



The response of the Open Insurance Think Tank (OPIN)



European Insurance and
Occupational Pensions Authority

Consultation on the 'Discussion
Paper on open insurance: accessing and
sharing insurance-related data'

THE RESPONSE OF THE OPEN INSURANCE THINK TANK (OPIN)

EIOPA'S CONSULTATION ON OPEN INSURANCE

Members at The Open Insurance Think Tank have deliberated and formulated their collective response to the European Insurance and Occupational Pensions Authority's consultation on Open Insurance.

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This document is better read while referring to [EIOPA's discussion paper](#)

INTRODUCTION

The Open Insurance Think Tank (OPIN) is on a mission to democratise access to insurance with a focus on establishing data standards for all business lines, as well as publishing guidance and industry analysis.

Our efforts thus far have proved to be encouraging, with industry stakeholders taking clear steps towards Open Insurance, and we remain committed to maintaining our ambitions to this end. The lack of a dedicated legal framework, however, presents an obstacle for a sizeable proportion of the market – at least when it comes to making that initial step. This has convinced us of the need for legal certainty to induce the adoption of open insurance.

Regulation developed through rigorous research, and stakeholder participation should create fertile ground to enable various actors within the sector to open-up, build partnerships and develop innovative products. We also believe that stakeholder incentives and reciprocity in shared access to data are aspects that should be built into any prospective framework from the start.

The introduction of Open Banking with the second Payment Services Directive (PSD2) has been a partial success, for now, and both insurance policymakers and industry stakeholders should learn from this experience.

We are, therefore, especially welcoming of the EI-OPA initiative, which acts as a catalyst for

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dialogue in light of the forthcoming legislative Open Finance framework - to be proposed by the Commission in mid-2022.

We believe that the European Union (EU) has a key role to play, with the EU regulatory framework around data acting as inspiration for numerous countries around the world. After Open Banking and Data Privacy, the Union now has the opportunity to lead the way with Open Insurance too.

Anne-Sophie Morvan
Project Lead

EIOPA asked

Q
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, we do agree with this definition.

OPIN shares the view of EIOPA that Open Insurance should be defined in the broadest sense.

The definition presented in the consultation (i.e. “covering accessing and sharing insurance-related personal and non-personal data usually via APIs”) is aligned with OPIN’s Open Insurance approach.

One key element that seems however currently missing in the definition is the necessity of some level of data standardization, development of API standards and the concept of collaborative and open licensed standards to enable this access and sharing.

EIOPA asked

Q
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, this includes:

Supervisory perspective: in some EU countries, regulators have started to request supervised entities to implement APIs in order to enable NCA to retrieve the relevant data where necessary (e.g. local implementation in the Netherlands and Luxembourg of AML V “IBAN register” requirement). This could be an additional use case for API use by supervisors.

Wider access to new and advanced financial management services may improve the range of options available and therefore switch the customer to products that offer better value.

Consumer protection perspective: improve pricing practices and transparency especially for vulnerable consumers who may suffer from the so-called “loyalty penalty”.

Furthermore, we believe that Open Insurance should be applied in parallel with the Data Governance Act published by the EU, which aims to foster the availability of data for use by increasing trust in data intermediaries and by strengthening data-sharing mechanisms across the EU.

EIOPA asked

Q
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?

No, we don't think so.

Participation in public comparison websites should not be compulsory. Private comparison websites and applications are widely available but participation is voluntary on the part of insurers and we believe that this should remain the case. It is hard to see what practical benefits and value compulsory public aggregators could add. It is nevertheless interesting to note that the development of private comparison websites would be largely eased with the adoption of APIs and data standardization.

the participation in insurance dashboards that track customer insurance policies similar to pension dashboards.

Open Insurance dashboards reinforce the idea of making insurance data available to consumers. They could provide graphical and informational representation and a single view of all financial protections.

What could nevertheless be compulsory is

EIOPA asked

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

Q
4

A prominent use case is the development of cyber liability insurance which has risen in importance as consumers are increasingly adopting and integrating a multitude of proprietary and open source software and operating systems.

To develop accurate and adaptable underwriting and actuarial models insurance claims data sharing and pooling could significantly improve pricing and produce automated and innovative solutions that would not be possible if shared access to data was not subscribed to.

