inclusions like drones, IoT, within existing “standard” products)
- In Germany, every insured can receive an extraction of the personal health insurance history / medical record from statutory health insurance
- Open data for fraud detection, considering the scope of the companies versus the scope of the missions of the supervision

To enable stability further granular quantitative and qualitative data is relevant. This collection needs to be in line with legal and privacy requirements and can enable development of data insights for all players and provides dedicated and focused insurance resources, possibly better applicable than the broad variety of data available privately at BigTech players.

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

Public comparison websites can enable neutral perspective for consumers and can in addition support /provide the risk-driven perspective that actuaries use in their methodic approaches.
On the other hand, comparison websites reduce innovation and variety of products as insurers may focus on achieving high rankings in the limited number of criteria selected in the ranking/rating process. This also reduces competition and offering of tailor-made products for the consumer while increasing benefits for inflexible products and corresponding price-competition.
Compulsory participation adds additional non-risk-driven cost to the corresponding products, which will increase prices for the consumer – making it a cost-benefit discussion.
Generally, comparison of insurance is of high complexity with a strong need for insurance expertise. For example, compared products may seem to be appropriate for a particular customer, but in fact they are not. Moreover, the quality of services or the financial security (SII assessment) are often not appropriately taken into account.

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

This is mostly a national issue and therefore the AAE can talk only of examples.
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 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

Existing public SII data deliveries already represent many different use cases for actuarial data provisions (specifically: risk management, reserving data) that are worthwhile for supervisory/customer protection perspective. Existing local national data deliveries already add additional perspectives; however, these are not standardized throughout the EU.
Existing data deliveries are in strong need of explanation and require additional documentation over time. Additional data requirements that are not sufficiently qualified could increase uncertainty here.

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 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.

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.

Not applicable to the AAE.

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

Benefit for consumers:
More players reviewing high-severity risks that are difficult to insure (or deemed “uninsurable”), thereby higher chance for private insurance offering.
Anti-money laundering, or anti-fraud activities, compliance breaches detection may be considered by supervisors, and this could also be of help for the industry, as a cost saving strategy.

Brokers as specific player of insurance are likely to get benefits of information sharing for policyholders.

9. What can be done to maximise these benefits?

Strong focus on data quality, transparency, and expert advice/recommendation for specific application use – or exclusion from such use. Higher data availability can increase risk understanding, especially w.r.t. sustainability, solvency evaluation and long-term relationship management (consumer support).

Generally speaking, understanding the possible conflicts of interests of supervision, insurers, brokers and policyholders, and anticipation of this is deemed to be a key of the success for this project.

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

There could be increased model risk due to reliance on same large-scale data-sets.
Increase in standardization of pricing and risk–predicting models can lead to less diversification and volatility in approaches to risk measurement, less innovation as well as stronger model error.
The actuarial profession might be facing additional responsibility and pressure relating to conflicts of interest. Specifically chief actuaries and actuarial function holders in undertakings will need to organise the inclusion of new data sources in processes.
Fragmentation of insurance products/market can lead to intransparency (by overwhelming amount of different products).
Where market entry of new insurance players is significantly eased, we may face low sustainability in competition (short-term investments and quick exits). Price-competition due to new players may increase (market-bubble) until the market finds its bottom and starts to develop sustainable market prices after an expensive consolidation phase.

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

The current regulatory and supervisory framework will be challenged by these risks. Mitigation can be achieved by standardization of such risks and by making them visible and measurable – as currently done to by application of existing risk management processes.
With open insurance we will also see more “service-like” product offerings which do not seem to be insurance at first glance. However, to guarantee a fair market, supervisory authorities have to detect insurance-like products immediately and regulate corresponding providers of insurance.

