

**Insurance & Pension Denmark - Comments for EIOPA's Open Insurance consultation**

EIOPA's discussion paper raises a number of aspects of the use of data within an open insurance framework. Open insurance has the potential to enhance innovation in a data driven society and prepare the insurance industry for the next generation of data and technology-based insurance products and services. The access to data within the insurance sector, but also access to cross vertical data (data sharing across different sectors or industries) is key for Open Insurance.

We believe the sector is best placed to identify potential business cases and develop frameworks for data sharing and that the market should be allowed to build its own infrastructure within the boundaries of existing regulation and governance. In terms of the different open insurance approaches listed by EIOPA, at this point in time there could be potential in introducing a specific framework for IoT data sharing (eg car telematics data), supporting an appropriate framework for innovation in insurance.

Furthermore, consideration should be given to the differences in regulating the payment infrastructure vs. insurance, which is a more complex ecosystem, with many different types of data. For instance, life insurance, which is primarily based on sensitive personal data and less suited for any open data sharing initiative. Regulatory intervention has proven to be a cost driver and limit flexible solutions with the customer in focus. In the open insurance area, our ambition should be that this development is industry driven and build firmly on customer value and minimize additional costs to the customers.

We do not believe this innovation should be driven by regulation and requirements for mandatory APIs within the insurance & pensions sector. Consideration should be given as to whether regulatory intervention is actually needed, and it should only be introduced where there are identified market failures.

Insurance & Pension Denmark agrees that it will be important to avoid a direct copy-across of the PSD 2 framework to the insurance sector. The EU needs to look at the lessons from what has not worked under PSD 2, as part of a thorough review of the existing framework.

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## Level playing field

There should be focus on ensuring everyone equal access to data in the digital economy. It would be distortive for the sector, if the insurance and pension industry were forced to provide data, but will not be able to access relevant data, that can be used for innovation and the development of new products in the industry itself. Furthermore, it is important to ensure that the cost allocation is fair, so the sector is not required to fund new infrastructure (and send customer data into it), which other players can profit from without contributing.

The industry is dependent on an effective framework for data sharing, but there should be focus on facilitating partnerships, voluntary data sharing and common standards to ensure this.

Consent-based data sharing could be beneficial and create added value for consumers in the form of new and innovative digital financial services. However, any solutions should ensure that the consumers retain full control of their data and should support initiatives based on the consumer's willingness to share his or her data. Insurance & Pension Denmark has developed a number of consumer tools, which are based on voluntary data sharing (through API's) between the participating companies and Insurance & Pension Denmark.

### Questions:

**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?**

Open Insurance is described in the broadest sense as covering accessing and sharing insurance-related, personal and non-personal data usually via API's. There needs to be a much clearer scoping of the subject matter and the data involved. This should, however, cover both access and use of data from a cross-sectoral perspective and not focus solely on the insurance sector. Furthermore, the definition should be technology neutral and not refer to specific technologies.

**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?**

The Danish insurance and pensions sector has developed several initiatives based on voluntary data sharing within the sector, to support the consumers:

### The Insurance Guide (Forsikringsguiden)

[www.forsikringsguiden.dk](http://www.forsikringsguiden.dk) is an online consumer tool developed by Insurance & Pension in cooperation with the Danish Consumer Council Tænk.

The insurance guide provides consumers with a quick and easy overview of the supply of insurance products by a number of insurance companies. The aim is to create transparency in the insurance market and thereby help consumers to choose the right insurance at the best price. 20 insurance companies contribute to the guide, which covers 85% of the Danish insurance market.

With the Insurance Guide, consumers can quickly and easily compare insurance terms and prices for the most common consumer insurance policies. It does not entail an actual insurance offer, but an insight into prices and insurance terms.

The guide also allows the consumer to compare packages with more than one insurance product (for instance car and house insurance). The price is based on the risk information and wishes for coverage, which the consumer enters.

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## PensionInfo

[www.pensionsinfo.dk](http://www.pensionsinfo.dk) is an online consumer tool and the result of cooperation between a number of pension funds, life insurance companies and public authorities. The information is obtained from these companies at the moment the customer logs on to PensionInfo using NemId and gives the customer personal overview of their own funds for retirement including state pension. PensionsInfo provides customers with information on a number of areas, including:

- **In retirement**

Customers get a comprehensive overview of their retirement savings and withdrawals when they retire. They can see how much they get paid at different retirement ages - and you can compare the results. they can also calculate the full state pension.

- **If you lose your ability to work**

Customers can see how much -and possibly their children - will be paid if the customer loses the ability to work. Customers can also see how the money is paid out and for how long.

- **At your death**

They can see what is paid - and to whom. They can see if the children are insured and when the insurance ends.