EIOPA asked

Do you see other open insurance use cases in RegTech/SupTech that might be worth to look at further from supervisory/consumer protection perspective?

Q
5

Yes, here are some examples:

The translation of existing written regulation and supervision guidelines and instructions into machine readable format enabling computational functionality to be derived.

SupTech software will benefit from such advances. Early intervention via collected and analyzed data could trigger automated intervention to authorized/regulated entities to increase capital or carry out other corrective measures.

RegTech software and applications can be used to better express and communicate regulatory and supervisory frameworks, and legal definitions, subsequently reducing cost of compliance, improving transparency and confidence in the insurance market.

From the consumer perspective, applications and digital assistants could remove constraints in understanding consumer rights, breaches of data privacy laws, legal recourse and accelerate dispute resolution.

EIOPA asked

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

Q
6

Using the use case cited in question 5.

Challenges:

There will be instances where human intervention is needed to explain and evaluate legal and regulatory texts.

Most regulatory frameworks are layered on top of preceding laws, acts, amendments and case precedents.

- Cross-linking and consolidating multiple volumes of case law and rules
- Cost and time associated in translating text and verifying the correct context could be significant
- Embedding SupTech in supervisory systems could come up against the same legacy constraints that incumbents face

EIOPA asked three questions

Do you agree the potential benefits for the consumers are accurately described?

We strongly agree.

Do you agree the potential benefits for the industry are accurately described?

We strongly agree.

Do you agree the potential benefits for the supervisors are accurately described?

We strongly agree.

EIOPA asked

Are there additional benefits?

Q
8

Industry:

The global data and API standards and the free flow of data concepts being developed by OPIN would allow for seamless digital management of multi-country insurance policies normally taken out by companies that operate in different markets but maintain unified global policy coverage.

Consumers:

Automated dispute resolution could become an important manifestation of Open Insurance. Consumers could stand to benefit from ML applications that automate the identification of problems early and attempt to resolve them before they become an issue or even a complaint.

Supervisors:

Different insurer and reinsurer platforms adopting the same open API specification could exchange risk data and configure Difference in Conditions (DIC) terms and conditions completely digitally removing cross-platform barriers.

Innovative technologies will support risk carriers in developing advanced scenario analytics, trend and horizon scanning which regulators consider as important tools to improve the quality of risk management.

EIOPA asked

What can be done to maximise these benefits?

Q
9

OPIN advocates for a clear position from regulators on solutions and standards.

Introduce a common stance among NCAs to iron-out regional differences around data protection rules and resulting inter-regulatory conflicts.

EIOPA asked three questions

Do you agree the potential risks for the consumers are accurately described?

We strongly agree.

Do you agree the potential risks for the industry are accurately described?

We strongly agree.

Do you agree the potential risks for the supervisors are accurately described?

We strongly agree.

EIOPA asked

Are there additional risks?

Q
11

Yes there are.

The cost of doing nothing is strategically disastrous for primary insurers and retail intermediaries. Fears of market share loss, legal and regulatory uncertainties as well as legacy constraints could allow nimble and digital native players to dislodge long established incumbents.

Also, aggregated insurance coverage might in the future be scattered across a large number of actors. This might make it difficult for consumers to keep an overview.

Their ability to withstand new competitive landscapes of disappearing industry boundaries, new business models, and changing consumer expectations, will continue to be eroded by new value pools.

EIOPA asked

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?

Q
12

No we don't consider the current framework as adequate.

The current regulatory framework may not capture the risks associated with unresponsive insurance undertakings to initiatives for developing standardized interfaces and shared access to data.

Regulators need to ensure that consumers interests are served and that innovation becomes a key attribute by engaging with insurance undertakings on the advantages that Open Insurance offers.

EIOPA asked

Do you agree with the barriers highlighted in chapter 5?

Q
13

We somewhat agree with this statement.

OPIN takes issue with the statement that “overall risks regarding Open Insurance might be much more severe than regarding open banking” (page 28). This gives the impression that all insurance related data attaches equal sensitivity weighting. In contrast with bank account information, the number of bank account products are very limited compared with the myriad of insurance products which cover many areas of business activity, asset ownership, health, retirement planning etc.

