

CEN/TC 445

Digital Information Interchange in the Insurance Industry

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17.10.2023

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Comments of CEN/TC 445 on the proposed EU Regulation on a Framework for Financial Data Access (FIDA)

The European Standardisation Committee CEN/TC 445

CEN, the European Committee for Standardisation¹, is an association that brings together the national standardisation bodies of 34 European countries. CEN provides a platform for the development of European Standards and other technical documents in relation to various kinds of products, materials, services and processes. CEN is one of the three European standardisation organisations (ESOs) acknowledged in EU Regulation 1025/2012².

The Technical Committee TC 445 of CEN, consisting of experts from various stakeholder groups of the insurance sector, develops standards in the field of digital information interchange for the European insurance industry.³

The standardisation activities of CEN/TC 445 are focused on digital information interchange which connects insurance companies with their customers and their market partners, e.g. brokers, sales organisations, portals, service providers, and other insurers. All lines of business in the insurance industry are considered, such as life, pension, health, property and casualty.

Participants in CEN/TC 445 are insurance associations, intermediary associations, national insurance standardisation initiatives, insurance standards consultants and the consumer organisation ANEC.

Comments of CEN/TC 445 on the proposed EU Regulation on a Framework for Financial Data Access (FIDA)⁴

The participants in CEN/TC 445 represent very different stakeholders of the European insurance market. The main core interest of all participants in CEN/TC 445 concerns the topic of “standardisation of processes and data”. On this topic, CEN/TC 445 formulates the following comments for the European legislative process on the proposed EU Regulation on a Framework for Financial Data Access (below referred to as “FIDA Regulation”).

¹ <https://www.cencenelec.eu/>

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32012R1025>

³ <https://www.tc445.info/>

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52023PC0360>

Effort to develop standards for the Financial Data Access

CEN/TC 445 expressly welcomes the fact that the FIDA Regulation makes it mandatory to use generally recognised standards for data access by data users to the data holders' customer data⁵.

The scope of affected customer data defined in Article 2 of the FIDA Regulation is extremely broad and concerns the insurance industry in the following paragraphs:

- 1(b) – “insurance-based investment products” und “data collected for the purposes of carrying out an assessment of suitability and appropriateness in accordance with Article 25 of Directive 2014/65/EU”
- 1(c) – “pension rights in occupational pension schemes, in accordance with Directive 2009/138/EC and Directive (EU) 2016/2341”
- 1(d) – “pension rights on the provision of pan-European personal pension products, in accordance with Regulation (EU) 2019/1238”
- 1(e) – “non-life insurance products in accordance with Directive 2009/138/EC, with the exception of sickness and health insurance products; including data collected for the purposes of a demands and needs assessment in accordance with Article 20 of Directive (EU) 2016/97, and data collected for the purposes of an appropriateness and suitability assessment in accordance with Article 30 of Directive (EU) 2016/97”

The FIDA Regulation defines the affected customer data in Article 3 paragraph 3: “customer data’ means personal and non-personal data that is collected, stored and otherwise processed by a financial institution as part of their normal course of business with customers which covers both data provided by a customer and data generated as a result of customer interaction with the financial institution.”

Based on the experience of the CEN/TC 445 experts in standardising insurance data, the customer data affected by the FIDA Regulation can be assumed to contain over 1,500 individual data elements, each of which must be semantically defined and technically specified.

In addition, the following interfaces (APIs) must be standardised:

- Request of a customer to a data holder for digital access to the customer data.
- Confirmation and authorisation from the data holder to the customer for data access.
- Customer access to the data holder for the transfer of customer data.
- Transfer of customer data from the data holder to the requesting customer.
- Information from the data user to a data holder about consent granted by a customer to access the data holder's customer data.
- Information from the data holder to the data user about changes made by the customer to the consent granted to the data user.
- Request from a data user to a data holder for the transfer of customer data based on customer consent.
- Transfer of customer data from the data holder to the requesting data user.

⁵ FIDA Regulation Article 5 paragraph 3: “...the data holder shall (a) make customer data available to the data user in a format based on generally recognised standards...”

Due to the complexity of the necessary API interfaces and the large number of data elements the development of a standard for the financial data access will be a huge effort.

