

## FERMA's feedback on the Proposal for a regulation on a Framework for Financial Data Access (FIDA)

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The Federation of European Risk Management Associations (FERMA) is a European professional association, which represents, through its 22 Member Associations in 21 countries, nearly 5,000 risk professionals. FERMA speaks on behalf of professional risk managers.

Within our membership network, there are individuals who are responsible for the insurance programs of their enterprise. FERMA's membership also covers risk managers who make use of captive (re)insurance undertakings. FERMA is therefore a body that represents customers of the insurance industry.

### Summary

- Our first, and more general point is that FERMA *is* **supportive of any policy intervention that leads to innovation in the (re)insurance sector**. There has simply not been enough innovation in the business-to-business (B2B) (re)insurance market and this is exacerbated by overall hard insurance market conditions. At this stage of our analysis of FIDA, however, we cannot pre-judge whether this specific intervention will lead to the innovation we sorely need.
- Second, while FERMA recognises that FIDA is primarily targeted to improve outcomes for consumers, **our impression is that it will lead to only (a) limited benefit(s) for corporate customers unless corporate insurance data are leveraged to foster the development of value-adding insurance products or to enhance existing insurance solutions**.
- Third, the costs and benefits from aggregating corporate insurance data should be commensurate to the objective of improving insurance offers to corporate clients. Special attention should be paid to developing a corporate-specific data consent and information dashboard, which should reflect the difference between this segment and that of the business-to-consumer (B2C).

## 1. On the Objectives of FIDA

FERMA's members would like to see more innovation in the B2B segment of the (re)insurance market. The framework for pooling data that FIDA establishes would be welcome if **aggregated and anonymized datasets had some informational power for enterprises**. One example of such a dataset can be found in Project LUCY ([see here](#)), led by AMRAE in France. Project LUCY compiles data from brokers and intermediaries across the French market on cyber insurance premiums and claims. This shared (anonymized and aggregated) data enables risk managers to effectively benchmark and contextualise their premium-paid and their claims data. It would also help guiding loss prevention measures and risk management strategies; thus enabling to strengthen the cyber resilience of their organisation. Further, it would empower risk managers when negotiating with their insurers and can help ensure fairer outcomes. FERMA therefore calls on the co-legislators to consider a use-case for the B2B segment.

## 2. On the scope of FIDA

FERMA generally appreciates the scope of FIDA. Nevertheless, beyond what is being proposed by the European Commission in terms of categories of customer data and entities, we understand that two additional factors can further influence the scope:

- i) what the data holder permits to be shared; and
- ii) what is agreed upon as the content to be shared within the Financial Data Sharing Schemes.

As such, FERMA would like to see from the European Commission some clarification, or even elaboration, through the use of examples on whether and to what extent claims data in non-life insurance is in-scope.

## 3. On data access in FIDA

FERMA's two major areas of focus in the proposal have been how, and to what extent the FIDA proposal reassures us as the corporate clients of the insurance industry that:

- We can adequately **control and permit access to the data that we share**
- There would be access to data that would be **useful for risk managers**

### 3.1. Control and permissions

FERMA members have a real interest in ensuring a transparent and *controlled* environment in which companies sharing non-life insurance data in a scheme would be granted the appropriate safeguards. We therefore would like to see a clear definition of ‘confidential business data’ in

Recital 9, which should also be added into Articles 5 and 6 where ‘trade secrets’ and ‘intellectual property rights’ already sit.

Furthermore, FERMA believes that the European Commission should elaborate on how the permissions dashboard will operate in the B2B segment. This represents vital information for the co-legislators to fully evaluate the merits of the proposal.

### **3.2. Access to the data**

Concerning the access to data via FIDA, the most commonly asked questions by FERMA members are:

- Would FERMA as a European federation qualify as a ‘customer organisation’ (ref. Article 10 1(a. ii)), or would that be our national Member Associations?
- Is the Financial Data Sharing Schemes (ref. Title IV) the *only* option?
- Is it foreseen that these Schemes will be formed at national, or supra-national level? Is it envisaged that there will be multiple schemes *per* financial product (e.g. non-life insurance), and if so what would be the benefit of having multiple schemes?

Although we see the possibilities enabled by FIDA as first-step towards towards ‘opening up’ access to data where it concerns us, we would like to see the Commission provide a clearer illustration of a use-case for the B2B segment.

In addition, considering the perspective of captive (re)insurance undertakings, the data made available via FIDA would certainly help in their risk assessments and underwriting decisions. This is a niche area, but one FERMA would be happy to explore in greater detail with the European Commission.

### **Conclusion**

As representative of the corporate clients of insurers, we see the need for innovation in the B2B market segment. We hope that FIDA can unlock this paradigm. As a necessary pre-condition for FIDA to become a success, customers must be sure that their data are treated appropriately to share their own data. Furthermore, it is only when good, meaningful and well-structured data is shared through a framework such as FIDA that the mechanism introduced has an added value.