The sensitivity of data varies from one line of business to another, and there needs to be a distinction between personal and non personal data. For example, in personal

lines; motor third party liability, travel insurance, pet insurance, and in commercial lines; cargo insurance, cyber liability insurance, engineering construction insurance, the sensitivity of data is generally considered low.

It is important to note the growing number of Electronic Health Records (EHR) initiatives aided by increasing government funding and expenditure for the development of healthcare IT solutions and promoting the adoption of EHR globally.

Large-scale adoption of electronic health records by hospitals, clinics, pharmacies, laboratories and other healthcare facilities

EIOPA asked

Do you agree with the barriers highlighted in chapter 5?

Q
13

to maintain patient data, enhances convenience and increases productivity within the health sector.

Therefore, risks of shared access to medical records is not relevant to Open Insurance alone but also to other sectors including for example, cloud infrastructure providers hosting billions of records.

Risks relating to deducement of personal-identifying data applies to cloud infrastructure providers as it does to others. However, the overarching objectives of Open Insurance are to use relevant data to derive better insurance solutions and offer wider options for consumers. As is the case with open banking, a legal basis for permissioned access to data, compliance with data privacy and security (e.g. GDPR rights) would allow consumers to provide access to a certain scope of data and revoke that access (and delete/transfer data) upon request.

OPIN's [blueprint for Open Insurance](#) (published February 1st, 2021) had covered the Motor insurance LoB (both personal and commercial) and clearly set out the range of data that could be shared with third parties. Taking stock of the open banking experience, OPIN has excluded all data properties that may be considered as proprietary, and stated that proprietary data should be treated as a monetization incentive for insurers to adopt Open Insurance.

EIOPA asked

What additional regulatory barriers do you see?

Q
14

We would highlight the following:

- Defining under what conditions insurers may decline requests for providing access to customer data and in general set clear rules on the interaction of Open Insurance and GDPR,
- A need for clear framework for liability towards third party service providers supported by a liability scheme for recourse.
- Address the feasibility of standards alignment with open banking frameworks and standards of adjacent industries.

EIOPA asked

Q
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?

We believe PSR-like (open banking UK) regulation may be needed to both clarify the Open Insurance framework and improve legal certainty. This will result in clearer data rights and enhanced data portability.

The Ethical use of data and AI in the processing of data may result in biases towards certain segments of consumers.

Also, rules should be established for fair treatment of EU consumers so that financial inclusion is enabled across the widest segments of population.

EIOPA asked

Q
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).

We would highlight the following:

- Larger variety of distribution channels
- Larger range of products typology
- Larger set of data that can be used on a near real time basis to adapt the products
- Interoperability and compatibility with different standards and functionality with adjacent financial markets and non-financial markets. Examples include, connected transportation, logistics, cyber security, global travel distribution systems, smart buildings and cities.

EIOPA asked

Q
17

What are the ‘lessons learned’ from open banking that might be relevant to consider in open insurance?

OPIN has identified the three following lessons to be learned from Open Banking:

the need of standardisation:

one of the barriers of the smooth implementation of Open Banking has been – and is still – the lack of standardisation. Several standards have emerged within the EU and many financial institutions have taken specific approaches when implementing their APIs, leading in some cases to so-called “obstacles”. The EBA has recently published an Opinion inviting NCAs to make an assessment of the situation and take supervisory actions where necessary. We nevertheless believe that this need for supervisory actions could have been avoided if the relevant supervised entities would have had more incentives to

the need for incentives: given the fact that so-called “ASPSPs” had to implement APIs at their own costs according to a complex regulatory framework and to offer access to these APIs for free to “TPPs”, many of them perceived it as a “compliance burden” rather than as an opportunity to collaborate and further “open-up”. Incentives should thus be found to foster collaboration between the different insurance industry stakeholders.

the need for legal certainty:

one of the difficulties of PSD2 Open Banking is the legal uncertainty that are facing both ASPSPs and TPPs on certain topics.

EIOPA asked

What are the ‘lessons learned’ from open banking that might be relevant to consider in open insurance?