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

The definition of proprietary information or trade secrets in insurance extends to risk related data that has to be collected, cleansed and further developed and enriched over time. In times of data science, the focus here moves towards quality, trustworthiness and enrichment of such data as well as corresponding digitalization, analysis, and enrichment processes. In this area, very large research investments have been made by insurance companies in the past. This may prevent disclosure of such information to the public due to competition on these base insurance data topics.
Complexity of the data in process is not the major issue but data disclosure, data breach.

14. What additional regulatory barriers do you see?

Standardization of data and processes across all insurance areas, which could be a part of the open insurance initiative, is a general barrier with view to the regulatory perspective.

Legal clarity on the essential use of a wide variety of very specific as well as possibly non-specific customer's personal data (e.g. gender and more) for statistics as well as for future-proof insurance product development and corresponding existing legislation (GDPR, …) is currently a high barrier for the actuarial profession. Similarly, the right for deletion of such data and the corresponding context of anonymization and application for insurance statistics and corresponding evaluation and re-evaluation in the future remains uncertain – which is a huge barrier not only but especially for small to medium insurance companies.

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?

Freedom to develop new methods based on new, adjusted or further enriched data will enable insurance undertakings to foster innovation and make consumer products more useful and less costly by finding additional risk mitigation measures. In addition, it enables other industries to develop without having to think about all surrounding risks.

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).

For insurance, underlying data (specifically claims and consumer data) and corresponding data use are a key component of the value creation process. It influences products, development, processes and markets.

One main difference is the time lag between signing a contract and paying claims – in life, health insurance and long term care insurance it can be nearly 100 years, and even in liability insurance it can be up to 30 years where in banking you mainly have months. This difference has also a large impact on data and the modelling of risks – at least on understanding insurance as a whole.

Insurance is very different from banking are also the following areas:
- Insurance customers are provided with support to free themselves from thinking about financial consequences due to existing risks
- Insurance services provide advice on existing risk and offer corresponding financial solutions across all areas of a person's or companies life (lifetime, life situation, special events, …)
- Insurance supports organizations and countries with information and solution on many risks relevant to society and nature due to evaluation of the underlying financial aspects (natural and man-made catastrophes such as pandemics, climate change, earthquakes, terrorism, cyber)
- Insurance Data are related to individuals when financial data are related to financial instruments. It is not limited to health but encompass all nature of insurance products.
- In banking business, focus on price is a different issue, and information sharing should consider the efficiency of insurance risk-mitigating incentives to the policyholders.

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

“Open banking providers” stepped in where new technologies gave opportunities in changing “all day processing”, e.g. payment transactions. They did not (yet) provide deep services in the main business of banks, e.g. involving large credit risks. This could be a blue print for the insurance sector: focused development in processing of contracts and claims. Possibly this can extend to standard products carrying only minimal insurance risk (e.g. high frequency & low severity business).
Generally, 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

Open insurance has already been developing in many different areas. Partially, geographical borders and national legislation have made international spreading difficult. Multiple international and regional associations and institutions enable and support open insurance ideas and standards in many regions:
- IAA/AAI International Actuarial Association / Association Actuarielle Internationale
- ISO property claims service – e.g. global large loss
- Insurance comparators market, and ad-hoc partnerships among undertakings to extend the bundle 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

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?

Actuaries model the well-being of insurance companies by use of internal models and risk distribution for every known and many currently unknown risks (internally to the company as well as externally from the surrounding environment). From that perspective, innovation and competition do help the insurance market over time and thereby every single insurance company to develop knowledge to support sustainable, efficient, and low-cost processes.
Digitalization does not change that but it increases the speed and wideness of possibility in underlying approaches. Due to many new areas developing at the same time, the understanding of positive and negative (possibly legally problematic) effects of these developments becomes more difficult. The actuarial associations will continue to support actuaries in insurance companies with standards, best-practice and new ideas for data sharing and data pooling. Solutions will develop and be adopted over time by fostering research and innovation to be then included in standards and the general knowledge base.
If few firms find a legal and well-working innovative solution or cost-saving perspective through data sharing with third parties, other companies and possibly the whole market could adopt this approach over time through existing competition and professional bodies enabling methodological exchange.
Insurance brokers may have a leading role, intermediaries, and also all partners (claims 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

