

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

Martin

* Last name

Molko

* Email

molko@betterfinance.eu

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

- Yes
 No

* Country

Belgium

* Name of your organisation

BETTER FINANCE

* Type of your organisation

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

Please specify

The federation of investors and financial services users

* 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

Martin MOLKO

* Email

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Questions to stakeholders

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

2000 character(s) maximum

BETTER FINANCE strongly supports the intention to provide consumers with a clear and comprehensive view of their insurance policies, simplifying understanding and enabling easy product comparisons. BETTER FINANCE, however, has long called authorities themselves to centralize insurance/investment product information in order to enable (EU-wide) comparability tools. More generally, we also warn against the privatisation of such a comparison tool (dashboard as a use case), which would be run solely by certain market players and could therefore result in providing a partial view of existing offers, creating a lack of completeness in relation to the expected objective. As per the setting of the dashboard, we welcome the approach aligning with a comprehensive consumer control over data flow/permission, enabling a self-overview/centralisation of product coverage, but also over data sets permission levels. However, addressing further challenges related to exclusions and complex contracts must remain central by exploring other uses cases related to more sensitive products. When it comes to the different problems that were described, our team broadly agrees with the problems outlined in the discussion paper and endorse that the analysis is rooted from a consumer journey standpoint, and would prescribe a consumer-friendly layout of information that includes an overall protection level gauge and digital layering.

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

2000 character(s) maximum

When it comes to the objectives of the use case, they are presented in a clear and well aligned way with the main goal of providing consumers with a user-friendly way of understanding and allowing consumers to compare different insurance products. We also welcome the preliminary consideration of a dashboard that could help single out micro coverages overview of 'embedded insurance'.

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

When reviewing the scope of the use case presented in the discussion paper, we would like to comment on several points. Narrower use case scope: we understand that scope of the use case, by assessing casco, MTPL and household insurance, intends to facilitate discussions. However, a scoping of life and health insurance examples should be mandated to enable to delimit risks related to sensitive personal health data (as well as those potentially included in such product information). Cross-Border vs. National Level: acknowledging the diversity in insurance types and coverage across different countries

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

2000 character(s) maximum

Overall, when talking about data accessibility and availability, the discussion paper provides an insightful overview of challenges and potential solutions for the insurance dashboard.

On data relevance, the discussion paper, encompassing product information, customer identification information, and details on insurable assets, are highly relevant for the insurance dashboard's intended functionality. They cover critical aspects of insurance policies and are essential for providing a comprehensive overview. On private cooperation models, the example of the Danish National Pension Tracking Services demonstrates how private cooperation can facilitate data exchange for providing overviews. While this model relates to pensions, it should serve as a successful example of cooperation among providers for data sharing. As per standardisation, this remains a recurring challenge in terms of format and structure. The goal should remain to improve accessibility whilst intergrating information from various sources. However, standardisation efforts should not favour incumbants over current market practices.

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

2000 character(s) maximum

When talking about data use and standards, the discussion paper effectively outlines the complexity of standardizing data and products for an insurance dashboard and highlights the importance of balancing standardization with competition and innovation.

1. Standardization for Efficiency: Standardization, both in data formats and insurance products, is crucial for the insurance dashboard to operate efficiently. This standardisation should apply at different geographical levels, from the EU down to the Member States, ensuring that best practices are identified beforehand, and that the interoperability of existing practices is respected insofar as possible.
2. Leveraging Existing Standards: Building on existing standards within specific countries is a practical approach, reducing the need to create entirely new standards. This promotes harmonization with standards that already work effectively.
3. Balancing Competition and Standardization: While standardization can bring efficiency and clarity, it should not result in excessive product homogeneity or hinder competition. Any standardization efforts must be flexible and adaptable to different consumer needs.
4. Private and Regulatory Approaches: The text discusses both market-led and regulatory-led standardization approaches, recognizing that a combination of these may be necessary in different contexts. These approaches are not mutually exclusive and should be applied as needed.
5. API Development: The development of APIs for data sharing is highlighted as a significant step. APIs are crucial for enabling interoperability and efficient data exchange. Establishing a framework for market-driven (and encouraging) standards development is essential.

