

How to improve the new e-Privacy Regulation to benefit consumers and road safety

The European Commission's proposal to revise the e-Privacy Directive is now in the final stages of the legislative process. The proposal, which seeks to update privacy rules for the digital age, may inadvertently hamper insurers' ability to develop innovative new products, such as telematics-based insurance, which offer significant benefits to both consumers and society in general.

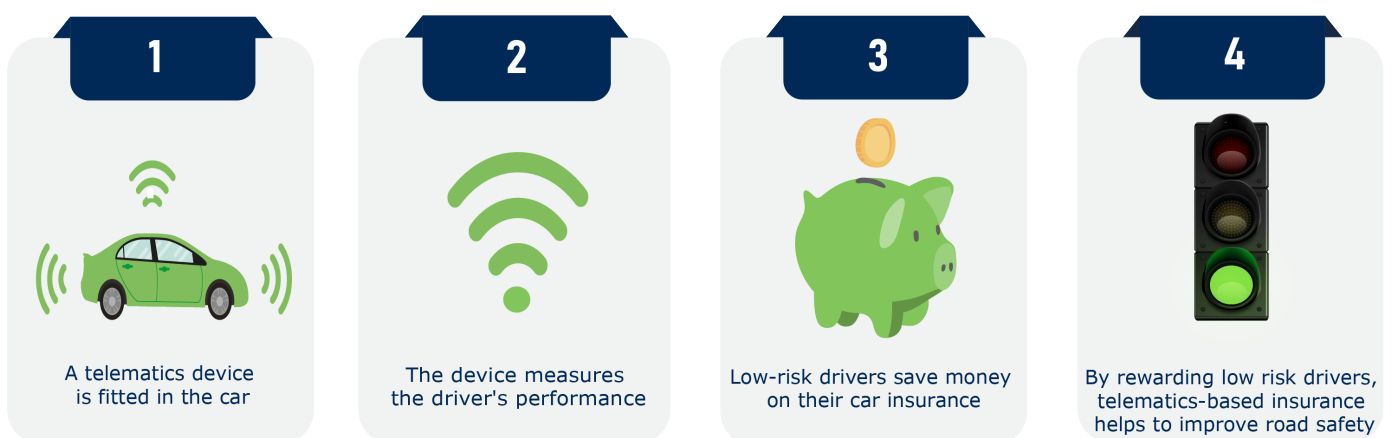
How will the e-Privacy Regulation impact telematics-based insurance?

To offer telematics-based insurance policies, insurers collect and process data from terminal equipment (ie, telematics boxes), which will be regulated by article 8 of the new e-Privacy Regulation. Unfortunately, neither the Commission's proposal nor the European Parliament's amendments provide a sound legal basis on which this processing can continue. The lack of a clear legal basis will eventually make it more difficult and riskier for insurers to offer this type of innovative product to consumers. This would mean less choice for consumers and a missed opportunity to increase road safety in Europe.

The benefits of telematics-based insurance

Telematics-based insurance policies offer consumers the possibility to customise their insurance policy according to their driving habits. For example, "pay as you drive" insurance calculates the premium based on the actual mileage driven. It can therefore benefit anyone who wants to take control of their insurance costs. In particular, it can:

- Benefit young and inexperienced drivers who would otherwise pay higher premiums.
- Reward low-risk drivers with lower premiums.
- Reduce insurance costs for drivers who drive less frequently, thereby both improving road safety and helping to cut greenhouse gas emissions.
- Greatly reduce the length of the claims process and deter fraudulent claims.



How can policymakers make the e-Privacy Regulation work?

The co-legislators should preserve the Council's version of article (8)(1)(c) of the e-Privacy Regulation, which would allow insurers to collect data as part of telematics-based insurance, as it would constitute a service "specifically requested by the end-user". This article would provide a solid legal basis on which insurers could continue to offer telematics-based insurance policies.

It is also vital that the co-legislators safeguard the current interplay between the e-Privacy Directive and the General Data Protection Regulation (GDPR). The collection of data from terminal equipment, which is currently regulated by the e-Privacy Directive, should remain protected under the new e-Privacy Regulation, while any subsequent processing of personal data should fall under the GDPR, as called for by the European Data Protection Board. However, the new articles 8(1)(g)–(i) proposed by the Council needlessly extend the e-Privacy Regulation's scope of application to areas that are currently clearly subject to the GDPR. Insurance Europe therefore recommends allowing businesses to continue to rely on the GDPR's legal bases or fully align article 8(1) with the GDPR's rules on compatible processing. For more information, please see Insurance Europe's [position paper](#).

Case studies



The introduction of "telematics box" data recorders in vehicles in Italy has led to more responsible driving behaviour and a reduction in accidents and claims. By 2019, more than one in five cars in Italy had telematics boxes installed, contributing to an 18% fall in claims and a 25% fall in premiums over the last decade.

In France, an insurance company began to offer telematics-based products, with a premium discount of up to 50% in 2018. These products quickly attracted young drivers, who usually pay high premiums. Compared to standard policyholders, customers who opted for this technology, on average, received a 20% discount and registered a 20% reduction in claims frequency and costs. Several French companies are now offering Telematics-based products.