- **If you are diagnosed in your agreement with " Certain critical diseases"**

Customers can see if they are insured for "Certain critical illnesses". They can see how much will be paid out and how.

- **If you need treatment**

Many Danes are covered by health insurance - perhaps without being aware of it. Here they can see if they have insurance as part of their pension scheme and what it covers. Customers can also see who to contact for more information and guidance.

It is important to emphasize that PensionsInfo is *not* a pension *register*: information on pension benefits is collected online in real time through rest API's from pension providers, consolidated and presented on the website. But the compiled data ceases to exist when the user logs off.

### **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?**

Consumers are increasingly using price comparison websites to find the best deal. However, there is a risk that consumers will navigate after price and not the combination of price and coverages thus giving incorrect value proposition and pushing consumers to choose products mostly based on cost factor.

We do not believe that mandatory participation in commercial public comparison sites is the way forward. Furthermore, compulsory participation can only work if public comparison websites capture all elements of products therefore allowing

consumers to take a decision based on all the factors. There is also the issue, that commercially owned comparison websites might rank offers according to who paid most for exposure.

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**4. Please describe your own open insurance use case/ business model and challenges you have faced in implementing.**

• **PensionsInfo.dk**

Our national tracking system for pensions saw the light of day in 1999. It is an online service established in an association and it has 2 purposes. The first is to provide the consumer with an overview of all their pension entitlement and the second is the ability for the consumer to send all their data to a pension provider, a bank, a fintech company or a financial adviser.

It took some years to get all pension providers to deliver pension data to the site. But now the site it a huge asset for the pension industry and the Danish population.

• **Forsikringsguiden.dk (The Insurance guide)**

We also have a comparison website for consumer insurance, which is run by Insurance & Pension Denmark. The website is made in collaboration with the Danish Consumer Council, which helps to ensure that comparisons are made impartially and in a uniform way, where the companies cannot pay to be better placed. It is an online service where consumers can immediately compare coverage and see the price across many companies and choose the provider they want to move on to in order to get a quote or to buy insurance. The website has about 85-90% of the providers in the market and more providers are coming.

**5. Do you seen open insurance use case in RegTech/SupTech that might be worth to look at further from supervisory/consumer protection perspective?**

The insurance sector is required to submit sizeable amount of data as it is today. We do not want real time collection of data through use of API's, because this raises issues of confidentiality and it-security. Furthermore, it would require significant investments in It-infrastructure and issues on handling IT-security, data standards etc. which would put a significant financial burden on the sector. We would rather see a focus on reducing duplication of reporting requirements to different supervisory authorities.

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

[...]

**7. Do you agree the potential benefits for the a) industry, b) consumers and c) supervisors are accurately described?**

The benefits of any potential framework will depend upon the scope and implementation of future regulation. The principle of proportionality should apply to any legislative measures on data sharing and they should not merely be a copy-across of the PSD II. The insurance industry is fundamentally data driven. Data gives insurance companies a foundation for risk calculations and pricing and should not be viewed as a commodity. Furthermore, mandatory standards and regulatory requirements are likely to narrow insurers capacity to innovate on products, altering competitive dynamics.

**8. Are there additional benefits?**

The benefits will also very much depend on how an overall open finance policy is implemented in the EU. The benefits must be greater than the risks for both industry, consumers and society as a whole.

**9. What can be done to maximise these benefits?**

[...]

**10. Do you agree the potential risks for the a) industry, b) consumers and c) supervisors are accurately described?**

Not in full. The potential risks depend on the design of an open insurance framework. We believe that there needs to be an appropriate focus on evaluating and assessing the impact of PSD2, ensuring lessons are learned and trying to quantify and qualify the increased costs of such a framework compared to the actual benefits and risks faced by the financial sector.

We would not want to see the sector burdened with more regulation. It is important to avoid overlapping of new regulations. Especially because the industry is already facing parallel separate requirements under other digital regulations (for example DORA vs Solvency II etc.). Therefore, we find that the following risk should also be taken into consideration:

- a. Increased cost of regulatory compliance for the sector.
- b. Risk related to the consumer not understanding the scope and consequences of their consent ("consent fatigue").
- c. Risks related to privacy risks and cybersecurity. If the proposed regulation introduces an increasing number of access points and authentications methods, there is a risk that insurers will simply not be able to control the access to data, with the associated compliance issues this triggers (e.g. breaching GDPR, EI-OPA's Guidelines on ICT).
- d. Risks related to the general risk pooling business model of insurance. Mutualization makes it possible to balance the risks between those who bear the most risk and those who bear the least. A focus on price as the only means of competition could challenge the business model of insurance.

