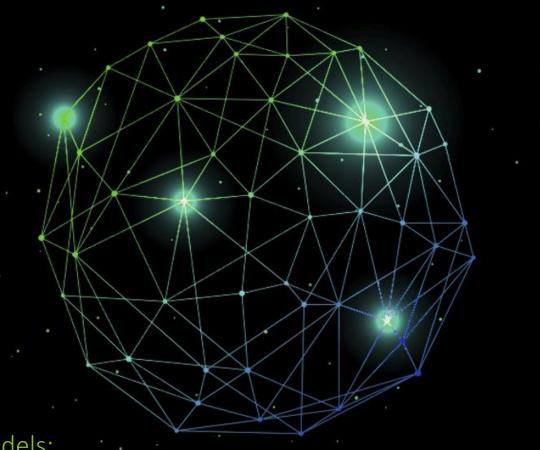# Deloitte.

Insurers' digital business models:
How to meet supervisory
expectations

Report by Deloitte's EMEA Centre for Regulatory Strategy

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Who is this report for, and what does it set out to do?

Who is this report for?
- This report is written for executives, non-executives and senior management working across the strategy, risk, regulatory affairs, and compliance functions in the insurance sector, in particular those working in personal lines.

What does this report set out to do?
- It is intended as a practical guide to how insurance firms can address key supervisory concerns associated with the ongoing digital transformation of their business model.
- We identify four key trends, based on a number of technological enablers. For each trend, we answer the following questions:

1. What do we mean by this trend?
- Brief background and description of trend and underlying technological enablers.
- Some practical examples that bring each trend to life.

2. How do the supervisory constants apply?
- How do the universal supervisory considerations or constants apply to each trend?

3. What are the main supervisory concerns?
- Following on from the supervisory constants, what are the main supervisory concerns in relation to each trend?

4. What actions can you take now?
- What actions can you take now to anticipate supervisory scrutiny in relation to the four digital trends and address associated supervisory concerns?

Overview of key messages

Digital transformation - a major change

The digital transformation of the insurance business model entails material changes to most core insurance functions. Supervisors will therefore view digitalization (i.e. firms moving to more digitally-enabled business models and revenue streams by leveraging new technology) as a major change process given its impact on insurers' overall risk profiles. Insurers should therefore be proactive in providing assurance and demonstrating to their supervisors that they have appropriate risk and control frameworks in place to mitigate risks in a way that addresses supervisory concerns.

Supervisors will apply existing principles to new types of risks

Supervisors' concerns in relation to insurers' digital transformation are not novel, but instead revolve around universal supervisory prudential and conduct considerations or "constants". The digital trends do, however, require insurers and supervisors to consider carefully how to apply existing regulatory principles and approaches to the new manifestations of risks brought about by technological development.

Customers first

Looking across all supervisory 'constants', conduct concerns are clearly top of the regulatory and supervisory agendas when it comes to digital. In particular, supervisors want Boards and senior management to ensure that their products give their customers value for money, their communications are clear so that they understand the products they purchase, and that their increased digitalization does not disenfranchise those who are vulnerable.

Data remains the big unknown

Many of the debates around insurers' use of technology relate to data, including issues concerning data ethics, data privacy and protection, and ultimately consumers' acceptance of data collection and use by insurers including through data-enabled connected devices. Insurers should monitor carefully any developments in the regulatory stance towards data use (including open insurance), as well as in consumer sentiment.

Regulators are, in principle, agnostic to firms' use of technology – as with any other major change, they will focus on how digitalization could affect their regulatory objectives, and will increase scrutiny or take action where they identify potential prudential or conduct concerns.

Seven universal supervisory constants

We expect supervisors to look at risks associated with digital transformation through the lens of seven universal key conduct and prudential supervisory themes or "constants", as outlined in this section. For each supervisory constant, we give examples of questions that supervisors may ask in their interactions with insurers.

