

Insurance Europe's position on the EC's proposal on a Regulation for the deployment of the eCall in-vehicle system

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Summary

Insurance Europe welcomes the European Commission's proposal for a *Regulation concerning type-approval requirements for the deployment of the eCall in-vehicle system and amending Directive 2007/46/EC (COM (2013) 316)* and supports the aim to help mitigate the consequences of serious road accidents across the EU.

Insurance Europe however would like to share the following key concerns:

- While we are pleased to see that the current EC proposal acknowledges the need for third party providers to access the in-vehicle data platform, it does not adequately ensure that the platform is fully accessible, without discrimination, to all independent operators and on an interoperable, standardised and open-access basis.
- Free consumer choice as well as free and fair competition must be guaranteed and therefore changes to the EC proposal are needed as it currently does not oblige car manufacturers to implement a possibility for consumers to choose and change third party service providers.
- The rules on privacy and data protection should explicitly consider third party providers' additional and optional in-vehicle applications or services.

Key messages

The European motor insurance industry supports the efforts made by the EC to implement the European eCall by 2015 for all new vehicles aiming to help minimise the severity of injuries and trauma. Insurance Europe believes that third party providers competing in a fair environment would ensure that consumers are *free to choose* from a range of additional and optional services which adequately meet their needs and expectations.

Key message 1: The proposal must ensure free consumer choice and fair competition

- The vehicle manufacturer implements the new eCall technology and is, therefore, a gateway to any additional services (e.g. assistance companies, garages, spare parts providers etc.). As currently drafted, the Regulation would allow the vehicle manufacturers to choose their preferred third party

providers for any additional services. The consumer is therefore unlikely to have had an influence on or made an active decision as to his/her preferred Third Party provider.

- The consumer buying a vehicle with the eCall technology is likely to already have assistance cover with, for instance, their motor insurance cover. Yet, buying this new vehicle may mean that consumers *will be forced to* change from trusted and chosen service providers to new partners chosen by the vehicle manufacturer. This change might even result in double coverage, because consumers may not be at the end of their existing contracts with past service providers at the time of the vehicle purchase.
- The induced provider change can ultimately result in higher vehicle maintenance costs for the consumer without having the possibility to change provider. In the worst case scenario, the consumer is bound to his chosen vehicle manufacturer and its chosen third party service providers for the lifetime of his vehicle. This effectively limits consumer choice and hinders market competition.

In order to avoid complete market foreclosure once all passenger cars are equipped with eCall as well as to ensure the basic EU principles of fair competition and consumer choice, the proposal must add to the list of the manufacturer's specific obligations that the manufacturer *must*:

- implement a possibility for consumers to choose and change third party providers; and
- inform consumers adequately of this possibility.

Key message 2: A fully open standardised platform would benefit consumers

Insurance Europe very much appreciates the references to independent operators, interoperable and open-access platform, fair competition and open choice for consumers in the recitals 8 and 9 of the EC proposed Regulation for the deployment of the eCall in-vehicle system.

In this context, to ensure legal certainty, Insurance Europe believes *that this line of thought should be followed-up in the subsequent articles* and notably in Article 5(6). As currently written, Article 5(6) could restrict the accessibility to the eCall in-vehicle system to repair and maintenance purposes only. This wording could limit accessibility to third party providers and hence deprive consumers of access to highly beneficial third party additional services. Therefore in Article 5(6) the words "at least for repair and maintenance purposes" should be deleted. Moreover, it should be added in the article that the eCall in-vehicle system, in addition to the free emergency call, needs to be accessible without discrimination, based on consumers' choice, to all independent operators and for additional and optional services.

In order to achieve an open eCall in-vehicle platform, necessary measures would need to be introduced to ensure that third party providers' additional and optional services can be integrated into the open in-vehicle eCall platform such as (but not limited to) the identification of functional requirements and the definition and establishment of a standardisation process for an open-system architecture and open in-vehicle specifications¹. Developments in technology are giving rise to various services and new products for insurance clients. Should insurers, as third party providers, be foreclosed from the in-vehicle system, consumers would be deprived of the possibility to choose from a range of services and providers.

- One of the most promising aspects of in-vehicle technology is the opportunity for insurers to have a better understanding of the risk. Alongside factors currently used by insurers, usage-based insurance (UBI) would provide insurers with more information, making it possible to reward adequately good driving practices and thus incentivise safer behaviour and ultimately have a positive role on road

¹ These key measures are already established as necessary requirements to ensure an open in-vehicle platform by the EU Directive on the framework for the deployment of Intelligent Transport Systems (ITS) in the field of road transport (2010/40/EU).

safety. This would potentially enable insurers to give feedback to drivers and reward them for good driving.

- Telematics also represents an exceptional means for insurers to combat motor fraud and vehicle crime. Fraud affects every type of insurance and whether detected or undetected, fraud is estimated to represent up to 10% of all claims expenditure in Europe². Insurance fraudulent claims are usually based on untruthful or incomplete information provided by policyholders to their insurers. Insurance is based on the principle of mutual benefit and is designed to protect against significant, but uncertain, losses. Insurance fraud undermines this system, as fraudulent applications and claims deplete the funds paid in by the many honest customers to cover genuine losses. Insurers are constantly trying to combat fraud with the aim to protect honest customers and ensure that they do not pay the price for fraudsters through higher premiums. Together with other initiatives undertaken by, the insurance sector, governments and police forces, in-vehicle technology could substantially help reduce fraud in the motor field.
- The information collected from in-vehicle technology also enables insurers to reach quicker decisions on liability, resolve claims more efficiently. Accelerating the claims process and shortening the lifecycle of a claim ultimately benefits consumers in receiving timely compensation.

In order for consumers to enjoy the full benefits that telematics has to offer to consumers and to the society in general, Insurance Europe strongly stress that the in-vehicle data platform should be based on a standardised, interoperable and a fully open platform.

Key message 3: Data and privacy settings established by the EC proposal should clarify the requirements in respect third party providers' additional services

Insurance Europe welcomes that the EC proposal on eCall establishes rules on privacy and data protection in respect to the eCall system.

Yet, Insurance Europe is concerned about the possible uncertainty of the current wording of the proposal in respect to additional services which may be added in vehicles. In this context, it should be made clear in Article 6(1) of the proposal that optional and complementary services can rely on constant tracking through an eCall system *if consumers have consented to that tracking*. Such clarification would ensure consistency with Article 5 and the opening of the in-vehicle data platform to other service providers.

In addition, Insurance Europe questions the necessity of EC delegated acts (Article 6(4)) as regard to data protection considering the EU Data Protection legislation already in place. Numerous different overlapping legislations in this field are likely to lead to legal uncertainty for all sectors involved as well as for consumers.

² Insurance Europe : "The impact of insurance fraud" 2013 - <http://www.insuranceeurope.eu/uploads/Modules/Publications/fraud-booklet.pdf>



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