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Improving the Canadian insurance industry through big data

Ottawa, July 6, 2022 – A new statement from the Canadian Institute of Actuaries (CIA), *Big data and risk classification: Understanding the actuarial and social issues*, says that using big data derived from new technologies can contribute to the healthy functioning of insurance markets.

Insurance companies establish different classes of risks to determine the availability and pricing of insurance coverage. This ensures that policy owners have coverage that appropriately matches their level of risk.

“As big data becomes increasingly available through new technologies, insurers can use it to further refine their classes of risks and offer insurance that is more aligned with the different needs and situations of policy owners,” says Matthew Buchalter, FCIA, Co-Champion of the CIA’s task force on this issue.

The CIA believes that the use of big data is appropriate in insurance ratemaking, and that access to such data creates improved insight about risk and its contributing factors. Conversely, restricting access to this data could adversely impact the availability or price of insurance for individuals.

“The foundation of actuarial work is to analyze risks based on complex datasets. Access to more data means insurance ratemaking can be based on more appropriate factors, ultimately reducing risk and setting more refined insurance costs,” says Emile Elefteriadis, FCIA, task force Co-Champion.

Canada’s actuaries stress that big data – like all data used in ratemaking – is subject to the ethical data collection practices, privacy laws, and information security requirements necessary to protect consumers.

“We believe in thoughtful innovation and evolution in the use of big data, while ensuring that the public interest is at the forefront of insurance and policymaking,” says H el ene Pouliot, FCIA, CIA President.

[Read the statement](#)

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