Seven universal supervisory constants (1/2)

Pricing/value for money

- **Mispricing:** Where prices are determined automatically using technology or certain data, do you have sufficient human oversight and control built into the process?

- **Price discrimination:** Where prices are automatically determined based on a set of personal characteristics or habits, how do you tackle issues of discrimination and bias?

- **Value for money:** Do your insurance products deliver the intended value, and provide utility, for your customers?

Consumer understanding and communication

- **Product complexity:** How do you ensure that products are appropriately explained to customers so that they understand what is being offered to them and the benefit they derive from each?

- **Policyholder understanding:** How do you make sure that customers are aware of the scope of their insurance policy cover, and are not at risk of over- or under-insurance?

Operational resilience

- **Legacy risks:** What are the risks associated with using, transforming or replacing your legacy systems?

- **Third party oversight:** To what extent do you have sufficient oversight and control of third-party operations, particularly where you rely heavily on these for core business activities?

- **Cyber vulnerability:** Do you have a back-up plan in place for operational disruptions, for example of interconnected devices, digital distribution channels or automated claims process? Have you set impact tolerances for disruption of your important digital business services?

Customer vulnerability and disenfranchisement

- **Treatment of vulnerable customers:** What is your strategy to ensure good outcomes for vulnerable customers in relation to digital products empowered by e.g. connected devices, which may be complex to understand or purchase?

- **Disenfranchised customers:** How do you ensure that you do not disenfranchise customers unfamiliar with or without access to digital channels when distribution and claims processes are automated? How do you address the risk that certain customers no longer meet underwriting criteria because they cannot provide sufficient tech-enabled data?

Seven universal supervisory constants (2/2)

Product suitability

- **Product design: How do** your product development and design processes consider customer interests, and have you tested products sufficiently to ensure they are appropriate and suitable for the relevant customer segments?

- **Product understanding:** Do your customers receive the correct information about relevant products and is it sufficient for their needs?

- **Digital distribution:** What controls are in place to make sure products remain appropriate for your customers where distribution is automated?

Governance and accountability

- **Oversight and controls:** To what extent does your Board have sufficient understanding and oversight of technology-enabled and automated processes? What human controls are in place?

- **Governance arrangements:** Do you have the appropriate governance arrangements in place to facilitate decision making in relation to digital products and processes?

- **Accountability:** Have you given an appropriate senior executive accountability for managing the risks associated with digitalization?

Model risk management

- **Model complexity: Are** your models well understood, or is understanding of them confined to a small handful of people?

- **Model expertise:** What expertise do you have amongst senior individuals within the firm to challenge and question model outputs?

- **Biased decision-making:** How do you ensure that model inputs and assumptions are unbiased?

- **Model validation:** Does your model validation function have appropriate expertise to validate the new models being deployed in the business?

Four key trends changing the insurance industry

We have identified four key trends, underpinned by a number of technological enablers, that we expect to re-shape the insurance business model, and will continue to transform the industry over the coming years. For each of these, we have outlined 1) how we expect supervisors to look at each trend in relation to each of the supervisory constants; 2) what key supervisory concerns may arise; and 3) what actions firms can take now to manage those risks.

Key trend 1: Changing consumer expectations and technology will alter product dynamics (1/2)

...enabled by: the Internet of Things (IoT), telematics, Big Data Analytics (BDA), Artificial Intelligence (AI), Machine Learning (ML)

What do we mean by this?

Increased digital adoption, enabled by evolving technology, is quickly changing consumers' buying habits as well as their expectations of insurance products. There is growing demand for product flexibility, availability and transparency. This is exacerbated by an evolving competitive landscape, with a number of new entrants from non-insurance sectors, including big tech firms.

There is an emergence of usage-based insurance (UBI) products that measure consumers' behaviour, including for example pay-as-you-drive and pay-how-you-drive motor insurance policies, and pay-as-you-live health insurance polices (1). For these types of policies, insurers use, for example, telematics or smartphones to monitor the insured's behaviour and inform pricing decisions to perform risk assessments and price discount rewards (1).

