



■ Why does it matter to intermediaries?

Data and technology are increasingly driving changes in the insurance sector, producing new business models, insurance products and ways for firms, and in particular insurance intermediaries, to engage with their clients.

■ State of play

Commission's consultations on open finance

As a follow-up to its September 2020 **Digital Finance Strategy**, the aim of which is, amongst others, to create a European financial data space to promote data sharing and open finance, **including insurance**, in May 2022, the Commission launched five consultations on open finance and the review of the **Payment Services Directive 2 (PSD2)**. The results are likely to serve as input for impact assessments accompanying legislative proposals revising the PSD2 and putting in place an open finance framework, expected to be published at the end of June 2023.

Open finance refers to third-party service providers' access to (business and consumer) customer data held by financial sector intermediaries and other data holders for the purposes of providing a wide range of financial and information services.

Amongst the **Commission's consultations** was the **call for evidence on an "open finance framework – enabling data sharing and third-party access in the financial sector"**. The Commission proposes different options for this initiative, including market-driver standardisation or the establishment of data access rights for consumer data across the financial sector or in a specific number of areas.

The Commission explains that the problem this initiative aims to address is the difficult access to and reuse of customer data and their low interoperability in the financial sector. This affects both businesses and retail consumers. Firstly, it hinders business innovation and, in some cases, constrains customer choice. Secondly, consumers may not sufficiently benefit from digitalisation without access to their data by third-party providers, which has the potential of enabling more tailored services and to facilitate their comparability, possibly leading to better consumer outcomes.

According to the call, open finance would cover different sets of data (business-to-business and business-to-consumer data) across a range of financial areas (e.g. banking, insurance, investment, pensions). It could also include access to non-financial data sets.

BIPAR contributed to some of the Commission's consultations and actively follows the EU policy developments on open finance. BIPAR requests that:

- any EU framework on open finance/Insurance ensures a genuine level playing field among economic actors (equal access to data, same level of regulatory/supervisory oversight: "same activities, same risks, same rules" or "activity-based principle");
- any EU framework on open finance/Insurance takes the specificities of the insurance sector into account. A mandatory model of data sharing such as PSD2 may not be appropriate for the insurance sector because banking and insurance products and processes are different in content and variety;
- any EU framework on open finance/Insurance is not too prescriptive to allow market players to be agile in providing their services in the interest of the consumers;
- any EU framework on open finance/Insurance is sufficiently clear to prevent possible confusion arising from Level 2 texts;
- the role and rights of insurance intermediaries in an open insurance framework are clearly addressed.

Commission's Expert Group on Financial Data Space report

In the framework of its Digital Finance Strategy, in 2022 the Commission set up a group of data experts in close cooperation with the ESAs to provide advice on the technical aspects of establishing a common financial data space. The Expert Group is tasked, amongst others, to provide advice to the Commission in relation to the preparation of legislative proposals (such as a proposal on open finance at the end of June 2023) and policy initiatives in the field of data sharing in the financial sector (including open insurance). BIPAR is represented in this Expert Group.

On 24th October 2022 the Expert Group published a **report on open finance**. It describes the key elements of an open finance ecosystem and sets out some findings in that respect. To inform this analysis and illustrate the challenges and opportunities of open finance, the group has carried out an assessment of 5 specific use cases, including one on **mortgage with a focus on the role of mortgage intermediaries**. The report's recommendations and use cases are likely to be used by the Commission in the drafting of its proposal on open finance, including insurance.



EIOPA's use case on open insurance

Since December 2022, EIOPA has been working together with the industry including BIPAR, on a use case on insurance, including insurance intermediaries. With the Use Case, EIOPA refers to examples of how a product or service might be deployed – analysing from theoretical perspective what might be possible.

EIOPA's work will feed into the Commission's work on open finance. According to EIOPA, the Use Case building would allow for an easier identification of the steps that would have to be undertaken regulatory and technologically wise to efficiently implement open insurance services.

EIOPA's use case takes, as a basis, a service to facilitate a holistic overview of all consumers' underwritten insurance policies and potential gaps in the coverage in a holistic insurance dashboard. The use case as it currently states covers both non-life and life/health insurance products.

According to EIOPA, the purpose of the use case is to explore how to make relevant individual consumers' insurance-related data, upon the consumers' request, available to insurers, intermediaries and certain third parties so they can provide, upon consumer consent, a complete and in-depth consumer insurance overview which is consumer-focused and related to individual customers. The insurance dashboard could be used to acquire new products and services. This could facilitate consumer informed decision making. It could also provide opportunities for insurers and intermediaries to up-sell based on the gap on protection.

BIPAR welcomes EIOPA's initiative to build a use case on open insurance together with the industry to facilitate discussion on a sound open insurance framework as part of the broader open finance framework the Commission is expected to propose at the end of June 2023. For BIPAR, it is key to ensure that insurance specificities (both opportunities and risks for the industry and consumers) are properly considered in this context or that open insurance is dealt with separately from "open finance".

BIPAR recalls that insurance products are not standardised or purely transactional. The approach applicable to open banking is not suitable for the insurance sector, as insurance contracts address more complex situations than purely transactional financial operations. Banking and insurance products and processes are different in content and variety (payments are commoditised and simple, while insurance products are sophisticated with complex risk models and long-term claims).

■ Links

- [Commission's 2020 Digital Finance Strategy](#)
- [Payment Services Directive 2](#)
- [Expert Group's report on open finance](#)