Q
17

After its adoption in 2015, PSD2 has been complemented by (i) RTS in 2017, (ii) seven Guidelines and (iii) six Opinions from the EBA on various PSD2 related topics, (iv) twenty-six responses to issues raised by participants of the EBA Working Group on APIs under PSD2 as well as (v) numerous answers to questions raised via its Single Rulebook Q&A. Member States have transposed PSD2 in their respective national frameworks and supervisory authorities issued additional guidance. Finally, the European Data Protection Board (EDPB) has also been publishing Guidelines in relation to PSD2 in December 2020, which unfortunately seem on certain points to be in contradiction with PSD2 and EBA positions. The purpose of the present list is to

show that regulators have been extremely active and willing to help institutions in their PSD2 implementation, which actually unfortunately created a complexity and even – on certain topics such as AML and data protection – a legal uncertainty. Based on this experience, we believe that certain specific topics should be addressed from the beginning and discussed with the different stakeholders to provide with the most adequate framework possible,

One of the main lessons learned from the above is the importance of industry led initiatives to explore and build consensus and thus avoid the pitfalls depicted above.

EIOPA asked

Do you think open insurance will develop without any regulatory intervention? (e.g. without PSD2 type of compulsory data sharing provisions)

Q
18

Yes, as OPIN has embarked on this path.

OPIN has gathered approx. 300 members who are willing to make Open Insurance become a reality in the (near) future. To make Open Insurance become a reality even sooner, we do believe that a regulatory framework complementing industry led initiatives would help, provided that:

(i) some of the lessons learned from PSD2 are taken into account (cf. Q. 17) and initiatives is maintained (cf. Q. 19). In order to meet these requirements, OPIN has produced [an open standard in relation to motor insurance](#) which was published on 1st February 2021 for review, comments and amendments by the different stakeholders.

(ii) that a strong coordination with industry

EIOPA asked

Do you think open insurance should be driven voluntarily by industry/private initiatives or driven by regulatory intervention?

Q
19

A mix driven by private initiatives and regulation.

As mentioned under Q. 18, OPIN believes that both industry/private initiatives and a regulatory intervention are necessary. We believe that the respective roles should be the following:

(i) regulatory intervention: determine Open Insurance personal and material scope, provide general guidance, amend - where necessary - existing regulatory framework to enable the different stakeholders to implement Open Insurance based on a clear and supportive legal framework and en-

courage Open Insurance initiatives;

(ii) Open Insurance industry initiatives: thanks to the large involvement of industry stakeholders, those initiatives will enable the necessary dialogue to produce standards in line with market expectations and needs. These initiatives will also enable exchanges between the different stakeholders with respect to the practical implementation of Open Insurance and thus ease market alignment.

EIOPA asked

Q
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?

If some but not all firms open up their data to third parties, we consider that the consequences would be the following:

- if only some risk carriers are opening up, we believe that the ones opening up the first will have a competitive advantage as they will be able to build partnerships faster and become Open Insurance market leaders;
- if different standards are adopted, this would create friction (additional burden for API consumers) but we do believe that the number of initiatives will remain limited. In order to avoid such a standard

fragmentation, OPIN is deploying its best efforts to gather the feedback of a large number of industry representatives in order to find a consensus.

EIOPA asked

Q
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.

- All available data to the extent relevant and necessary for the performance of insurance related activities. OPIN for instance elaborated a standard in relation to motor insurance which can be consulted on OPIN website. That being said, OPIN considers that certain data, in particular proprietary data, should be treated as a monetization / partnership incentive for insurers to adopt Open Insurance.
- Data that should be excluded: to the extent possible, no data should be excluded.

EIOPA asked

Q
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?

A mix of approaches is recommended.

As cited by the consultation document (page 30), OPIN is an example of, and a developer of self-regulated data sharing principles and mechanisms.

This stems from OPIN's belief that insurance stakeholders must be incentivized to take part in open insurance rather than only view it as a compliance requirement as was often the case with open banking (even though some firms perceived it as an opportunity and a starting point for further sharing of data with third parties).