15% of European motor insurance firms, and 4% of health insurance firms, offer some form of UBI product (1).

Some UBI products use apps or activity trackers to collect information on a number of different consumer behaviours to provide individual feedback to customers or offer personalized rewards or premium discounts.

How do the supervisory constants apply?

Supervisory constant	How does it apply to this trend?
Pricing/value for money	Value for money may attract supervisory scrutiny where new products lack a performance track record, and/or are substantively different in nature from traditional products. This could also lead to prudential concerns as to whether the risks of new products are appropriately reflected in pricing.
Consumer understanding and communication	Consumer understanding is a particular concern for new or rapidly changing products or products reliant on complex underlying technology. Supervisors see clear and accessible consumer communication as a key mitigant.
Operational resilience	Reliance on IoT and other real time data could make insurers and insurance products more vulnerable to operational disruption.
Customer vulnerability and disenfranchisement	As insurance products and associated distribution channels become more reliant on digital technologies and data, supervisors are concerned that some consumers will be unable to access products or participate in the market.
Product suitability	Product suitability risks may be exacerbated for certain digital and UBI products as consumers may struggle to make an informed choice about which product is best for them.
Governance and accountability	Supervisors may see governance and oversight as particularly challenging where products involve new or complex data or technology. Senior-level expertise is likely to be a key focus.
Model risk management	The changing nature of products could mean that existing models and data no longer reflect the risks or features appropriately, and/or that new models are deployed. Model identification and validation processes will be key mitigants.

Key trend 1: Changing consumer expectations and technology will alter product dynamics (2/2)

...enabled by: the Internet of Things (IoT), telematics, Big Data Analytics (BDA), Artificial Intelligence (AI), Machine Learning (ML)

What are the main supervisory concerns?

Price discrimination

While increased collection and use of a broader range of data may benefit consumers in terms of personalised and cheaper insurance products, access to more customer data could also facilitate undesirable price discrimination. According to the FCA, there are two pricing practices that can cause particular concern: when firms charge different prices to consumers based solely on differences in consumers' price sensitivity, or when firms charge existing customers higher prices than new customers (12). The first concern could, in particular, be exacerbated by insurers' increasing understanding of customers and how they buy insurance. In relation to the latter, the FCA recently introduced a ban on price walking in the home and motor insurance sectors (8)

Value to customers

Regulators and supervisors remain concerned about the value of insurance for consumers. In the UK, the FCA recently introduced new product governance rules to ensure that firms deliver fair value on all their insurance products (8). EIOPA similarly explains that an "excessive focus on profitability may fail to consider the product's value for the customer" (2), which in turn could lead to products being "less likely to be fit for purpose, less tailored to individual needs, or having low to no value for customers" (2). EIOPA specifically calls out the risk that UBI products may be less convenient for customers used to making a single transaction for an insurance policy (3).

Product suitability

New digital products may be difficult for certain customers to understand, and in some cases even be unsuitable for certain customer segments, particularly as consumers favour simplicity when purchasing insurance (14). For example, some consumers may not fully consider the level of impact on premium from their actions in UBI when compared to traditional insurance products, which limits their ability to make an informed decision about which product is the most suitable.

What actions can you take now?

Perform product suitability (re)assessments in light of new, digitally-enabled UBI product development, ensuring that any new policy is consistent with clients' demands and needs, and develop internal procedures at the early stage of product manufacturing to identify products that may offer poor value for money.

Maintain, operate and review a process to identify clearly the target market and customer needs for each product, while conversely identifying for whom products are not intended and ensuring the products do not reach that customer segment.

Embed risk and regulatory considerations when designing and implementing new digital products by involving risk and compliance teams early, enabling them to challenge from a risk perspective during product development.

Once new products have been launched, assess and monitor products sold and take action where necessary, including e.g. introducing modifications and enhancements where relevant.

