

Organising your Approach to Data Ethics

Data ethics is now a central concern for regulators in the UK and Europe. It is also wide in scope and evolving on a regular basis. This makes it a complex topic for insurers to manage. This paper summarises a framework that insurers can use to organise their approach to data ethics. At its core are the elements that the FCA's lead adviser on data ethics proposed in a 2016 paper to the Royal Society.

Three Things about this Data Ethics Framework

- It is straightforward and comprehensive;
- It positions data ethics as something 'done by us' rather than something 'done to us';
- It can be aligned with existing business systems and then integrated into them.

What the Framework is There to Achieve

The purpose of this data ethics framework is to help the insurer to meet its responsibilities for data ethics. It does the same in relation to senior manager accountabilities under SMCR. Once in use, it will help the insurer to then take advantage of data ethics opportunities. Research shared with me points to such opportunities being central to the ultimate success of digital strategies.

Data Ethics Responsibilities

An insurer's data ethics responsibilities exist in relation to its key audiences. Identifying those key audiences makes the scope of those responsibilities clearer. The key audiences of a typical insurer and the responsibilities associated with each of them can be outlined as follows:

Key Audience	A Typical Insurer's Data Ethics Responsibilities
Customers	To acquire and use data responsibly, and to ensure that decisions based upon algorithmic tools are legal and ethical.
Employees	To guide and support them in the responsible use of data and algorithms, and to meet the particular obligations of senior executives.
Regulators	To continue to meet the firm's regulatory responsibilities, both as they apply to business in general and to areas of particular regulatory interest.
Business Partners	To engage with them on clear and responsible terms, in order to ensure that partnerships delivers trust and value.
Any Wider Group	To use data and algorithms in ways that maintain the reputation of the overall Group for trustworthiness.
The Overall Market	To use data and algorithms in ways that maintain trust in insurance, and to work with others to achieve this across the market.

The Data Ethics Framework

This data ethics framework should enable the insurer to address the issues around which those responsibilities are based. It is made up of three levels and seven elements, as follows:

A DATA ETHICS FRAMEWORK			
<i>Outcomes Level</i>	Oversight		
	Delivery and Monitoring		
<i>Implementation Level</i>	Data	Algorithms	Practices
<i>Preparation Level</i>	Commitments and Policies		
	Data Ethics Risk Assessment		

The Seven Elements of this Data Ethics Framework

Data Ethics Risk Assessment: this element focuses on the data ethics risks associated with the firm, its products and the markets it operates in. It informs all other elements in this framework.

Commitments and Policies: this element is about the commitments being made in relation to data ethics and how these are reflected in a new data ethics policy, as well as related existing policies.

Data: this element focuses on the ethical issues raised by the collection and use of large datasets. It addresses issues like privacy, consent, bias, accuracy, minimisation and anonymisation.

Algorithms: this element covers the ethical issues associated with the design and use of algorithms. It covers issues like training, transparency, discrimination and inclusion.

Practices: this element covers the leadership and management given to the firm's use of data and algorithms. It covers issues such as responsibilities, capabilities, culture, partners and due diligence.

Delivery and Monitoring: this element focuses on when the data and algorithms are live and generating outcomes. It addresses issues such as performance, reporting and compliance.

Oversight: this element covers accountability for the overall data ethics framework. It looks at the effectiveness with which it is being put to use and informs processes like compliance and audit.

Find Out More

To discuss the framework and any related points, please get in touch for an informal chat.

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