

The use of data in the pension market

“How can data use benefit pension participants without harming collectivity or privacy?”

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Insurance has always involved the use of data to estimate the likelihood of an event occurring. However the vast quantities of interconnected data that now available in our digital age raise various ethical dilemmas for pension providers. For example, should they be allowed to base pension premiums on health profiles, or may data be used to increase pensions for people with a lower life expectancy? This research does not provide a definite conclusion, but discusses different considerations that play an important role in the ethics of data usage by pension institutions.

Principal Findings

- There are both distributive concerns, as well as concerns about the right to privacy at stake in data usage by Pension institutions.
- Informed consent is an important consideration with respect to the right to privacy, but it is not the only consideration.
- The ethics of the distributive effects of data usage by pension funds are closely connected to the usage of data in other insurance markets.
- The extent data usage can be justified depends on the nature of justice. It can more readily be justified if we think that people should bear the costs of their own choices.



Figure: Pension service providers collect data containing personal information about participants and use it in their business operations.

Key Takeaways for the Industry

- Data usage offers pension providers many new possibilities but also a host of ethical dilemmas that need to be navigated carefully because there are no clear-cut answers.



Want to know more? Read the paper
'Het gebruik van data in de pensioenmarkt' (in Dutch)