

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

Fields marked with \* are mandatory.

## Introduction

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### **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**

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\* First name

Sarah

\* Last name

Goddard

\* Email

sarah.goddard@amice-eu.org

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

- Yes  
 No

\* Country

Belgium

\* Name of your organisation

AMICE

\* 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

Belma Yasharova

\* Email

belma.yasharova@amice-eu.org

## Questions to stakeholders

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

*2000 character(s) maximum*

While the development of innovative technologies and better access to more data creates opportunities to better serve consumers, it also calls on policymakers to ensure that consumers are even further protected. AMICE, the Association of Mutual Insurance and Insurance Cooperatives in Europe, welcomes the opportunity to respond to EIOPA's consultation on the Open Insurance use case.

AMICE members are characterised by their central focus on their policyholders, who are generally the owners of their insurers rather than the external shareholders. The products, services and benefits derived from our members' activities are conceived and applied for the best interests of their policyholders, with a long-term perspective at the core of the relationship between the mutual/cooperative insurer and the policyholder. It is therefore not a purely commercial relationship but rather based on the principle of solidarity between its members. Therefore, we are of the view that any open insurance use case should ensure that the fundamental principles of mutual insurance, such as the principle of solidarity and the customer-centric approach are preserved.

Although we appreciate that EIOPA explores possible open insurance use cases, it is important not to preclude the ongoing negotiations on the Commission's proposed Regulation for financial data access (FIDA).

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

*2000 character(s) maximum*

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*

Most of the data listed in EIOPA's discussion are not present in insurers' databases, as they are not requested from policyholders. For example, in the home insurance sector, this data is indicated as mandatory: "Property value, floor/number of levels, number of bathrooms, number of bedrooms, height, smoke detector, altitude, number of people living in the property..."; in motor insurance, the "Vehicle Identification Number" is not currently available in IT databases. Recovering this data from customers would be very costly. These costs will once again have to be passed on in insurance prices. It should also be noted that certain questions will be considered intrusive by customers.

Moreover, among the data to be shared envisaged in the use case, reference is made to the national identification of customers. While insurers do have copies of their customers' identity documents for anti-money laundering purposes, they do not have their customers' national identification data in their IT databases. Collecting this information reliably will generate additional IT development costs.

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

*2000 character(s) maximum*

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*

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

*2000 character(s) maximum*

8. Do you have any comments on liability issues?

*2000 character(s) maximum*

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

*2000 character(s) maximum*

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

*2000 character(s) maximum*

While we acknowledge benefits that open insurance could bring to consumers, the threat of commoditisation of insurance policies is of concern. Insurance differs from payment services given the heterogeneous lines of business and the customisation of coverage for the better service of the policyholder; payment services are standardised with little added value. Even though standardisation may in theory be beneficial to increase competition and lower costs, these hypothetical pros do not apply to the insurance sector and are offset by detrimental effects.

Standardisation this way would exacerbate consumers' focus primarily on price, while neglecting the overall quality of service, which is crucial for insurance products. In fact, given that insurers sell their clients a "promise to pay" in case of future and uncertain events, the core value of their offer resides in the insurer's reliability and capacity to properly assist their clients to understand their risk exposure, to mitigate such risks and provide support in case of adverse events. In this context, any undue push towards standardisation may trigger a race-to-the-bottom between insurers, competing to provide products at the lowest price, at the expense of other vital aspects such as quality of service. Additionally, we are seriously concerned that such a direction would increase the risk of financial exclusion, given that consumers not falling in the target of the standardised offers may become perceived as uninsurable. As a consequence, vulnerable customers would be forced not to share personal data to avoid the risk of being placed in high-risk underwriting categories. This outcome should be avoided at any at any cost, as it would represent a failure for insurers in the fulfilment of their social and mutualistic role.

Therefore, we invite EIOPA to consider the risk of product standardisation which would have consequences on competition and innovation by reducing the diversity of insurance offerings.

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*

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

*2000 character(s) maximum*

We urge EIOPA to consider whether the proposals as outlined by the direction of the use case for Open Insurance do, in fact, provide commensurate benefit to policyholders, and will not have the unintended consequences of further disenfranchising those for whom insurance is a vital protection mechanism.

13. Do you have any comments on Annex I?

*2000 character(s) maximum*

## Contact

openinsurance@eiopa.europa.eu

