

Risk-based underwriting:

Frequently asked questions on the right to be forgotten

How does private insurance work?

Insurance premiums and benefits are determined based on the risk an applicant brings to the pool of insureds. This risk is assessed based on the relevant information about the person applying for insurance. Insurers therefore base the decision on whether and how to insure an applicant on data relevant to the risk the insurer takes on. This process is known as risk-based underwriting.

How can persons with a prior cancer diagnosis be further assisted in accessing private insurance?

To benefit consumers in the long term, any EU-wide mechanism to assist them must be flexible. Flexibility is needed to reflect the many different types of cancer, treatments and medical and scientific progress, as well as national differences, while preserving the ability to individually determine premiums and benefits based on risk-relevant factors for the benefit of all consumers.

What is a right to be forgotten?

An RTBF requires insurance to be offered without considering all relevant risk factors. This jeopardises insurance provision as it decouples pricing and benefits from the risk taken on by insurers. It is expected to have a knock-on effect on the terms, pricing or availability of products in the longer term and is likely to have a negative impact on all consumers.

What data do insurers need and use?

Insurers and reinsurers invest significant resources in analysing the latest credible medical studies and converting them quickly into risk appropriate outcomes. This is a commercial requirement, as overcharging or turning down customers results in significant lost revenue.

What does the data say?

Clinical studies confirm a massive variance in the short-, medium- and long-term implications of each cancer type and its sub-variables. Some cancers are already very low risk within 10 years and can be accepted without any adjustment to price or benefits. Others have a very long-tail risk of both disease recurrence and of complications linked to the original treatment, with this risk persisting in some cases far beyond 10 years.

Do RTBF mechanisms deliver as expected?

RTBF mechanisms have been introduced in a few markets, but none have been properly evaluated yet. Little data is available to assess whether they meet their intended objectives or what their impact is on other consumers and insurance offerings. This is because they have been introduced only recently, while the products concerned have long-term horizons (eg, life insurance) and insurers are in most cases unaware of the number and size of the additional risks on their books because of the very nature of an RTBF. Given its potentially detrimental impact, any EU-level initiative introducing an RTBF mechanism should be underpinned by solid data to ensure it is proportionate and benefits its beneficiary group in the long run without harming other consumers.

Want to find out more?

For further details please see Insurance Europe's [position paper](#) and [risk-based underwriting web portal](#).