**11. Are there additional risks?**

Our main concern is that an extension of PSD II to the pension area will have some potentially significant negative consequences for the Danish pension system. The Danish pension system is characterized by collective agreements and compulsory schemes whereby companies, or organizations, negotiate and sign a comprehensive insurance scheme on behalf of its customers. Requirements for open API's and data sharing in this area, will not increase competition in the market, but will only lead to increased costs for the customers. This will be damaging to both Danish society and the individual players in the Danish pension market.

It is therefore important that the Commission recognizes specific (pension and mortgage) models within the EU - in connection with the establishment of an EU data strategy and digital finance strategy.

Insurance & Pension Denmark find it important, that customers should always benefit from the same rights and effective levels of consumer protection, no matter the company providing the service is a new market entrant or an incumbent provider. This means that regulation and supervision should be activity-based to ensure that consumers are effectively and equally protected when they purchase insurance products from different market players.

**12. 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?**

The European insurance sector is comprehensively regulated. However new service providers such as BigTechs and InsurTech start-ups have also entered the market. They are not all covered by or follow the same regulatory requirements compared to those in the traditional financial services industry. It is crucial therefore, in the interest of customers but also for the stability of the entire financial system, to respect the principle of "same activities, same risks, same rules". It is important to strive for a true level playing field.

If any mandatory data-sharing framework is introduced, consumers must have absolute confidence in the security of their data, full control over the data being shared and the right to determine to which services and under what conditions their personal data will be used. The scope of the customer's consent must be clear and verifiable, particularly when it comes to what data is to be shared.

**13. Do you agree with the barriers highlighted in this chapter? What additional regulatory barriers do you see?**

As mentioned in section 11, we find it important that a potential introduction of any data-sharing framework will not act as a barrier to already existing and well-functioning national initiatives based on voluntary agreements.

**14. What additional regulatory barriers do you see?**

We see an interlink with the provisions of, DORA, the NIS Directive and GDPR. It will be important to assess potential competitive aspects and general market barriers as well.

There will obviously be competition issues, if coming legislative initiatives are solely focused on letting third parties outside the regulatory perimeter gain access to data within the sector. It is important to emphasize the need for symmetry in the market, to eliminate the risk, that a number of players (the pension and insurance companies) are only obliged to give access to data, while other players (BigTechs, FinTechs, RegTechs, portal aggregators etc. ) alone assumes a recipient role. This will put the pension and insurance companies at a competitive disadvantage and create an asymmetry in the market because of the development in the platform and API economy. There should be focus on the fact that oligopolies and BigTechs do not arise / gain a markedly increased competitive advantage as a result of this legislation.

Another focus point should be the potential for better access to public sector data: There is great potential in better access to data in the public sector. This is an area that must also be prioritized and should be part of initiatives in the EU's data strategy and national data strategies.

**15. What are your views on possible areas to consider for a sound open insurance framework highlighted by EIOPA in this chapter? Are there additional underlying aspects or other aspects under concrete areas for a sound open insurance framework?**

PSD2 regulation in banking cannot be simply copied for insurance sector due to granularity and sensitivity of data in the insurance sector. This is a key difference between opening access to an infrastructure (PSD II) and opening access to data and the exchange of data (open insurance).

Furthermore, a focus on cost allocation in any potential initiatives is important, so that cost allocation of running an open insurance framework is evenly divided between all who use and benefit from the framework.

Open Insurance would foster innovation and choice of new products/ services, but care needs to be taken in building a framework that works for all in the value chain.

**16. What are the key differences 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).**

There seems to be an existing imbalance of the impact which the PSD II seems to have on the banking sector. It appears that the PSD II disproportionately favoured non-banking companies as banks are required to share its data but not able to gain similar data in return. This defeats the basic purpose of new regulation and a similar proposal will put the insurance sector at competitive disadvantage.

The PSD II framework is limited to payment data held by payment services providers and does not cover other types of data relevant to financial services Insurance data consists of a complex mixture of very diverse types of data which are very heterogenous in nature. For example, the products and services offered by the insurance sector are multiple, varied and involving a wide range of personal data that concerns the private life of the insured (for instance health data, insured movable or immovable property, travel, savings, life insurance beneficiaries etc).

The PSD2 framework cannot therefore simply be replicated for other types of financial data.

The paper covers multiple business lines of insurance, for instance life, non-life, pensions, etc – each with their own characteristics. Any initiative in the area would have to take this into consideration. There should be a clearer distinction between non-life insurance and life insurance, which in Denmark is usually a part of the mandatory pensions scheme and contains much more sensitive data than non-life insurance. This type of data is less suited for any data sharing initiatives.

**17. What are the 'lessons learned' from open banking that might be relevant to consider in open insurance?**

In our understanding, there has been several challenges with the implementation of the PSD II directive. The process of approval of API's by national FSA's has been burdensome and difficult and in some cases problematic as the same API's have been approved in one country and not in another. It is also an issue, that consent (GDPR) to the exchange of data cannot be properly documented, when third party accesses data. This leaves the bank with the challenge to document if there was actually consented to access the customers data.

