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Can the banking industry's data lessons help future-proof the insurance industry?

The growing data challenge

The insurance industry has become increasingly dependent on high-quality data to support critical activities such as *IFRS 17 Insurance Contracts* (IFRS 17) reporting, Own Risk and Solvency Assessments (ORSA), Solvency Assessment and Management (SAM) compliance and catastrophe risk management, amongst others. More recently, the rapid adoption of artificial intelligence (AI) and generative AI across underwriting, claims processing, customer servicing and fraud detection has further increased the demand for accurate, timely and trusted data. As regulatory expectations continue to evolve and business environments become more complex, the ability to access accurate, timely and trusted data is no longer just a compliance requirement, but a strategic business imperative.

Despite significant investment in technology, digital transformation and AI-enabled capabilities, many insurers continue to face familiar data challenges. Information is often fragmented across policy administration systems, claims platforms, actuarial models, finance systems and data warehouses. Inconsistent data definitions, manual reconciliations, poor metadata management and complex reporting processes can make it difficult to produce reliable management information quickly and confidently.

These challenges are amplified when AI models and automated decision-making processes rely on data that is incomplete, inconsistent or difficult to trace, creating risks related to model performance, explainability, governance and regulatory compliance.

These challenges are not unique to the insurance sector. Following the global financial crisis, banking institutions faced similar issues that ultimately led to the introduction of the Basel Committee's Principles for Effective Risk Data Aggregation and Risk Reporting (BCBS 239)¹.

While developed specifically for banks, the principles promote capabilities that are equally relevant to insurers, including strong data governance, effective data aggregation, robust data quality management and reliable reporting.

The same capabilities form the foundation for trusted AI, enabling organisations to establish the data lineage, controls, accountability and transparency necessary to support AI-driven decision-making.

As insurers continue their data transformation journeys, the lessons learnt from more than a decade of BCBS 239 implementation provide a valuable blueprint for strengthening risk data and reporting capabilities across the organisation.

Why BCBS 239 matters to insurers

BCBS 239 was introduced after regulators concluded that many financial institutions lacked the ability to rapidly aggregate risk information during periods of stress. Data was fragmented, reporting was inconsistent and decision-makers often did not have access to reliable information within a short space of time when it was needed most.

Although insurers are subject to their own regulatory frameworks, the fundamental objectives remain: ensuring that management, boards, regulators and stakeholders are able to rely on accurate, complete and timely information to make decisions.

¹ <https://www.bis.org/publications/201301-guidelines-principles-effective-risk-data-aggregation-and-risk-reporting>

The true value of BCBS 239 lies not in regulatory compliance but in the business outcomes it enables. Organisations that embrace its principles typically improve:



For insurers facing increasing demands for transparency and traceability, these outcomes are becoming business imperatives rather than regulatory nice-to-haves. Additionally, trusted AI starts with trusted data, and the governance, lineage and data quality capabilities promoted by BCBS 239 provide an important foundation for responsible AI adoption.

Different regulations, similar objectives

Unlike the banking sector, the insurance industry currently does not have a unified regulatory framework dedicated to risk data aggregation and reporting. However, many of the same expectations emerge across various regulations, standards and governance frameworks applicable to insurers.

Consider the following four examples:

Insurance requirement	Data-related objective (aligned to BCBS 239 principles)
Insurance Act 18 of 2017 ²	Establish governance, internal controls, accountability and reliable reporting processes that ensure accurate and complete information for management and regulatory reporting.
Solvency Assessment and Management (SAM) and Own Risk and Solvency Assessment (ORSA) ³	Support aggregation of risk information across the enterprise and provide reliable, forward-looking risk and capital reporting for board decision-making. Ensure data used for solvency calculations, capital adequacy assessments and regulatory submissions is accurate, complete, appropriate and subject to governance and validation controls.
IFRS 17 ⁴	Requires insurers to maintain accurate, reconciled, traceable and auditable data supporting insurance contract measurement, financial disclosures and actuarial valuations.
King V Corporate Governance Code 2025 ⁵	King V Principles 4 and 12 require organisations to govern information as a strategic organisational asset and ensure that reporting is reliable, transparent and fit for decision-making.

Viewed collectively, these requirements create a set of data-related and data management expectations that closely resemble many of the outcomes sought through BCBS 239. They also establish several of the capabilities needed to support responsible AI, including clear accountability, reliable source data, traceability of information, effective controls and transparent reporting.

