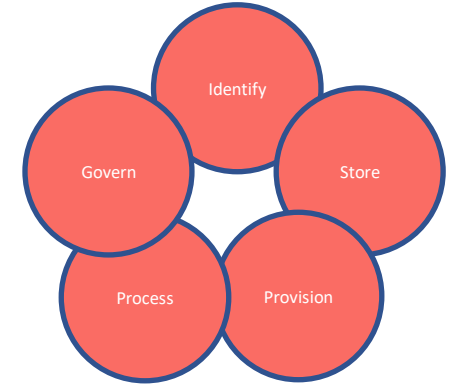# Lesson 6: Why Data is King

Topic 4 – Should Big Brother set your premium?

Two necessary approaches to data governance

- What you must do by law:
  - Data protection / privacy
  - GDPR

- What you decide to do – ethical standpoint

- …but we're not even sure who own the data today…

Identify
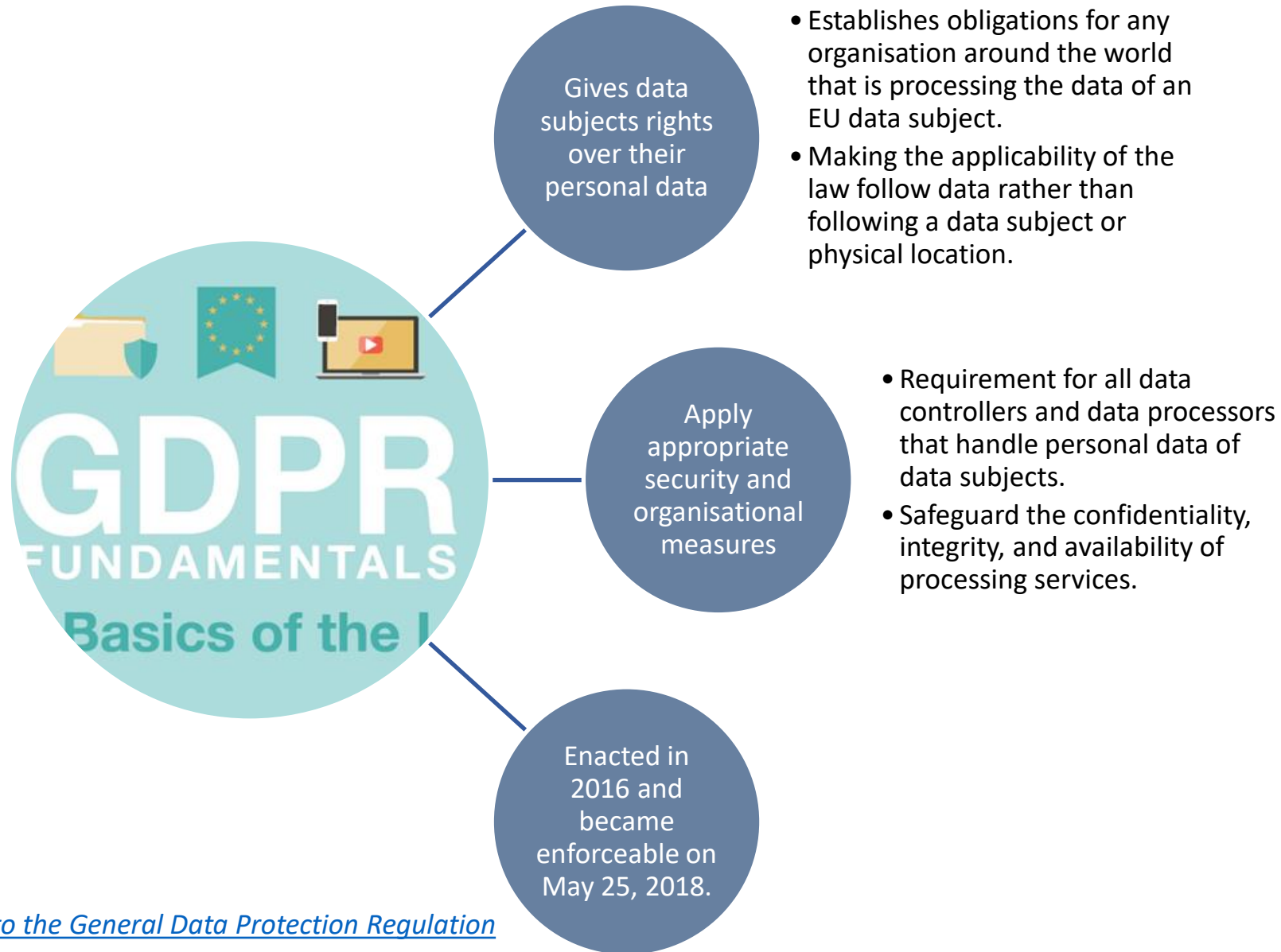
Govern

Store

Process

Provision

Who does the data belong to?

- Data can be generated in Spain, stored in Thailand, backed-up in Australia and used for analytics in the US.

