

CALL FOR CANDIDATES TO JOIN CONSULTATIVE EXPERT GROUP ON DATA USE IN INSURANCE

Background

Mutualisation plays an important role in bolstering societal resilience as it spreads the risk of potential financial losses from insurable events across a large group, making insurance more accessible and affordable, especially for those with higher risks or limited means. Mutualisation stabilises the insurance market while protecting individuals from the full impact of insured events.

The availability of more data and increasingly sophisticated ways of deriving insights from it allows for more precise risk assessments and individual pricing and has the potential to address existing "insurance gaps" (e.g., personalised health insurance) by helping insurers identify exposures more effectively, increase coverage, and facilitate inclusion, e.g. through preventative measures. However, increased personalisation could undermine the principle of mutualisation, which is based on the pooling of risks. The more that data is used to differentiate in underwriting decisions and pricing, the less risk is shared. Discriminatory pricing practices can disproportionately affect vulnerable consumers.

The complex nature of the discussion and its potential deep societal impact coupled with the specificities of the insurance sector justifies the creation of a multidisciplinary Consultative Expert Group to provide insights to EIOPA and more broadly, fostering a wider reflection on data use in the insurance sector, and the potential impacts of policy choices (including demand or supply side measures).

Tasks of the Consultative Expert Group

The Consultative Expert Group will explore the role of ethics in insurance data use, beyond those areas where legislation already mandates that underwriting decisions and pricing should not discriminate by certain personal features. The question of how far personalisation can go — and when it leads to exclusion — will be at the core of this work. The analysis is intended for broad market reflection and discussion.

The Consultative Expert Group will produce a report on data use in the insurance sector. Considering the nature of the Consultative Expert group, which will be made up of individuals with different profiles and experiences, contributing in their personal capacity, the report is expected to offer a variety of perspectives. The report will address the following aspects:

- Data use in insurance: current practices and trends across jurisdictions/markets. The group will also explore the data economy in insurance, focusing on who controls data, who profits from it, and how it is shared among stakeholders.

- Exploration of societal impact of insurance: Identify what is essential in insurance from a societal perspective. This includes discussing the role of insurance as a social safety net and examining what types of insurance are indispensable for societal wellbeing, and how this can vary across Member States.
- Scenario analysis of demutualisation:
 - Consider whether and how increasing personalisation through data usage could lead to demutualisation (or through financial inclusion, enable an opposite trend). This exploration should consider ethical and societal factors, identifying trends that could undermine or strengthen the inclusiveness of the insurance market.
 - The analysis could be developed through a number of counterfactual scenarios to explore the potential outcomes and societal consequences when certain risks become too individualised. The focus will remain on presenting a neutral analysis of potential scenarios to provide stakeholders with concrete examples to help flesh out the discussion.
 - Identify scenarios where intervention is made to better understand impacts of different tools, and explore policy options.
- Data Ethics: Outline practices that should not be allowed, regardless of whether or not these practices would be a form of demutualisation. This ethical reflection will consider issues such as privacy, fairness in pricing, and the potential for discrimination in data-driven models.

The Consultative Expert Group will offer a broad, external perspective, drawing on views from a diverse range of market participants. The findings of the Consultative Expert Group will support future work by EIOPA on data sharing, including under the proposed Financial Data Access Regulation(FIDA), on AI, and in other areas of relevance. It will support EIOPA's efforts to address emerging challenges and opportunities in the context of digitalisation. More broadly it will provide a basis for our collective reflection on ethical data use in the insurance market.

While there will be a pursuit of consensus within the Consultative Expert Group, the final report may also reflect differences of view and the rationale for these differences where consensus cannot be found.

Selection criteria and selection process

The members of the Consultative Expert Group are expected to be highly knowledgeable professionals with extensive practical experience in one or more of the following areas: financial services and digitalisation, insurance economics, risk modelling, data science and computer science, consumer protection, insurance regulation and legal standards, for instance related to data and personalisation in financial services, customer needs or financial exclusion and inclusion in financial sector.

The selection of the members of the Consultative Expert Group will aim to ensure, to the greatest extent possible, an appropriate geographical balance and a balance between different fields of expertise and profiles. In particular, EIOPA will be seeking to ensure a balanced representation of the following types of stakeholders:

- a. Expert market participants and service providers;

- b. Academics, researchers and independent experts;
- c. Civil society / consumers.

Members of the Consultative Expert Group will be chosen based on their personal merits and are expected to express their own personal views rather than representing their respective organisations or Member State. They are bound by confidentiality requirements regarding any non-public information that will be shared with them while performing their tasks.

The Consultative Expert Group is expected to be an active forum, based on a high individual engagement of its members, and will entail a significant commitment by the members in terms of time and efforts to be spent.

The working language is English.

Place and duration of provision of services

The group will primarily meet virtually, with one in-person meeting scheduled for 2025.

The Consultative Expert Group is set expected to finalise this work in around 12 months, starting from February 2025.

Compensation and travel expenses

There is no remuneration for the services as member of the Consultative Expert Group. The members of the Consultative Expert Group are expected to meet their own travel expenses.

Replies to the invitation must be submitted by email, together with accompanying documents (CV and motivation letter) by no later than 31 January 2025 to the following email addresses:

Timothy.shakesby@eiopa.europa.eu

and

Santiago.escudero-ossorio@eiopa.europa.eu