Copying PSD II should not be the aim because there are fundamental differences between banking, which is infrastructure and insurance, which is part of a welfare ecosystem and is much more complex in nature and varies by line of business and products. Payments do not have the same sensitivity as the personal data handled by the insurance sector.

The industry is dependent on an effective framework for data sharing, but there should be focus on facilitating partnerships, voluntary data sharing and common standards to ensure this. The Danish insurance and pensions sector has already established a number of consumer tools based on data sharing within the sector. Furthermore, it is important to ensure a level playing field. If the insurance industry is asked to share their data with third parties, there should be a similar requirement on third parties, who use insurance data, to give access to their data. It would be distortive for the sector, if the insurance and pension industry were forced to provide access to their data, but will not be able to access relevant data, that can be used for innovation and the development of new products in the industry itself. Another focus point to ensure a level playing field is to ensure that the cost allocation is fair, so the sector is not required to fund new infrastructure (and send customer data into it), which other players can profit from without contributing.

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

Yes. Insurance & Pension Denmark has developed a number of consumer tools, which are based on voluntary data sharing (through API's) between the participating companies and Insurance & Pension Denmark (who runs and develops the digital solutions). This was done without regulatory intervention.

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

We do not believe regulatory intervention is the way forward and prefer a market driven approach. As mentioned above (sec 18), the Danish industry has already developed a number of consumer tools based on voluntary data sharing within the sector. Furthermore, the Danish pension sector is based on collective schemes, rather than individual schemes. Requirements for open APIs and data sharing in this area to promote switching will not increase competition in the market but will simply lead to increased costs that customers end up having to pay.

**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?**

[...]

**21. What data 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.**

In the Danish Tracking system (Pensionsinfo.dk) it is online individual pension information the pension providers deliver to the site. Here is some of the information:

- Social security number
- Pension provider
- Pension schemes
- Pension products on each pension scheme
  - Pension projections at different retirement ages – 60 to 70 years old
  - Pay out possibilities
  - Taxation of pensions
- Life insurances, Disability coverage, critical illness cover.

However, insurers should not be obliged to share any proprietary data that they have generated and analysed (fx internally modelled, enriched) themselves, and which is the outcome of their own work. Furthermore, the data should always be provided at the source of origin, so that insurers do not end up acting as datahubs for third parties.

**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? Please explain your response.**

Regulatory interlinkages with GDPR, DORA and Solvency II need to be carefully assessed to not create regulatory conflict or obstacles to the disadvantage of some market participants.

**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)?**

The establishing costs for the Danish Tracking system for Pensions was 4-5 m euros back in 2006/2007. But the major cost for the industry was each pension providers internal development cost to be able to deliver online data to the tracking system within the time limit of 60 seconds. The yearly cost for running and the ongoing development of the tracking system is 1,5 to 2 mio. euros.

**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?**

[...]

**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?**

The focus of any consent-based data sharing should always be on the consumer's willingness to share his or her data and ensuring that he or she retains full control over his or her data. It is paramount that consumers have full control over what data is shared and with whom, and that consent is provided in a free and informed manner.

**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.**

In the Danish Tracking system, we have developed a data standard that all pension providers have to use when they send pension information to the site and when they receive pension information from the site.

**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?**

[...]

**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? Please explain your response**

Yes. BigTech firms who have a large base of customers and detailed insight into customer behaviour, will gain insight on insurance related data of insurers. This would work in their favour in terms of providing new services and solutions to their own customers and maybe offering similar insurance products and solutions in the future resulting in incumbents being at a competitive disadvantageous position.

**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?**

[...]

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

Case Study 5, IoT is a category of data that is of interest to the insurance industry, covering both the data insurers collect themselves eg through black boxes in vehicles, but also the data third parties are collecting (eg self-driving car manufacturers). A specific framework could therefore be considered to address black box and in-vehicle data interoperability.

**31. 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?**

Open insurance is the way forward for the industry, but it should not be driven by regulatory intervention. Consideration should be given as to whether regulatory intervention is actually needed, and it should only be introduced where there are identified market failures. We believe the sector is best placed to identify potential business cases and develop frameworks for data sharing and the market should be allowed to build its own infrastructure within the boundaries of existing regulation and governance.

There is great potential in gathering pension information, banking, mortgage, investment, deposits and other long-term investment on a single platform. This can allow for a 360-degree advice to the customer. However, for the pension sector, the most important ingredient in Open Insurance is the bank-related data - and this data is still found in closed ecosystems in large financial supermarkets. Ie. the banks would have better conditions for providing 360-degree customer advice, while pension companies as pure players would not have the same opportunities and accesses.