

CEN/TC 445

Digital Information Interchange in the Insurance Industry

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17.01.2023

Secretary: Martin Uhlherr, DIN Deutsches Institut für Normung

Comment of CEN/TC 445 on the Topic “Standardisation” related to the Development of the “Open Finance Framework” by the European Commission DG FISMA B.4

The European Standardisation Committee CEN/TC 445

The Technical Committee TC 445 of the European Standardisation Organisation CEN¹, 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.²

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.

EU Initiative „Open Finance Framework“

The EU strategy “Digital Finance” announced a proposal for “Open Finance”, which refers to the access and further use of customer data with customer consent for different financial services.³

This “Open Finance” initiative aims to enable data sharing and third-party access for a wide range of applications in the financial sector, in compliance with data protection and consumer protection regulations. It is based on the principle that financial services customers own and control the data they provide and the data created on their behalf.

The European Commission DG FISMA B.4 plans to further develop this initiative into an “Open Finance Framework” and to publish it in the second quarter of 2023 in accordance with the Commission Work Program 2023.⁴ An Expert Group was set up to develop

¹ <https://www.cencenelec.eu/>

² <https://www.tc445.info/>

³ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13241-Open-finance-framework-enabling-data-sharing-and-third-party-access-in-the-financial-sector_en

⁴ https://commission.europa.eu/publications/2023-commission-work-programme-key-documents_en

proposals for an “Open Finance Framework” and a public consultation⁵ was carried out. CEN/TC 445 took part in this consultation.⁶

“Report on Open Finance” of the DG FISMA Expert Group

The “Expert Group on European Financial Data Space” of DG FISMA B.4 presented its report “Report on Open Finance”⁷ on 24.10.2022, which summarises the discussion results of the Expert Group. The report highlights various relevant topics (including data access, data and consumer protection, standardisation, liability, costs) and possible use cases for Open Finance. Since the group’s experts represent very different stakeholders, the report also presents partially controversial views.

Comment by CEN/TC 445 on the “Report on Open Finance”

The participants in CEN/TC 445 represent very different stakeholders of the European insurance market. The CEN/TC 445 will therefore not comment on any positions presented in the “Report on Open Finance” that deal with topics relating to certain business models of the stakeholders or purely legal questions.

However, the essential core interest of all CEN/TC 445 participants concerns the topic of “standardisation of processes and data”. CEN/TC 445 formulates the following statements on this topic and brings them into the discussion on the EU Commission’s “Open Finance Framework” and thus also on the concept for “Open Insurance”⁸ discussed by EIOPA.

Statement 1:

Standardisation of processes and data is an important prerequisite for a functioning insurance market

In all use cases that digitally connect a large number of market participants with each other, a comprehensive standardisation of the APIs, i.e. both the processes and the data elements, is an important prerequisite for enabling efficient and cost-effective communication (“plug-and-play”). Only well accepted open standards ensure a “level playing field” for all market participants, especially for SMEs and protect consumers from lock-in effects.

Without such standards creating a unified environment, a market-wide use case, in which all insurers grant access to data to other partners, each insurer (“data holder”) would implement individual APIs for data access (as is currently the case with personal data portability according to GDPR Article 20). In this case, each user party (“data user”) would be forced to implement all the different interfaces to all insurers in the market. The associated costs for setup and maintenance such a complex environment can only be financed by large companies (large insurers, large brokers, BigTechs). SMEs would be excluded from this use case or would have to use a service provider (“data intermediary”). However, there would be

⁵ https://finance.ec.europa.eu/regulation-and-supervision/consultations/finance-2022-open-finance_en

⁶ <https://www.tc445.info/CENTC445-Contribution-to-EC-DG-FISMA-Consultation-on-Open-Finance-Framework.pdf>

⁷ https://finance.ec.europa.eu/publications/report-open-finance_en

⁸ https://www.eiopa.europa.eu/browse/digitalisation-and-financial-innovation/open-insurance_en

a risk that the data intermediaries may achieve a market-dominant position. A “level playing field” for all market participants would not be guaranteed. Additionally, the consumer has to finance the increased costs for the large number of interfaces to be implemented through increased product and service costs.

Statement 2:

Standardisation of processes and data must take place on the business and technical level

The “Report on Open Finance” postulates that standardisation should in principle only take place at the “business rules” level, but not at the technical implementation level. This approach would not lead to efficient and cost-effective communication (“plug-and-play”), since only the technical interfaces enable and guarantee digital interoperability.

The justification often given for a refusal of technical standardisation is that data communication technology is rapidly evolving and technological progress should not be slowed down. But there are already proven concepts for standardisation on a business as well as on a technical level. For example, in the standardisation of the digital European Invoice, the European Norm EN 16931 as the business standard (“semantic level”) is supplemented by several technical standards (“syntax level”) that implement the business standard in different technologies.⁹ Thereby, another technical standard can easily be developed for a future new technology.

Statement 3:

Standardisation by a European standardisation organisation

The EU Regulation 1025/2012¹⁰ defines the basis of the European standardisation. This regulation specifies that all market participants, including SMEs and consumers, are to be involved in the standardisation process. And it is stated that standards are developed by the established European standardisation organisations (CEN, CENELEC, ETSI) using their defined processes which ensure transparency and non-discriminatory participation to include all stakeholders.

As the established CEN technical committee for the standardisation of digital information interchange in the European insurance industry, CEN/TC 445 is ready to take over, at least for the insurance sector, the European standardisation for an “Open Finance Framework”.

Statement 4:

European standard based on established national standards

Successful national standards already exist in many European countries for all essential digital processes in the insurance industry. These standards already include functionalities that support relevant use cases for Open Finance / Open Insurance. In particular, access to

⁹ <https://ec.europa.eu/digital-building-blocks/wikis/display/DIGITAL/Obtaining+a+copy+of+the+European+standard+on+eInvoicing>

¹⁰ <http://data.europa.eu/eli/reg/2012/1025/2015-10-07>

personal, contract, product and loss-related data is already standardised and is established in the respective markets through high investments by market participants.

Therefore, the development of a European standard as part of an “Open Finance Framework” should be based on these existing national standards. For this purpose, an interoperability standard could be created at European level, which can be mapped on the business and technical level to the national standards. That means, successful digital communication links will continue to be used and the European standard creates the prerequisites for additional cross-border communication links.

The development of a completely new standard (greenfield approach) would take much longer and implementation would require significant investments by all market participants. This results in disadvantages for SMEs and consumers would have to finance those investments through higher prices for products and services.

**Statement 5:
European interoperability standard based on common domain model
developed by UN/CEFACT**

The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)¹¹ is a subsidiary, intergovernmental body of the United Nations Economic Commission for Europe (UNECE)¹² which serves as a focal point within the United Nations Economic and Social Council for trade facilitation recommendations and electronic business standards. UN/CEFACT developed with its global membership a common semantic domain model resulting in the UN/CEFACT Core Components Library.¹³

Several insurance standardisation initiatives from Europe and North America have already harmonised a common semantic domain model for the insurance sector and submitted the resulting insurance core components to the UN/CEFACT Core Components Library. These harmonised insurance core components should be the basis for the semantic part of the interoperability standard to be created at European level. They are already based on established national standards in Europe and will support semantic interoperability for processes and data in the insurance sector. CEN/TC 445 has the necessary expertise to develop such an interoperability standard.

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¹¹ <https://unece.org/trade/uncefact>

¹² <https://unece.org/>

¹³ <https://unece.org/trade/uncefact/uncccl>