Where price is determined automatically by e.g. use of BDA or telematics, establish a system of controls that regularly tests and validates a sample of product prices, especially outliers, and compares these to existing prices to identify evidence of potential biases.

Ensure that expertise is recruited at senior levels to challenge and oversee innovative technology-enabled insurance product development and deployment, as well as in technical delivery teams.

To make on-demand or UBI products as easy to use as possible, perform User Acceptance Testing (UAT) as well as run innovative products alongside traditional ones. This will enable customer choice and direct comparisons of e.g. loss ratios for both types of products.

Key trend 2: Automation will streamline core insurance functions (1/2)
...enabled by: blockchain, Robotics Process Automation (RPA), BDA

What do we mean by this?

New technologies are helping insurers automate and streamline traditionally manual processes in several core insurance functions including claims, pricing and underwriting. These enable insurers to be more nimble, predictive and smart when it comes to managing customer interactions (including contracts, complaints handling, renewal), while helping them prevent and detect fraud.

Insurers will increasingly expand their use of BDA to include automating damage value estimation based on picture or video recognition. Here, insurers or their third-party providers use BDA to analyse photos or videos that insureds have submitted through their smartphones, assessing the damage and repair costs immediately.

More than 70% of European insurers plan to use BDA to (semi) automate damage value estimation over the next three years (1).

Some software companies provide solutions that use AI to perform a visual audit of different types of damages (including for example motor or natural disaster damages) to estimate repair and ultimate claims cost.

How do the supervisory constants apply?

Supervisory constant	How does it apply to this trend?
Pricing/value for money	Supervisors will expect insurers to keep pricing and value for money under review. Cost savings from automation may enable price reductions, but pricing and reserve adequacy will be key prudential concerns as the business changes.
Consumer understanding and communication	Supervisors will view clear customer communication as key to ensuring that customers understand changes that affect them and their interaction with the product and insurer, including new ways of filing claims, or updating or renewing insurance products.
Operational resilience	Operational disruptions could lead to large-scale failures in technology-driven and automated critical business processes, for example inability to submit and/or process claims in a timely manner.
Customer vulnerability and disenfranchisement	Deploying technology to automate core insurance functions may disenfranchise certain vulnerable customers, or lead to some consumers being less comfortable or willing to engage with their insurer.
Product suitability	Automated product tailoring and distribution without appropriate safeguards in place could erode product suitability over time, for example, products may become more limited in scope to the detriment of the intended customer segment.
Governance and accountability	Core governance and controls may need to be enhanced as firms deploy technology to automate core functions, to mitigate risks of large-scale or systematised errors or mis-use.
Model risk management	Supervisors will view model risk management, in particular model identification and validation, as a key mitigant of prudential and conduct risks.

Key trend 2: Automation will streamline core insurance functions (2/2)
...enabled by: blockchain, Robotics Process Automation (RPA), BDA

What are the main supervisory concerns?

Industrial-scale mis-selling or mis-handling

Insurers that rely extensively on technology-enabled systems to manage core insurance functions, but fail to put the appropriate safeguards in place, could end up with industrial-scale mis-pricing, mis-selling or claims mis-handling, leading to inaccurate and untimely claims payments, causing material customer detriment and potentially significant redress costs. Senior advisor to the Bank of England, James Proudman, explained, for example, that "the output of a model is only as good as the quality of data fed into it" (10) and, "as the amount of data used grows, so the scale of managing this problem will increase" (10).

Third party oversight

Many insurers outsource claims handling to third parties. As the third parties and their processes, become increasingly digital, there is a risk that established governance and control frameworks and service-level agreements become out-of-date and do not therefore provide the insurer with the appropriate level of oversight. EIOPA also notes that technological developments are arguably increasing the extent and ways in which insurers rely on third-parties within the insurance value chain (3).