- A Tesla, summoned by the Smart Summon mobile app, drives in the wrong lane – if this car had crashed...
  - Would the police have access to the data repository within the car which maintains a GPS record of everywhere it's been, what speeds it's travelled, and the driver's habits? What about data privacy and recordings of who's in the car?
  - Will a search warrant be required to obtain this information, even if it has been transmitted into the cloud and no longer exists on the car itself?
  - How must the data be secured?

- Do the owners of autonomous cars have any rights over the usage of the data originating from their car?

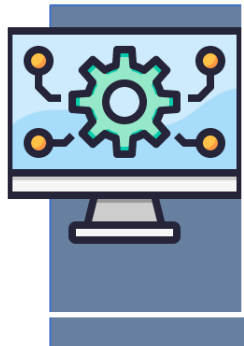- GDPR is designed to modernise laws protecting the sensitive and personal information of individuals.

Source: _D/sruption - When Data Has No Boundaries, Who Does It Belong To?_

GDPR: Basics

Gives data subjects rights over their personal data

- Establishes obligations for any organisation around the world that is processing the data of an EU data subject.
- Making the applicability of the law follow data rather than following a data subject or physical location.

Apply appropriate security and organisational measures

- Requirement for all data controllers and data processors that handle personal data of data subjects.
- Safeguard the confidentiality, integrity, and availability of processing services.

Enacted in 2016 and became enforceable on May 25, 2018.

GDPR FUNDAMENTALS
Basics of the

4

Source: *Gov.UK - Guide to the General Data Protection Regulation*

Important data and ethics developments

Price and claims optimisation
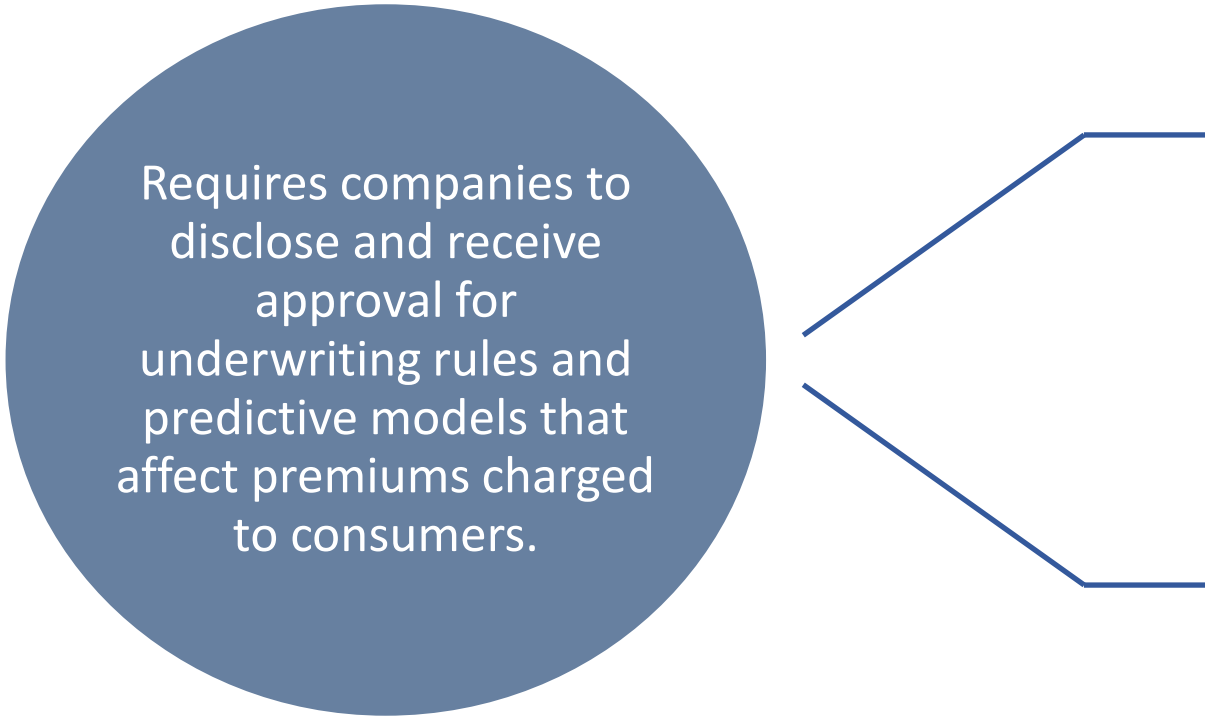
Profiling and bias

Algorithmic accountability

Source: *NFT – Duncan Minty - Four developments in data / ethics in insurance worth watching*

Uses of data banned in USA underwriting

Requires companies to disclose and receive approval for underwriting rules and predictive models that affect premiums charged to consumers.

Stop some insurance companies using complex algorithms that develop consumer prices based on customers' shopping habits rather than their actual risk, or "price optimisation."

Protect consumers from unfair pricing by insurance companies.

Ethical themes in the insurance industry

Source: *Nextwork - Mads Hennelund - Developing a Data Ethics Policy for the Insurance Industry in the New Data Economy*