² https://www.gov.za/sites/default/files/gcis_document/201801/41388gon32insuranceact2017.pdf

³ <https://www.resbank.co.za/content/dam/sarb/publications/prudential-authority/pa-documents-issued-for-consultation/2022/guidance-notice-1-of-2022/Guidance%20Notice%201%20of%202022.pdf>

⁴ <https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards/english/2021/issued/part-a/ifrs-17-insurance-contracts.pdf>

⁵ https://cdn.ymaws.com/www.iodesa.co.za/resource/collection/927F0970-C1E9-4F30-803C-D74BF386A2B6/King_V_Code.pdf

The difference is that insurers often address these requirements through separate projects and business processes, resulting in fragmented governance structures, duplicated controls and inconsistent approaches to data management. The same fragmentation often extends to AI initiatives, with individual business areas developing solutions independently, using different data standards, validation approaches and governance controls.

A BCBS 239-inspired framework can help insurers create an integrated approach supporting multiple regulatory obligations and AI-related initiatives simultaneously.

Five lessons insurers can learn from the banking industry

1 Treat data as a strategic asset

One of the most significant shifts that occurred during BCBS 239 implementations was the recognition that data management is fundamentally a business responsibility, rather than an IT concern. Leading banks established board-level accountability for data governance and recognised data as a strategic asset that required active management. Insurers can benefit from adopting a similar mindset, ensuring that ownership of critical data resides with business leaders rather than technology teams. This becomes even more important as AI adoption increases.

2 Focus first on critical data

Many banks initially attempted to solve every data problem simultaneously and quickly discovered the complexity involved. The more successful institutions identified their most critical reports, risk metrics and regulatory submissions before expanding their scope.

For insurers, this could mean prioritising data supporting:

IFRS 17 reporting	SAM reporting	Reinsurance reporting	Claims management
Underwriting performance monitoring	Fraud detection and financial crime monitoring	Customer servicing and complaints management	Pricing, risk selection and claims decision-making

Focusing on critical business outcomes often delivers value faster than attempting enterprise-wide remediation from the outset. A similar risk-based approach could be applied to data underpinning AI solutions.

3 Build data lineage early

A recurring challenge in both the banking and insurance industries is understanding where information originates and how it changes as it moves through systems. Banks invested heavily in data lineage capabilities to improve transparency and auditability. Insurers can leverage the same concept to support IFRS 17 calculations, actuarial models, solvency reporting and regulatory submissions. Data lineage not only improves trust in reporting but can reduce effort during audits and regulatory reviews.

As insurers adopt AI, data lineage should extend beyond conventional source-to-report flows to cover the complete AI data and model lifecycle. This could include identifying the data used to train, test and validate models; recording transformations and feature engineering; documenting model versions and parameters; and tracing AI-generated outputs to the relevant data sources, rules and assumptions.

4 Embed data quality into business processes

Many BCBS 239 programmes initially focused on identifying data quality issues. Mature organisations recognised that sustainable improvement requires addressing the root cause of those issues. Rather than measuring quality after a report has been produced, insurers should embed quality controls directly into underwriting, claims processing, policy administration, AI-model management and financial reporting processes.

Prevention is often more effective and less costly than remediation.

5 Design reporting for decision-making

Perhaps one of the most important lessons from BCBS 239 is that reporting should do more than satisfy regulatory requirements. Effective reporting enables boards and executives to identify emerging risks, understand trends, challenge assumptions and make informed decisions quickly. As insurers increasingly leverage advanced analytics, AI and predictive modelling, the quality and accessibility of underlying data will directly influence the quality of business decisions.

Looking beyond compliance

The insurance industry is at a pivotal point where data is no longer simply an operational necessity but a strategic asset. While regulatory compliance remains a key driver of investment, the most successful insurers are recognising that the capabilities required to meet regulatory expectations are the same that improve business performance, strengthen risk management, enhance customer outcomes and enable informed decision-making.

The banking sector's BCBS 239 journey offers insurers a valuable head start. It provides more than a decade of practical experience, lessons learnt and proven approaches to building trusted data foundations.

By embracing these principles today, insurers can move beyond fragmented compliance initiatives and establish a more resilient, transparent and data-driven enterprise. Connecting BCBS 239-aligned data capabilities with AI governance and model risk management can also help insurers move from isolated experimentation to the controlled, enterprise-wide implementation of AI.

In doing so, they position themselves not only to meet evolving regulatory expectations and emerging technologies, but also to compete more effectively in an increasingly data-centric and digitally enabled future.



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