



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

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IAIS recognises the possibilities and pitfalls of big data for policyholders, encourages a multi-stakeholder approach

The International Association of Insurance Supervisors (IAIS) today published an *Issues Paper on the Use of Big Data Analytics in Insurance* (the Paper). The Paper notes that increasing digitisation of insurance provides tremendous opportunities for the sector; however, this rapid innovation could unintentionally create risks of poor outcomes for policyholders and increased vulnerabilities for the sector as a whole. Supervisors accordingly must remain vigilant of, and consider appropriate and proportionate responses to, such risks.

Key messages

- Insurance is a business driven by data. Increasing processing capabilities applied to a wider array of data sources is likely to create tremendous opportunities for the benefit of insurers and customers alike, such as improved risk selection and pricing, more personalised and affordable insurance products, increased choices and more efficient servicing for customers.
- On the other hand, the growing use of complex algorithms and rapidly expanding ability of insurers to access more data could create or amplify specific risks. Such risks could include poor customer outcomes resulting from automated decision-making, potential affordability or exclusion challenges due to overly granular risk selection and pricing models, privacy and data protection concerns, and broader questions about the ethical use of artificial intelligence and machine learning.
- Insurance supervisors can support innovation while maintaining their focus on protecting policyholders by ensuring that any technology deployment and use of data is done in a prudent, fair and responsible manner across the insurance value chain. Ongoing dialogue and collaboration with multiple stakeholders, including market participants, consumer advocates, standard-setting bodies and other cross-sectoral agencies will be critical in helping insurance supervisors strike this balance.

The Paper, which was developed by the IAIS' Market Conduct Working Group, can be found on the IAIS website [here](#).

Quote:

Victoria Saporta, IAIS Executive Committee Chair:

"It is clear that Big Data Analytics will have a significant impact on the entire insurance value chain. Supervisors must stay on top of these developments and take a multi-stakeholder approach to addressing the issues, risks and opportunities for insurers and consumers. The IAIS will continue its efforts to support supervisors and enhance its engagement in this regard."



Public briefing session

The IAIS will hold a public briefing session (via teleconference) on Tuesday, 31 March 2020 at 14:00 CEST to share further details on key issues highlighted in the Issues Paper. If you wish to participate in the public background call, please register [here](#).

Dial-in details will be emailed to registrants immediately after registration. If you have any questions, you may contact IAIS@bis.org.