

Dos and don'ts of open insurance

Members of the Global Federation of Insurance Associations (GFIA) have differing views on whether potential benefits of open-insurance initiatives can outweigh potential unintended consequences and costs. Nevertheless, if the issue of open insurance is to be considered by policymakers, there is agreement on recommended dos and don'ts for them to ponder on a range of issues related to this topic.

In recent years, a number of initiatives to open up insurance and related data have been announced or rolled out across the world, while other jurisdictions have yet to consider open insurance. In those jurisdictions where open-insurance initiatives have been proposed, the insurance industry sees possible opportunities from the concept, however there are also risks that need to be carefully considered.

With so many different jurisdictions, approaches also differ. As a consequence, thoughts on this new and developing topic of data sharing vary strongly. GFIA has therefore drafted a non-exhaustive list of potential dos and don'ts for open insurance and data sharing.

The GFIA list serves as a potential source of information for its members in jurisdictions in which steps towards an open-insurance or data-sharing framework are being considered. The document can also be used in discussions with local regulators and supervisors.

1. Purpose-driven data-sharing

Do have a clearly defined and predetermined purpose or goal to data sharing. Possible goals could be to enable the insurance sector to develop new and innovative products.

Don't impose (mandatory) data sharing in areas where there is no clear issue that needs to be addressed. New data-sharing or open-data initiatives should not impede existing data-sharing initiatives and open-data ecosystems.

2. The data owner in control

Do give data owners the ultimate control over who is allowed to access their data and under which conditions. A definition of who the data owner is in an open-insurance framework, should be determined at the level of each jurisdiction in which such a framework exists. Furthermore, a workable consent mechanism should exist.

Don't let data-sharing or open-insurance initiatives interfere with existing privacy and data protection laws.

3. Setting the appropriate scope

Do clearly define which data sets would be subject to data sharing. Data usage, access and sharing should also be considered in the broader context of cross-sectoral data sharing.

Don't oblige insurers to share their intellectual property, business-sensitive information or proprietary data that they have generated and that is the outcome of their own work.

4. An appropriate framework for insurance

Do carefully consider the lessons learned from possible previous open data-sharing initiatives in the banking and payments sectors. These lessons can be applied to the specific context of the insurance sector to avoid repeating mistakes.

Don't simply copy and paste open-banking or open-payment schemes and apply them to the insurance sector and insurance data. There are likely to be unintended consequences and they may not yield the desired results.

5. Level playing field

Do ensure a level playing field for the different parties involved in data sharing. The principle of same activities, same risks and same rules should apply. It is crucial to ensure that consumers can count on the same level of protection, regardless of who serves them, bringing all involved parties within the scope of the existing rules.

Don't allow unregulated or unsupervised third parties to access insurance data. Furthermore, non-reciprocity of data sharing must be avoided by ensuring the progressive openness of common data spaces in other economic sectors. Also don't exclude any current third-party players, (such as intermediaries) from the insurance sector value chain from gaining access to an open-insurance framework.

6. Data security

Do require high levels of security to be in place to ensure the protection of data and clarify where liability lies in the event of a breach.

Don't allow access to insurance data for third parties that do not demonstrate that they meet the same high level of data security as the financial sector.

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About GFIA

The Global Federation of Insurance Associations (GFIA), established in October 2012, represents through its 40 member associations and 1 observer associations the interests of insurers and reinsurers in 67 countries. These companies account for 89% of total insurance premiums worldwide, amounting to more than \$4 trillion. GFIA is incorporated in Switzerland and its secretariat is based in Brussels.