It is interesting to note that the FCA (see its feedback statement on the Call for Input on Open Finance) found that both customers and firms could benefit from voluntary industry led initiatives. Moreover, it stated that the FCA sees the benefit of industry-led roadmaps and that most firms felt there was an opportunity for these initiatives.

Current regulatory frameworks though may not be sufficient and adequate for Open Insurance to flourish. A specific incentive Open Insurance regulatory framework thus seems necessary (cf. Q.19).

Open Insurance may also necessitate a

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?

a modified set of rules to introduce adaptive regulatory regimes. Consumers may also need to be assured with a more bespoke framework to prevent potential commercial exploitation.

Therefore, it can be assumed that the more comprehensive and wide-spread data sharing becomes, the more necessary new supervisory and regulatory improvements/tightening levers are needed following assessment and examination of market conditions, financial inclusion and consumer protections.

On the question of the scope of the data

sharing obligation to be adopted, we believe that the approach should be different, depending on the data processed. Where the data shared are:

- sensitive: the recipients should evidence that they have implemented the necessary measures to protect the relevant data and undertakes to ensure fair usage of this data (e.g. compulsory data sharing inside the regulated insurance industry or with third parties);
- not sensitive: the recipients should be the largest audience possible.

A difference in the protection should also be made between the data pertaining to consumers and professionals.

EIOPA asked

Q
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)?

In order to comply with PSD2, obliged entities have been / are incurring the following costs:

Human resources: recruitment of relevant talents in systems architecture, service and product design, training and internal promotions into new roles.

Consulting / legal costs: the different layers of regulation in relation to Open Banking obligations (cf. Q. 17) required to appoint consultants / lawyers in order to clarify the applicable framework.

Marketing: visibility needs to be generated to attract new ecosystem partners and build a developer community.

IT costs: obliged entities had to build the API, to deploy an API management platform, developer platforms, to implement appropriate security and continuity measures, and set up a helpdesk.

EIOPA asked

Q
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?

In the absence of any compulsory data sharing framework in insurance as it is currently the situation, we see the role of EIOPA and national supervisors as follows:

- promote Open Insurance initiatives and set some firm targets together with industry representatives,
- amend - where necessary - existing regulatory framework to enable the different stakeholders to implement Open Insurance based on a clear and supportive legal framework,
- ensure coordination with other supervisory authorities (e.g. EDPB, EBA),
- provide guidance on regulatory and technical questions arising.

EIOPA asked

Q
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?

No, the discussion paper covered most of the relevant issues.

EIOPA asked

Q
26

What functions and common standards are needed to support open insurance and how should they be developed? Please consider this both from self-regulatory angle and from possible compulsory data sharing angle.

Functions and common standards can be referred to different purposes, the most relevant are the following :

- Cooperation with TPs in the Insurance industry and beyond in developing new insurance products, in originating and distributing policies, in servicing policies and handling claims.
- Access to insurers customer data by TPs to allow them to better provide their services to end customers

What functions and common standards are needed to support open insurance and how should they be developed? Please consider this both from self-regulatory angle and from possible compulsory data sharing angle.

- Access to any insurance platform by TPs to allow them to combine insurance coverages with selected services
 - Access by insurance players to external data to improve and enhance new product development, origination and servicing
 - Contextual insurance (Instant, PPU, etc) where TPs may not only provide data, but also management of specific processes (origination and servicing)
 - Regulated intermediaries, for a higher efficiency in data exchange, for increasing the options of collaboration between companies and intermediaries and for giving end customers more options and a better service.
- In relation to these purposes some relevant examples where the availability of open APIs would create new opportunities, (new products, higher volumes, better service to customers):
- Parametric insurance and extension of coverage in P&C and health thanks to the use of external data (IoT, Oracles, etc.)

What functions and common standards are needed to support open insurance and how should they be developed? Please consider this both from self-regulatory angle and from possible compulsory data sharing angle.

- Alternative channels in other industries, including embedded insurance, where TPs provide origination and servicing
- Insurance ecosystems where TPs provide non-insurance services to be combined with insurance policies

OPIN believes that all these purposes may be reached through proactive industry co-operation combined with a supportive legislative framework as expressed in the answer to Q. 19.

There should be some level of reciprocity since the Bigtechs operating global plat-

forms may be excessively advantaged by the unilateral access to insurance data as the case of PSD2 suggests for payment account data.