The main AAE focus here is on data used by actuaries in insurance companies, which usually is extending to all insurance relevant data (distributed over existing actuarial task).
Ideas for inclusion:
- Access to governmental/state data with high relevance for insurance, e.g. police-data, weather data to enhance and improve claims statistics and predictive services
- Rare data for large insurance events (Natural or man-made catastrophes, large losses, …) for better evaluation of tail risk for insurance companies
- Data from other risk areas (not part of the main insurance purpose, e.g. investment, financial?)
- Minimum standards on standard product offerings (e.g. Germany: GDV positions)
- GDPR needs to be taken into account

In general, data that are shared should preserve
- Privacy rights of policyholders and beneficiaries
- Intellectual property rights of insurers and service providers
- Business secrets of insurers and service providers

On the other hand, data need to be sufficiently rich and well qualified, so that misinterpretations can be avoided. Where the latter proves impossible without jeopardising the first three bullet items, data should not be shared.

Data that should be excluded

Data under special national jurisdiction frameworks should be made transparent or 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)
- [x] A mix of the approaches
- [ ] Other

Please explain your response

One of the main actuarial tasks is to generate, evaluate and enrich data. From that perspective, a compulsory data sharing approach inside the industry (or any portion of it) would lead to new data access to market-wide data for every insurer.
This certainly has both, positive and negative aspects and carries a few risks. From existing historic exercises, some important learnings can be gained for the implementation of similarly typed approaches by use of new tools in the future:

- ACORD data standard for sharing property exposure data between insurers and third parties (e.g. Brokers, Model-Vendors, …)
- Motor Pools for sharing of claims history data across multiple companies

As we are applying standards and data in a very dynamic world (and market), high risk of outdated perspectives and standards, new ideas, and investment losses exist in such exercises, especially at this early stage of adopting digitalization in all underlying ways of life, such that insurance and reinsurance has to react and adapt over time to support it.

Today, the self-regulatory approach to data sharing as a general principle is applied; changing it should be done with care and possibly focused on specific insurance data and corresponding use. European actuaries in the AAE are happy to offer advice and support on current general processes and use-cases for data use within the industry.

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/wo anonymization, where it is hosted, how GDPR is respected, how competition between players is kept unbiased.

Pricing bases or incident bases provide similar level of granularity, as long as external data is not included (cyber incident also). IoT involves high frequency data, with significant data privacy issues. Data table templates are already known in the market. External datasets convey 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)?

The AAE can possibly link and support with connections to such project in the insurance-data space where industries and actuaries have been involved in to determine the cost of similar projects in the past.

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?

Supervisors need to detect any “insurance-like” business and take care that policy holder/beneficiaries are adequately protected under existing supervisory rules. Special focus is required on personnel and expertise to handle the corresponding insurance business processes.
The current approach is the application of rule-based supervision. Underlying use of tools has to keep up with the market practices and requires extension wherever market practices change.
With the current speed of change, new tools and processes can be defined to enable future supervision to detect risk of market-breakdown or insolvency of single players as well as inappropriate behavior.
Possibly not the data itself, but the interpretation and enrichment processes and data use can lead to break points that fall under the specific regulatory oversight.

The EIOPA could be the central certification for the open API certificate. In this regard the 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 in 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

AAE is addressing these questions in EIOPA's Group on Data Ethics in insurance

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.
Pre-requisite to support common standards and API is the generalized definition of data, data representation and interpretation. In the actuarial space, this is already common practice through the different bodies and associations as well as a general and standard education in the field.
The challenge in creating standardized and EU-wide APIs is the similarity of the underlying data and risks in

real life, where products, social protection and cultural habits are prone to the same risks. These commonalities are rare when looking into detailed risk-relevant aspects that are origin from cultural and national differences in development.