Fraud

Although several regulators agree that new technologies can enhance fraud detection and prevention, there is also the risk that technology-enabled automated processes may lead to increased cases of fraud. For example, where AI is used to analyse damages visually, policyholders could submit fraudulent or incorrect photos, leading to higher-than-anticipated claims pay-outs and losses for the insurer.

What actions can you take now?

Consider partnering with external technology providers or procuring digital tools/services to ensure appropriate expertise and risk mitigation when embarking on digital change in new areas.

Where new technology is deployed to automate and manage processes, develop a detailed set of use cases, and based on those, processes to identify and manage the wide range of risks associated with new technologies.

Enhance operating model and risk and control framework across all three lines of defence in light of any new automated processes.

Consider enhancing management information (MI) by investing in AI-empowered business intelligence tools to collect and analyse relevant data. EIOPA notes, for example, that some possible metrics to evaluate customer outcomes may consider for example the number of successful claims, rejected claims, the number of claims still open at the end of the year, and the average settlement and payment periods (2).

Implement cross-functional underwriting and claims working groups to break down silos across business lines and obtain a complete view of the lifecycle of risks across the firm. This should also help identify early-on any inconsistencies or issues with any particular type of product or claim.

Insurers providing automated services should revisit their existing customer complaints handling processes and procedures to ensure that they are updated in line with the technology used. Insurers should also ensure there is the possibility of manual intervention where this may be necessary to meet the needs of vulnerable customers.

Consider how model risk management processes need to evolve to reflect the changing use of models, including for example more frequent model validation.

Map out current and future key dependencies and update oversight frameworks for third party providers in light of new technology used, both from operational resilience and data/conduct perspectives.

Key trend 3: Focus on delivering complete customer experiences through digital platforms (1/2)
…enabled by: AI, ML, Application Programming Interface (API), IoT

What do we mean by this?

There is an increasing focus on combining products and services into complete customer-centric experiences, delivered digitally through one-stop online platforms. Insurers can be in the right place at the right time, serving large customer bases relevant insurance products at the point of sale or at other appropriate times in the customer life cycle.

Insurance is increasingly added on automatically as part of a wider set of services offered through online platforms that combine a variety of products and services from different providers. New technology, for example through IoT devices, has also made it possible to integrate sensor and other smart device data into these product offerings, enabling flexible pricing and more customized products.

An example of regulatory concern is the FCA's review of personal accident and key cover where these are sold as "add-ons" to other insurances. Less than 20% of the value of premium firms received for these add-ons was, on average, paid out in claims (11).

Some products integrate smart technology devices with more traditional types of insurance to provide a comprehensive solution or "experience" that combines an insurance product with technology in one package.

How do the supervisory constants apply?

Supervisory constant	How does it apply to this trend?
Pricing/value for money	Combining different products and services may lead to cross-subsidisation and price discrimination, which could harm certain consumers. Online platforms may also lead to prudential risks from the separation of risk carrying from risk assessment, which may be particularly challenging in an online environment where different types of firms operate, including non-insurance firms.
Consumer understanding and communication	Supervisors will be concerned to see that consumers understand exactly which products and services they buy from a digital platform, and who carries the insurance policy risk (i.e. who should pay claims).
Operational resilience	Reliance by insurers on digital platforms for distribution could pose different types of operational resilience risks that supervisors will expect insurers to take into account.
Customer vulnerability and disenfranchisement	Certain vulnerable or disenfranchised customers may not be able to access insurance or other products via online platforms, or understand the products and services they purchase in the "experience".
Product suitability	Assessing product suitability could become more challenging as multiple firms combine different sets of products and services into one "experience". For example, some customers may feel obliged to purchase a certain product or service because it is part of a package.
Governance and accountability	Supervisors will apply particular scrutiny to insurers' frameworks for effective third party oversight where products are sold through an external platform or third party.
Model risk management	Platform distribution may increase insurers' exposures to third-party models giving less immediate visibility of model risks and how they are managed. Supervisors will expect insurers to take account of third-party risks in their own model risk management.