OPIN is an example of a voluntary, industry led initiative tasked with the development of an open-licensed, interoperable common standard.

Such standard would include two key components:

- Standardized data properties and defining the scope of data made available by insurers. This would cover personal data

EIOPA asked

Q
26

What functions and common standards are needed to support open insurance and how should they be developed? Please consider this both from self-regulatory angle and from possible compulsory data sharing angle.

as well as open data (aggregated and anonymized data) and publicly available information.

- The second key component is the development of open API specification to allow for secure and permissioned access to customer data. In OPIN's case, this will mean the adoption of widely used API architecture, authentication and authorization frameworks.

EIOPA asked

Q
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?

The best practices in defining API/data sharing standards are based on the involvement of the industry and of experts and practitioners. What may differ is the level of involvement of public bodies in promoting the standard setting and in defining guidelines.

In the banking industry the pursuit for industry standards is well ahead of the insurance industry. In Europe that is due mainly to the PSD2 legislation, while in other areas (eg. North America) it is due to the opportunities coming from the streamlining of the interfaces with multiple partners in complex businesses like payments.

As an Example in US and Canada Financial Data Exchange (FDX), a private non-profit organization, is dedicated to define a common, interoperable and royalty-free standard for the secure access of user permissioned financial data (FDX API). FDX has an international membership that includes financial institutions, financial data aggregators, fintechs, payment networks, consumer groups, and other parties in the financial data ecosystem.

In Europe (EU and UK) the bank regulations provide compulsory access to payment account data and technical guidelines, but not standards.

EIOPA asked

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?

Q
27

Those are pursued by industry led bodies at three levels: Standard setting (eg. the Open Banking Implementation Entity in UK, the Berlin Group or STET in EU), the technical framework and certain services (eg. CAPS in EU), an API sandbox and store.

In insurance, OPIN's standard (due to be finalized by end of 2021) should become a good starting point towards adopting a single European standard.

EIOPA asked

Q
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?

No, we clarify as follows:

From an insurance market perspective:

Considering the complexity of underwriting insurance and especially in commercial lines, it is not feasible that BigTech firms will be able to independently capture nor dominate the insurance market without partnering with a host of insurance carriers and InsurTech startups. Such partnerships, (for example, Google's (Virality) partnership with Swiss Re) will demand sharing access to data and analytics held by all sides.

In absence of Open Insurance specific regulations to make it compulsory to share insurance data by risk carriers, Insurers

would most certainly not allow competitors access to customer data unless reciprocity was agreed to.

Insurance players in many markets usually conform to certain data or information sharing relating to fraudulent incidents, credit blacklisting etc.

Unlike bank account and payment services which are in practice simple commoditized services, insurance has several layers of complexity relating to underwriting and actuarial pricing, risk management, CAT risk exposures, claims management etc.

OPIN attaches more weight to the innovative-disruption that unbundling and re-

EIOPA asked

Q
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?

bundling of services could cause than the vices that could benefit from enrichment loss of market to BigTech and GAFA. with insurance data:

Though this topic is beyond the scope of the consultation, InsurTech and FinTech could benefit from receiving access to customer data in developing specialist applications and solutions. It is hard to see how reciprocal data sharing agreements would be of benefit to an incumbent insurer in this instance.

Having said that, new full-stack digital insurers will stand to benefit in the short term until reciprocity becomes feasible with a growing book of business.

From the perspective of products and ser-

The open finance movement is a good example. Banks could benefit from data enrichment received from insurers. Such data could be used to provide 360 degree view of customer financial health and protection. Bancassurance could rise to a new level of functionality but, again bancassurance is not possible without partnership with risk carrier/s.

Insurers stand to benefit from open banking, for example, generate additional insights about customers, benefit from banking-strength digital identity verification, check income status, learn more on customer behaviour and spending patterns.

EIOPA asked

Q
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?