CEN/TC 445 proposes to develop a common European FIDA standard for the insurance sector

CEN/TC 445 acknowledges the market driven approach for the development or selection of generally recognised standards is left to the members of a “Financial Data Sharing Scheme”⁶. But currently several insurance markets do not have standards for the scope of processes and data elements to be regulated in FIDA. These insurance markets have to develop such standards from scratch. As explained above the development of standards for the FIDA scope is time-consuming and cost-intensive. At the end, the customers of the insurance sector have to pay these costs.

Instead of developing these standards in each insurance market separately CEN/TC 445 proposes to develop a common European FIDA standard for the insurance sector. This European insurance standard should define cross-market processes and data elements and may be extended for market-specific needs. For interoperability the European insurance standard should be based on the already existing standards that are generally recognised in European insurance markets. And the standard should be based on the already existing global UN/CEFACT core components⁷.

A European insurance FIDA standard will have the following benefits:

- All European markets that do not have insurance standards can use the European standard avoiding the development at national or market level.
- Cross-border use cases under FIDA (e.g. exchange of data about pension insurances as more and more people have pension rights in different countries) could be built on the European standard.
- Stakeholders of the insurance industry, which offer their insurance products across Europe, will avoid the additional costs resulting from adapting their software to each market standard.
- Service providers, including Fintechs, which offer software and services across Europe, will avoid the additional costs resulting from adapting their services to each market standard.
- And finally, the European single market will benefit from a European standard for a better integration of the European insurance markets.

CEN/TC 445 proposes a standardisation request for the development of harmonised European standards

CEN/TC 445 proposes that the European Commission should issue a standardisation request for the development of harmonised European standards to implement the FIDA

⁶ FIDA Regulation Article 10 paragraph 1(g): “a financial data sharing scheme shall include the common standards for the data and the technical interfaces to allow customers to request data sharing in accordance with Article 5(1). The common standards for the data and technical interfaces that scheme members agree to use may be developed by scheme members or by other parties or bodies”.

⁷ <https://unece.org/trade/uncefact/standards>

Regulation. The scopes of these harmonised standards should be the processes and data elements for the different financial sectors which are in the scope of the FIDA Regulation. The standardisation should be requested to be developed by CEN, as one of the ESOs regulated in EU Regulation 1025/2012.

A request for the development of harmonised standards in the FIDA Regulation would be consistent with the same request in the EU Data Act Regulation⁸ Article 28 paragraph 4.

CEN/TC 445 proposes a period of 24 months for the application of FIDA Regulation Articles 9 to 13

The FIDA Regulation stipulates a period of 18 months for the establishment of a “Financial Data Sharing Scheme” including the development of the common standards for the data access. Due to the complexity of the necessary API interfaces and the large number of data elements affected, this deadline is not sufficient for sustainable standardisation. For the development of a European standard the formal CEN standardisation process requires about 24 months including the commenting and voting periods.

Therefore CEN/TC 445 proposes to extend the 18 months period for the establishment of FIDA schemes to 24 months.

CEN/TC 445 proposes a period of 36 months for the application of the FIDA Regulation

After standardisation is complete, data holders and data users must implement the common standard of a “Financial Data Sharing Scheme”, which could be the European insurance standard, in their systems for digital data access. Standardised data access in accordance with the FIDA Regulation⁹ must be available in the database systems of the data holders without undue delay, continuously and in real-time. This data access also requires extensive authentication and authorisation measures for the data holder and data user, as well as significant data protection and data security measures.

The FIDA Regulation allows a total of 24 months for the full implementation of data access. After setting up standardisation within 18 months, only 6 months remain to implement data access. According to the experience of the participants in CEN/TC 445, implementing the complex API interfaces and the large number of data elements required by the FIDA Regulation within 6 months is unrealistic, especially for countries without a generally recognised standard.

Therefore CEN/TC 445 proposes to extend the 24 months period for the application of the FIDA Regulation to 36 months.

⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A68%3AFIN>

⁹ FIDA Regulation Article 5 paragraph 1: “The customer data shall be made available to the data user without undue delay, continuously and in real-time.”

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