Every standard is a compromise, usually the collection of the least common denominator. The corresponding use of remaining information content usually requires experts. The AAE believes actuaries are well-placed to support standardization of insurance data and contribute to general understanding of information content perspective to the industry.
Importantly, the common standard needs to define the shared understanding of names and definitions (examples: policy, insured, claim). Underlying attributes need to be handled flexibly to support new industry and market developments (optional in use and existence, extendable due to new research/findings).

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?

There already exist multiple standards in different countries. These are supported through national insurance associations.
The AAE may be able to link and connect to actuarial specialists in the corresponding field that can provide an actuarial background on the matter.
The project should be organized according to key areas: the main goals of supervisory activity: for ex. anti-money 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

The definition of “insurance-related” data is tricky here. Insurance related data is all data, which is used for the evaluation of underlying risk in our world (in case such risk is being insured). Insurance is offered for all possible risk, the argumentation chain reaches the fact that all data is insurance data – as all data existing in the world can be used for different insurance purposes if put to use. From that perspective, there would not be the un-level playing field in insurance.
BigTech firms have collected a set of private data not directly accessible to insurance companies – similar to car companies collecting vehicle data. Access can be granted via partnership or payment service. As provider and platform operator, these companies have the only access and decide on sharing opportunity for other stakeholders based on business decisions. Thereby, creating open insurance for all insurance data may require making these private data buckets publicly available as well, which is certainly something the whole industry could gain value from, but it also provides insight into the corresponding conflicts of interest (non-EU companies and corresponding data-buckets of EU data, compulsory publication and legal discussions for non-EU companies, …).

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?

See answer to 28 regarding what data is left out when defining insurance data.

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

The listed studies are very helpful in understanding very detailed and specialized processes and tools that may help identify underlying needs for generalization and standardization in insurance (see question 28).
Case 1 is directed towards personal car insurance. It does not include aspects for car rental, car pool or commercial vehicle insurance. Furthermore, there exists other motorized vehicle insurance – overall completing the listing of motor insurance available in the EU market. This specific market is currently changing due to digitalization and emerging new mobility concepts.
Here, the underlying design question of what data is collected by which insurance company needs to be addressed. Is the market is willing to share the corresponding core data and fundamental concept?
Case 2 provides an approach to compulsory public comparison site. It falls into the scope of competition regulation. This is a more neutral approach than currently exists in many EU countries. Existing private aggregators are usually participants in the market (example: check24 in Germany, as broker), thereby have varying influence on insurance distribution costs. Will the public comparison website have additional insurance cost involved?
Case 3 is an extension on case 2 and therefore has similar questions attached.
Case 4 shows the central collection of claims experience from car-accidents. This is very helpful to the insured individual as well as for the actuarial work (historic industry experience for pricing, reserving and internal models, fraud detection, …) within insurance companies. The comments from case 1 (e.g. which type of vehicle was involved) could extend this view to the full motor segment (not only personal motor insurance).
In addition, case 4 is already implemented in some countries, this also covers existing pooling or other regulatory/market systems.
Case 5 describes the standardization of in-vehicle & black-box-data. This data is frequently used in new insurance policies, and standardization of data items and exchange would generally be welcomed by the actuaries in the EU that use such data as basis for their daily work. It will involve privacy topic at the states level, anonymization.
Case 6 describes the general exchange of anonymized and aggregated non-GDPR regulated data. The named topics consumer complaints, causes of vehicle accidents, insurance fraud and product details are all used in actuarial tasks and the AAE sees mainly positive effects for the whole profession if a level of standardization is reached on underlying data and exchange possibilities.

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?

The AAE may be able to link and connect to insurance specialists in the corresponding field that can provide an actuarial background on many of the matters relevant here. Especially, with view to additional use cases or similar historic projects on data standardization further insights may exist.

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