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

2000 character(s) maximum

The choice between live access and central data storage should be made with a clear understanding of the legal, technical, and security implications. It's essential to weigh the advantages and disadvantages of each model while ensuring alignment with the dashboard's objectives and capabilities. A pilot project can provide valuable insights into the feasibility of the chosen data management approach.

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

2000 character(s) maximum

Data protection, digital ethics, and consumer protection are integral to the development and implementation of an insurance dashboard. Prioritising consumer understanding, transparency, and fair practices (non-misleading) are essential to building a trustworthy and user-friendly platform that enhances the insurance experience while protecting consumers' rights and privacy. Clear RTS should prescribe the way consumer information is provided, consent is received by focusing on limiting data processing after a mandated service. Complying with GDPR requirements and continuously monitoring the impact on financial inclusion are key factors in the success of such a dashboard. In terms of marketing, strict ethical rules must be followed, prohibiting the use of any emotional offers and ensuring that granular data is not combined with data that is strictly relevant to the product being offered. Liability rules and compensation schemes towards consumers should also be considered in case of data misuse or infringement.

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

2000 character(s) maximum

The commercial model for covering the costs of making data available should strike a balance between accessibility and fair distribution of costs and be borne by market players, not consumers that provide the initial raw value (their own data) to the market. Data availability should also encourage collaboration, standardisation, and the efficient use of resources to ensure that consumers, insurers, and service providers benefit from the insurance dashboard while covering the expenses associated with data accessibility. The PensionsInfo portal serves as a valuable reference for such a model.

8. Do you have any comments on liability issues?

2000 character(s) maximum

Addressing liability issues in an insurance dashboard requires a comprehensive legal framework that distinguishes between contractual and non-contractual data exchanges, adheres to data protection laws, and complies with sectoral regulations while ensuring consumer protection. Clarity and transparency in obligations, rights, and dispute resolution mechanisms are essential to build trust and accountability in the insurance dashboard ecosystem. We welcome and request that a dashboard clearly prescribes venues where they can file a complaint. To this aim, any breach and miss-usage leading to financial sanctions by NCAs should be coupled to providing consumers' compensation as they are the data subject/true owners potentially affected .

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

2000 character(s) maximum

The regulatory framework for insurance dashboards should be designed with a focus on data accessibility, consumer consent, data security, innovation, and competition. It should balance the interests of consumers and the insurance industry while promoting the adoption of technology that enhances the customer experience and provides valuable insights.

Data Access and Sharing: Compulsory data sharing should be pursued based on explicit consent from consumers. It's essential to strike a balance between ensuring data accessibility and protecting consumer privacy. Regulation should provide clear guidelines (or rather RTS) on the scope of data to be shared and clear mechanisms for obtaining consent.

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

2000 character(s) maximum

We consider that the benefits are equivalent to the risks. In terms of benefits, we identify transparency and knowledge, with comparison and promotion of competition, as well as potential positive outcomes for financial inclusion (access to insurance offer and new cover). However, the risk of financial exclusion highlighted in the document due to granular risk assessment (over-assessment) and also in the case where data is not shared should be taken into account (e.g. lack of 'default products'). We also consider the commoditisation of data, price transparency (impediment to product switching), misleading comparison (difference in product harmonisation and partial display of offers on the market) and cybersecurity risks to be important. Finally, the dashboard use cases does not prescribe the necessity to keep a human interaction (client service) in case of questions on products on offer.

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

Supervisors' focus on open insurance should also include the delineation of complex and highly sensitive use cases in health and life insurance, in anticipation of the adoption of guidelines or delegated acts. These additional use cases should make it possible to assess unknown risks associated with product and contract information that would not otherwise be highlighted, next to sensitive data exclusion, for example. The case of occupational pensions could also be assessed in light of the lack of competitiveness of the market and foreseen reluctance from providers to data sharing.

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

Contact

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