

Proposed EU data protection rules could increase cost of insurance

The cost of insurance premiums in Europe could rise if the EU doesn't make important changes to a set of data protection rules which it is currently considering, according to Insurance Europe, the European insurance and reinsurance federation.

The current wording of the proposed rules would enable people to demand the removal of their data from insurers' databases. This would have several negative effects on the insurance market which would ultimately result in higher prices for people buying insurance.

These include:

- Making it harder for insurers to fight fraud, because they would no longer possess or be able to process the data required to identify fraudsters. As a result, the cost of fraud – which already accounts for around 10% of all insurance claims in Europe – would continue to increase and be passed on to honest policyholders.
- Stopping insurers from performing their contractual obligations towards policyholders who ask for their data to be deleted, because the insurer will no longer be able to process the data they need to handle insurance claims and pay compensation.
- Impeding insurers in complying with other regulations which require them to process policyholder data.

William Vidonja, Insurance Europe's head of conduct of business, commented: "The European insurance industry fully supports the aims of this legislation in protecting peoples' privacy. The legislation must also take into account the way that data is used by insurers in essential processes. It could do this by providing legal certainty to insurers who need to retain and process data for contractual and regulatory purposes, as well as for fighting fraud. If this does not happen, it will likely result in higher premiums for honest policyholders."

Insurance Europe will be holding a twitter Q&A on this subject between 2-3pm CET on 28 January. Please tweet any questions under the hashtag #InsData15 and Twitter handle @InsuranceEurope.

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Notes for editors

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2. To receive Insurance Europe's news and press releases:
 - follow us on Twitter @InsuranceEurope
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 - e-mail Amélie Chantrenne, chantrenne@insurancееurope.eu, to be added to our mailing list
3. Insurance Europe is the European insurance and reinsurance federation. Through its 34 member bodies – the national insurance associations – Insurance Europe represents all types of insurance and reinsurance undertakings, eg pan-European companies, monoliners, mutuals and SMEs. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of more than €1 100bn, employ almost one million people and invest more than €8 500bn in the economy.