- As pointed out in the answer to Q.1, OPIN agrees with the view of EIOPA on the broadest scope of Open Insurance, so we assume that the data sharing is extended to non-insurance/non-financial data.
- The opportunities for insurers would be extended, given the megatrend of the decreasing (or even breaking down) of barriers among sectors and industries.
- These additional opportunities would include:
- Opening of alternative channels in other industries and/or contribution of insurance coverage as a component of a TP service (embedded insurance).
 - Set-up of insurance ecosystems focused on fundamental needs of customers (eg. Mobility, Housing, Health, etc.) where TPs provide non-insurance services to be combined with own insurance policies.
 - Set-up of incoming data flow from non insurance sources for better product development, underwriting, customer profiling and policy servicing.
 - Set-up of outgoing insurance/personal data flow to non insurance entities for monetization purposes and/or partnership in developing and monitoring non insurance services.

EIOPA asked

Q
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?

Some additional risks would be attached to the “broad” Open Insurance model, in addition to the ones that already pertain to any Open innovation model (eg. Cyber; Regulatory, etc.). They are mainly business and reputational risks. The Business risks pertain to changes in the scenario, with new business models and value propositions brought to the market and the need to adjust to these changes. So some carriers or intermediaries may benefit from being active and successful, others would lose their position or even become unsustainable business. Also, the lower barriers to entry on part of non insurance players will have a business impact. While it won’t likely imply an increase of regulated entities, it would rather translate in

ments of some (eg Bigtechs) non regulated entities with selected regulated entities (reinsurers, carriers, intermediaries) with a net transfer of margins from insurance to non insurance players. Finally, the ecosystem and the embedded insurance models are not only a counter-action to regain margins from other industries, but also communities of insurance and non insurance entities with legal and governance complexities that can raise legal, compliance and reputational risks in their combined delivery to customers. In this respect, the question of data protection - which is regularly raised with BigTechs - should be considered and additional protection measures might be required, depending on the sensitivity of the data at stake.

EIOPA asked

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

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Case Study 1: The possibility to access the the insured. Some limitations on low-policy data on part of a permissioned TP is coverage propositions would be needed. overall a positive step towards the removal of frictions in the process of renewing the coverage or of connecting Motor insurance to other services. While this CS reflects an approach of “Open Motor Insurance” similar to the PSD2 approach for bank accounts, there are some differences. Here the purpose is less to allow access to data to facilitate other services and more to stimulate proactive customer prospection and proposition on part of competing carriers. This is certainly in favour of the freedom of choice of customers, but there are some risks attached: excess in aggressive sales and trade-off on level of coverage of

Case Study 2: Public comparison websites like the one now being developed in Italy refers to “commoditised” insurance policies, particularly when they are compulsory as it is the case for motor vehicles in Italy. This approach is not easily applicable to more complex and differentiated insurance policies in other P&C and PL classes and requires a benchmark: the standard basic contract that every company is mandated to offer alongside other policies.

Case Study 3: OPIN confirms its position of being in favour of opening the access to

EIOPA asked

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

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personal data controlled by insurance undertakings, with some limitations and provisions. First of all the suitability of the insurance policies offered (ref. IDD Directive) should be assured upfront, in addition to the “live connection” of the supervisors. Also OPIN suggests some level of recognition of the costs incurred by the undertakings in collecting the personal data, in order to avoid an uneven playing field and a disincentive in investing to enrich customer data.

Case Study 4: OPIN is very supportive of any effort towards the creation of Motor Insurance Claims Databases that would facilitate collection, storage, retrieval of claims information for the purposes defined in the CS. It is important that access to the data is allowed also to the insured individuals. In the current “Registers” existing at the national level access is mostly limited to carriers or intermediaries.

Case Study 5: OPIN supports the interoperability of any kind of device allowing the collection of data that is relevant in the process of underwriting, risk prevention, risk mitigation, customer assistance in Motor or other insurance. Also OPIN is in favour of the legal obligation to ensure full portability of consumer-generated IoT data and the use of that data to profile customers or customize coverage, as long as it is in line with GDPR or any privacy regulations.

EIOPA asked

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?

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OPIN believes that EIOPA has given a great example as a progressive body championing innovation in the insurance markets.

About the Open Insurance Think Tank

We provide thought leadership on key issues that define interoperability and compatibility.

We believe that designing for interconnectedness will help insurance providers climb up the network chain towards ecosystem actualization.

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