

# Open questions

Data sharing can bring many benefits, but it must be got right




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Promoting a data-driven insurance sector is an important and valuable aim. Consumers can benefit from data sharing through new data-driven products and services, while the greater availability of data can lead to improved risk monitoring and assessment, and better fraud detection.

Given the importance of data for the insurance sector, it is encouraging to witness a growing focus by policymakers on facilitating access to data and encouraging greater data sharing in the economy. The European Commission's plans for an open finance framework are an important step in this regard and have the potential to positively impact both consumers and insurers.

## Moving beyond payments

Within the EU, the EC has already opened up the payment services market to allow third-party providers to offer innovative solutions based on access to payment account data. The proposed open finance framework aims to extend data sharing and third-party access to the entire financial services sector. However, the existing framework is limited to payments data held by payment services providers — it does not cover the vast range of data types held by both financial and non-financial services companies. It will be interesting to see how the EC addresses this challenge, as insurance data, to take one example, consists of a complex mix of very diverse types of data, some of which is more sensitive than payments-related data.



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### **Cross-sectoral data sharing**

To maximise the potential for both consumers and insurers, data access and sharing should be considered in a broad context, with a focus on where the greatest benefits lie. Cross-sectoral data sharing offers even greater potential. By going beyond the financial sector and allowing access to data held by vehicle manufacturers, the energy sector, etc., consumers could directly benefit from new and innovative data-driven products and services. For example, by facilitating access to in-vehicle data consumers could be offered tailored insurance policies.

### **Ensuring a level playing field**

However, a broad framework for data sharing requires fair and equal access to data based on a true level playing field between all parties — whether they be banks, insurers, fintechs or non-financial entities, such as Big Tech, the principle of “same activities, same risks, same rules” should apply. Consumers need to know that they enjoy the same level of protection regardless of with whom they share their data.

At the same time, if an open finance framework is going to really take off, there must be a fair allocation of the costs of developing the new data-sharing infrastructure among all the different players to ensure it receives sufficient funding and investment.



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### Consent-based data sharing

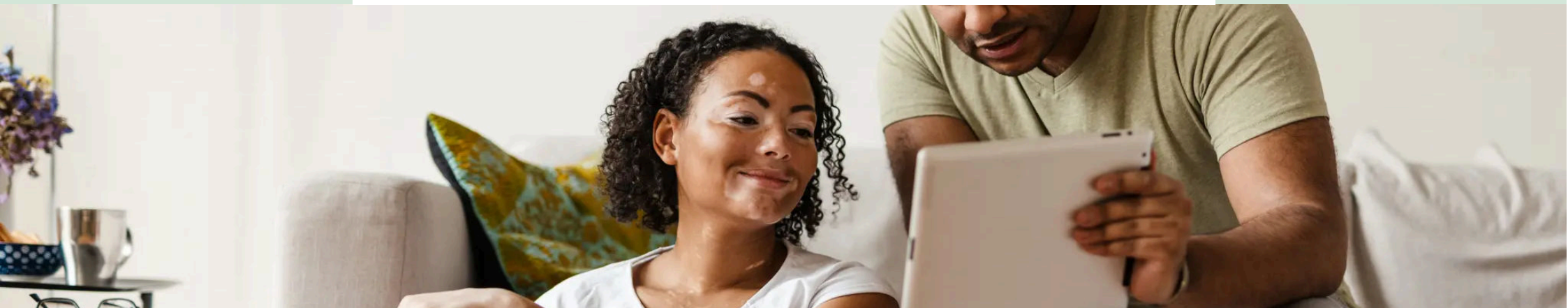
For any data-sharing framework to be effective it needs to be centred around consumer trust and consent. While sharing their data can be beneficial and create added value for consumers in the form of new and innovative digital financial services, the focus should always be on their willingness to share their data. Given the sensitive nature of insurance data in particular, consumers should have absolute confidence in the security of their personal data, full control over it and the right to determine for which services and under what conditions it will be used. Even a well-designed framework will not appeal to consumers if they do not feel that their data is protected and shared only under clearly agreed conditions.

### Scope of data sharing

The same also holds true for companies. From the outset, there is a need to clearly define which data sets would be subject to data sharing — such as personal data that is directly supplied and controlled by the consumer — and which would not — such as proprietary or commercially-sensitive data. In the case of insurers, this would mean proprietary data that they have generated and enriched themselves, and that is the outcome of their own work, such as building risk profiles or underwriting and claims performance models. This type of data is an important competitive factor and innovation driver.



EIOPA proposal for an open insurance use case



## EIOPA proposal for an open insurance use case

The European Insurance and Occupational Pensions Authority (EIOPA) has been identifying potential uses for open insurance, in follow-up to its 2021 [discussion paper](#) on open insurance and its corresponding [feedback statement](#). It is considering the development of a specific use case — an insurance dashboard — and will shortly launch a public consultation to gather feedback. According to EIOPA, an insurance dashboard would collect and show all of a consumer’s insurance policies and related information in one place, giving a holistic overview of all the data held by different insurance companies/intermediaries.

A “use case” approach is an appropriate way to determine where there could be a clear benefit and consumer demand for open insurance services. And an insurance dashboard may be a good starting point. However, EIOPA’s initial draft proposal was too broad and ambitious, covering all product lines and even referring to the provision of advice. A more pragmatic approach would be to start with a more limited and focused scope that — if successful — could be gradually extended. The dashboard’s objectives and scope should be clarified, along with whether it would be cross-border and EU-wide or targeted at national level.

Further discussion with the industry is needed on a range of important elements, including costs, liability, organisational and competition issues, standardisation and data management.

