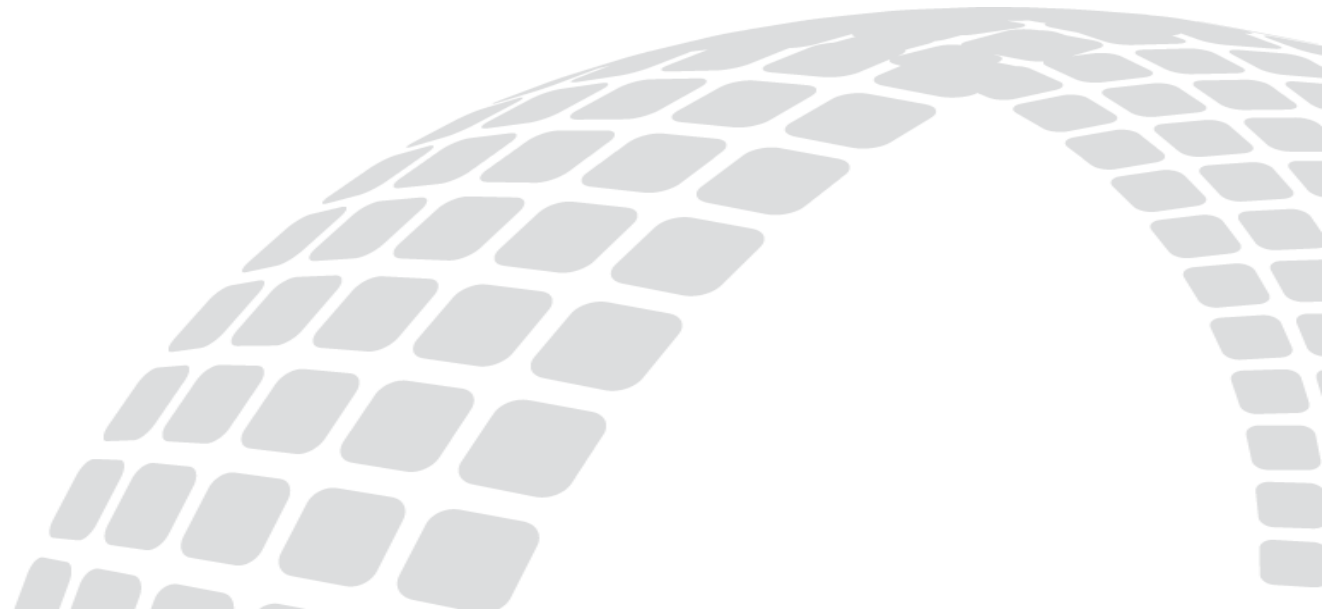




Industry initial views on common data dictionary

22 February 2024



Industry position and Current Status

- Starting point:
 - Insurance Europe response to the EC the common data dictionary discussion paper, published ahead of the EC workshop held in October last year.
- Early stages of implementation of a common data dictionary (CDD).
 - Compared to other financial sectors, the insurance industry is still in the early stages of exploring the use of a common data dictionary.
 - The need for a common data dictionary seems less than for other sectors
 - Further investigation is necessary to fully understand the specific needs and potential requirements within the insurance sector.

Recommended Approach: staged approach with feasibility study

- A staged approach to the development of a CDD for the insurance sector is preferred. This would involve:
 - **Feasibility study/cost-benefit analysis:** This initial phase would assess the costs, benefits, and potential challenges of implementing a CDD in the insurance context.
 - **Phased development:** If deemed beneficial for the insurance sector, the CDD could be developed and implemented in stages, allowing for adjustments and learning throughout the process.

Important Considerations

- **Consideration of recent regulatory changes**
 - We highlight the recent Solvency II supervisory reporting changes, driven by the SII 2020 review and the amendment of the ITS of reporting and disclosure (effective for Q4 2023 and onwards).
- **Limited overlap with other sectors:**
 - Insurance reporting exhibits a relatively limited overlap with other financial sectors. In cases where there is an overlap, such as the European Central Bank (ECB) add-ons, alignment is already foreseen.

Supporting Objectives

- The insurance industry supports the following stated objectives of the common data dictionary, including:
 - **Streamlining the current methodology for defining reporting requirements and data collection:** This can reduce administrative burdens and enhance efficiency for both regulators and insurers.
 - **Addressing redundancies and inconsistencies in the requirements:** A standardized approach can eliminate conflicting interpretations and ensure consistent data reporting across the industry.
 - **Addressing the compatibility of EU supervisory reporting requirements with contemporary technological advancements and their alignment with modern IT tools:** This will facilitate the use of modern technology for data collection, analysis, and reporting.

Key Concern

- The CDD could facilitate data sharing and reuse, potentially leading to **increased supervisory powers**. In this context, there is a **need for**:
 - **Clear and transparent rules:** These rules should define how supervisors can use data within the CDD context, ensuring responsible and proportionate application.
 - **Protective measures for data:** Safeguards should be implemented to protect sensitive data and ensure compliance with relevant regulations.
 - **Data categorization and sensitivity levels:** A clear and precise classification for data types and their sensitivity levels is crucial for informed discussions and appropriate access controls.

Additional Considerations

- Need to ensure collaboration, proportionality and flexibility
 - The industry asks for **maximum coordination with the insurance industry** and other stakeholders throughout the development and implementation process of the CDD. This ensures industry concerns are addressed and the final product effectively serves its intended purpose.
 - The CDD should be **proportionate**, taking into account the diverse sizes and risk profiles of insurers within the industry. Smaller insurers should not be disproportionately burdened by the implementation process.
 - A **flexible approach** is important, allowing for tailoring the CDD to the specific characteristics and reporting requirements of the insurance sector. This ensures the CDD remains relevant and adaptable to future developments.

Conclusion – Moving forward

- The insurance industry is committed to constructive dialogue in the development of a common data dictionary.
- The cost benefit and feasibility analysis is an important first step
- Any follow up steps should be carefully considered and with involvement of all stakeholders.



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