Key trend 3: Focus on delivering complete customer experiences through digital platforms (2/2)

...enabled by: AI, ML, Application Programming Interface (API), IoT

What are the main supervisory concerns?

Policy awareness risk

It may be more difficult for some customers to understand exactly what products and services they are buying. EIOPA stresses that policy awareness risk increases the potential for over- and under- insurance (2).

Consumer choice and competition

Product bundling can cause choice and competition concerns if consumers are limited to pre-selected products and services or cannot opt out of parts of the package, meaning there is limited ability for the customer to shop around. Insurance is often sold as an "add-on", so customers may be less likely to pay attention to whether the specific cover is appropriate for them as they are more likely to be focused on the primary product. These concerns are not new, but may come back to the fore as platform selling increases in prominence.

Cross-subsidisation

Cross-subsidisation issues have been in the regulatory spotlight for some time; in the UK, the FCA has explored this as part of its market studies and policy papers and intervened where it has viewed cross-subsidies as having harmful effects on consumers and markets (5). Cross-subsidisation could lead to weakened competition, and facilitate price discrimination. The platform business model may be particularly prone to cross-subsidisation given the variety of products and services offered, and limited transparency in terms of pricing mechanisms.

Risk separation

Supervisors also worry about the potential risk of separation of the risk assessment and risk carrying. For example, if a platform sells pre-packaged and pre-classified bundles of risk to consumers, it makes it more difficult for insurers and supervisors to assess the overall riskiness of the bundle (4). This could lead in particular to over- or under-pricing, and is particularly relevant in an online, automated distribution context.

What actions can you take now?

Where insurers leverage real-time data to suggest new insurance products to a customer via a digital platform, or conversely warn of lack of coverage, consider how you can demonstrate that this is appropriate, and provides value, for the customer.

Review bundled products to identify those that may involve undesirable cross-subsidies. Where material cross-subsidies have been identified in the business model, develop an evidence base, including through targeted MI, to justify these and provide assurance that they are subject to periodic review (5).

Review product sales processes and campaigns to ensure they are well targeted and do not promote inappropriate cross-subsidies between different consumer groups, and provide sufficient information about the non-primary product(s) at the point of sale.

Establish an effective control and oversight framework of the full product value chain where products are sold through a digital platform or ecosystem. This could include performing regular due diligence on new third parties, review of marketing, and product suitability assessments.

Set up cross-functional working groups to maintain a clear line of communication and feedback loop between the underwriting, claims and reserving teams to monitor the performance of insurance products that are part of a bundle.

Engage with platform providers to understand material models used in the distribution chain and how those models and associated risks are overseen, managed and can be monitored over time.

Key trend 4: New ways of interacting with and sharing data will transform the market place (1/2)

...enabled by: AI, ML, API

What do we mean by this?

Technological tools enabling the gathering of large amounts of data are gaining prominence as insurers respond to the growing demand for customised products and services, as well as cost pressures and competitive dynamics. Meanwhile, recent developments in relation to open banking have also led financial services regulators to explore the potential for "open insurance", defined as accessing and sharing insurance-related personal and non-personal data usually via APIs (6). In the UK, for example, the FCA recently consulted on open finance, explaining it will work with the government to support roadmaps to open finance (13).

According to EIOPA, current use cases in relation to open insurance seem to appear in pricing and underwriting, sales and distribution, and claims management, including cross-selling of various financial services, product comparison and aggregation platforms, online brokerage solutions offered by intermediaries, as well as access to public registers and solutions for better interaction between insurers and technology providers (6). EIOPA suggests the latter could also include interaction with IoT providers such as health or motor telematics or offering white-labelled insurance products that can be integrated into other digital business models (6).

17 out of 27 National Competent Authorities (NCAs) reported they see open insurance developments in their jurisdiction (6).

Some insurers offer customers the option to install a black box in their car that records data on speed, distance and driving style, which could result in bonuses, discounts or a personalized renewal price.

