

EIOPA public consultation on the ‘Discussion Paper on open insurance: an exploratory use case in the insurance sector’

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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: an exploratory use case in the insurance sector’](#).

The example use case, is selected to allow for a technical, bottom-up exploration from a supervisory perspective of the potential impact and related risks arising from open insurance.

The background of this discussion paper is the 2021 public consultation on “open insurance: accessing and sharing insurance-related data”.

The EIOPA public consultation results showed divergence in views amongst stakeholders on potential benefits and risks of open insurance and on next steps.

The feedback statement stated EIOPA might work further on more concrete, specific and detailed open insurance use cases to facilitate a better understanding of implications for consumers, industry and supervisors.

Further in its advice on Retail Investor Protection EIOPA has highlighted that it sees scope for open insurance to develop further in the future under the appropriate regulatory framework and conditions.

Building on EIOPA’s initial open insurance discussion paper, the aim of this note is to facilitate discussions by providing technical input and a forum to promote discussion. EIOPA would like to stress that the aim of this Discussion Paper is not to engage in broader policy and public debates or to provide policy recommendations around the merits of an open insurance framework and its design.

This discussion note is not a reflection on the recent proposal of the European Commission for a Regulation on Financial Data Access (FiDA) published on 28 June 2023. This use case is theoretical and was chosen for its illustrative value.

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

2. Responding to this discussion paper

EIOPA welcomes comments on the '[Discussion Paper on open insurance: an exploratory use case in the insurance sector](#)'.

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 24 October 2023.

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

Professional association

* 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

1a. Do you have any comments on the objectives of the use case?

2000 character(s) maximum

Transparency is an effective approach to empower consumers to detect protection gaps and mitigate those risks in a way consistent with the risk appetite of the individual. For this purpose dash-boards could be a very valuable tool.

However, the objectives are based on that a consumer can make rational decisions based on the disclosures, which might not always be the case. Even for a rationale thinking and well-educated consumer, a dash-board information (which is by definition simplified) never can be sufficient to take final decisions. Therefore, it is crucial to present typically complex content in a simple, understandable and unbiased way to avoid biased decisions and potential discrimination.

The introduction of such a dashboard could encourage insurance companies to develop products which are simple enough to fit in.

One of the objectives is that more tailored insurance products will be developed for consumers. There is however a trade-off between pooling risk and price differentiation, which should be clear before developing an insurance dashboard.

One of the main risks identified concerns the protection of consumer data in order to avoid any risk of discrimination.

1b. Do you agree with the problems described in this sub-chapter?

2000 character(s) maximum

See answer to Q1a.

2. Do you have any comments on the scope of the use case (e.g. products in the scope of the use case)?

2000 character(s) maximum

3. Do you have any comments on data accessibility and availability?

2000 character(s) maximum

Web scraping is not always allowed in every country and user consent should be the foundation for any data collection.

With respect to data on the public domain: Conditions of insurance can change over time. When a consumer has an old policy with old conditions, web scraping/internet will not provide the right view.

One of the assumptions is the Insurers/intermediaries have the information on the insurable asset. Data of the individual can also change over time in particular for the household insurance (i.e. implementation solar panels, family situation), while not being available for the insurer, yet, but relevant for the insurable asset.

“Consumers are providing themselves existing insurance contracts”: not all consumers are capable of collecting the insurance contracts. However, such a dashboard would incentivize the consumers to understand better the existing contracts and potential protection gaps.

4. Do you have any comments on data use and standards?

2000 character(s) maximum

The standardization is a complex and costly operation. This should be in balance with (the added value of) the purpose.

5. Do you have any comments on back-end data management?

2000 character(s) maximum

6. Do you have any comments on data protection, digital ethics and consumer protection?

2000 character(s) maximum

Not everyone will understand such a platform. Not only elderly but also low educated persons. How is that risk mitigated when they participate?
Besides, the GPDR and 'right to be forgotten' should be applied carefully.

7. Do you have any comments the costs of making data available?

2000 character(s) maximum

The implementation costs are much higher than maintenance costs. How should the initial cost be financed?
The dashboard is to benefit the consumers. Insurers are less eager to invest as the result of the dashboard will be that the less people is over-insured. The costs might be too large to bear by the consumers and may not weigh up to the premiums they save from over-insurance.
And also the maintenance costs should not be underestimated: new products, product features, regulation, new societal developments, changes in personal situations (e.g., divorce), withdrawal of consumer consent, etc. will add to the complexity of maintaining relevant information in such a dashboard.

8. Do you have any comments on liability issues?

2000 character(s) maximum

The accountability of the insurance dashboard is still unclear, for example

- Who is the owner of the platform? Where can the consumer or insurer turn to when something went wrong?
- Who is responsible when a consumer makes a wrong decision based on the dashboard information?

9. Do you have any comments on the potential regulatory perimeter for providing a dashboard service?

2000 character(s) maximum

The last solution mentioned above seems like a solution which already exists (i.e. consumer can use a comparison site on the internet).

10. Do you have any comments on potential risks and benefits and risks of the use cases?

2000 character(s) maximum

The overview is quite comprehensive, but see comments in Q1, Q2 and Q6.

11. Are there any additional open insurance use cases that might be interesting to analyse from supervisory perspective? Please explain the additional use cases as concretely as possible including why it might be interesting for further analysis.

2000 character(s) maximum

Open insurance is an important opportunity for consumers to better understand their risks and insurance. However, supervisory authorities must pay attention to possible abuses concerning the use of data or commercial marketing.

12. Do you have any additional comments on the use case or open insurance in general?

2000 character(s) maximum

13. Do you have any comments on Annex I?

2000 character(s) maximum

More detailed data would be expected in reality on the data of insurable assets like, type of house, type of roof (e.g. thatch). Good to mention that this is a simplified overview. In addition, the data model would be very complex, depending highly on level of data aggregation and product features. It would also need to be adaptable.

Contact

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