How do the supervisory constants apply?

Supervisory constant	How does it apply to this trend?
Pricing/value for money	While increased data sharing should improve firms' ability to tailor products more closely to customers' needs, this could also lead to price discrimination due to data bias, increasing prices for certain customers.
Consumer understanding and communication	Given data privacy and protection concerns, transparency to customers in terms of what data is collected and how it is used is crucial and a key regulatory concern.
Operational resilience	Insurers may be exposed to material operational resilience risks as they gather, store or share customers' data in their own, or third-party, systems, or using the Cloud.
Customer vulnerability and disenfranchisement	Certain vulnerable customers may not be able to take advantage of individualised pricing or tailored products if they cannot provide required data (e.g. "connected homes" IoT data).
Product suitability	Biases in data sets or assumptions could mean that products intended to be highly tailored and customized are unsuitable for certain clients. Supervisors will expect insurers to monitor actual outcomes achieved for consumers.
Governance and accountability	Supervisors will expect Boards to have discussed and challenged how the insurer deals with issues around data ethics and data privacy and protection.
Model risk management	Changing availability and use of data are likely to result in material model changes and/or the deployment of new models. Supervisors will scrutinise in particular insurers' model identification, risk assessment and model validation processes.

Key trend 4: New ways of interacting with and sharing data will transform the market place (2/2)
...enabled by: AI, ML, API

What are the main supervisory concerns?

Data protection and privacy

Increased use of personal data, data-sharing and international data transfers in the insurance industry could raise material data protection and privacy concerns. These activities are subject to material restrictions under the General Data Protection Regulation (GDPR) and are increasingly the focus of financial services regulators as well. For example, EIOPA is particularly concerned with privacy risks associated with e.g. sharing sensitive data concerning consumers' health, location or financial status, or mis-using data for other purposes than was originally intended (8).

Operational and cyber risks

New ways of interacting with and sharing data could make organisations more vulnerable to cyber and wider operational risks as they gather and store this data in their own or third party systems. It also may require insurers to adopt new systems, which in turn could lead to heightened interoperability risk, e.g. the lack of interoperable among APIs may result in incompatibility issues and slower integration within the insurance sector (9).

Bias and discrimination

Regulators are concerned about the risks associated with bias and discrimination associated with the use of large personal data sets, especially in the context of algorithmic decision making. EIOPA suggests that the use of personal data in AI/ML models could increase the risks of unfair biases and discrimination in decision-making, especially in the absence of enhanced governance and control framework (9).

Data transparency

Consumers may be put at risk if their personal data is not used without the appropriate safeguards in place. Here, insurers should be transparent about the use of customers' personal data.

What actions can you take now?

Adopt a comprehensive risk and compliance approach to conduct, data protection requirements and anti-discrimination law from the design phase. Technical and business requirements should be compatible with relevant regulatory obligations and risk appetite (7).

Include conduct and data protection considerations in risk appetite and set clear limits including for example in relation to the use of automated decision-making or explainability (7).

Identify, produce and/or procure tools, techniques, and strategies to embed fairness and quality assure AI products from a fairness perspective, and establish a governance structure that is conducive to identifying, mitigating and monitoring bias.

Establish a formal process involving relevant experts from across the business to ensure that personal data used to build or run relevant systems is processed in a lawful, secure, fair, transparent and ethical way.

Actively monitor and engage with regulators, supervisors, policymakers and wider industry in relation to the progress of any open insurance initiatives to understand the direction of travel and next steps, and their implications for the firm's strategy.

Review model inventories to identify models that rely on or could be improved by data that is changing in terms of availability and use, and consider whether model update or revalidation is required.

Review data flows and cloud arrangements, and perform transfer impact assessments where necessary.

Review and address any capacity, skills and training needs of staff involved in the governance, development, validation, and use of technology to manipulate data (7).

Assess the role of consumer data in the value chain, how data is used and its impact on competition and the fair value of products and services for consumers (15).

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