IRSG

INSURANCE AND REINSURANCE STAKEHOLDER GROUP

Advice on Open Insurance

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Introductory remarks

Open Insurance, while broad as a concept, could offer many opportunities for insurers and insureds. Since data is at the heart of Open Insurance, it could also present the market and the society as a whole with challenges. The IRSG would like to highlight both its pros and cons herein.

Open Insurance sits in a broader trend of digitalisation in insurance. It could be foreseen that the "Opening" of the insurance industry will rearrange existing market into a profoundly new social and economic architecture. At the same time, it could just be a logical extension of a broader trend. Opportunities abound for consumers in terms of choice and greater customisation. On the other hand, without taking the necessary precautions customers risk losing control of their data and being excluded from insuance cover due to reasons that do not lie in their own hands. Corporate insurance buyers may see opportunities to improve their risk knowledge and management and have a more open dialogue with insurers. Challenges confronting insurers range from data privacy and potential exclusion to fundamental issues about their business model and place in the market and society. Some Open Insurance elements may already be revealing themselves (pay as you drive, motor insurance, for instance), and others are still to uncover their shape and impact.

In its discussion paper, EIOPA defines Open Insurance as "covering accessing and sharing insurance-related data personal and nonpersonal usually via Application Programming Interfaces (APIs)" and has sought to look at it from consumer, supervisory and industry angles. Having that in mind, it should be stressed that:

- Open Insurance is more than open data: data sharing is an enabler of Open Insurance initiatives, but it is also critical to reflect on the structural changes and the potential consequences arising from opening up the insurance value chain to third parties (e.g. the rise of insurance platforms, use of new technologies such as AI/ML, blockchain).
- Priority must be given to improving the customer's experience by offering greater convenience and choice and delivering new insurance products/services in accordance with existing insurance and data-related rules and by empowering customers to stay in control of their data at all times which will consequently lead to customers trusting this Open Insurance framework. It could also promote more dialogue between insurer and policy-holder and support insurance buyers in having more transparency about their options.

Open Insurance initiatives can bring many opportunities in a data-driven society:

- From an industry's perspective: to some extent, enhanced competition and more data flow both internally and with peers could help identify market trends and adopt a more customer-centric approach.

- From a customer's perspective: more competition, more transparent products/services, and a holistic view of insurance offers can significantly improve EU customers' journeys.

However, these benefits must be put into perspective with certain prerequisites. To support the ambition of the European Commission of empowering EU customers to (i) get more control over personal data flows and who can access it as well as (ii) to have access to more and better financial products and services, there needs to:

1. Ensure full respect of data protection & data privacy: A trusted and transparent environment, both for customers and economic actors is critical to support Open Insurance initiatives' uptake.
    - Data protection safeguards: EU public authorities must verify and clarify third parties' accountability in receiving insurance-related data and take relevant actions. With PSD2, specific data protection safeguards have been introduced between banks and third-party providers (i.e., strong authentication measures, third-party providers referencing, and data traceability tools). However, given that payment data under the PSD2 and insurance data vary a lot from each other and hence insurance data also cover sensitive data like health data particular data protection safeguards proportionate to the nature and characteristics of insurance data will be necessary.
    - Data sharing conditions: A use case approach could be adopted to address specific concerns attached to different datasets (e.g. sharing raw/generated data, sensitive data, IoT data etc.). Based on existing EU rules:
        - The sharing of personal raw data (incl. sensitive data such as health data) could be included in the scope of an Open Insurance framework, provided that the customer gives his/her clear consent and that a clear and explicit purpose is defined (in accordance with the GDPR). The focus of any data-sharing framework should always be on the consumer's willingness to share his/her data and ensuring that he/she retains full control, in every moment, over his/her data at all times. Given the highly sensitive nature of insurance data, consumers should have absolute confidence in their data security and full ex-ante control over what data is shared with whom, for what purpose and how will be managed. Consent should be provided in a free and informed manner, and consideration should be given to ensuring an appropriate mechanism that allows the consumer to ask explanation and to revoke their consent at any time.
        - Any sharing of generated data via an Open Insurance framework and thus data that insurance companies have processed and classified by themselves and that are the outcome of their own work has to properly take into account

applicable intellectual property provisions as well as the special nature and characteristics of insurance data that cannot be seen as a standalone product but have to be seen in the context of an insurer's portfolio (wich obviously differes a lot from one insurer to another).

- The sharing of non personal data could also occur on a voluntary basis, provided that (i) EU public authorities introduce clear legal grounds for data sharing, (ii) introduce a register for third party providers and (iii) that proprietary information or elaboration of raw data representing an insurance company's intellectual property are not made publicly available.

  If consumer does not give his consent for data sharing, this should not prejudice his position and should not disadvantage consumers especially when traditionally such information would not have been provided e.g. in group life policies where there is auomatic cover otherwise we are looking at individualistic cover which is not the scope of risk sharing.

2. Ensuring a level playing field: Existing insurance rules are relevant to address well-known discrimination issues, and new entrants to the insurance market must be subject to the same regulatory and supervisory oversight level to protect EU customers. Therefore, it is important to ensure that the principle of "same activities, same risks, same rules" is fully respected.

To fully leverage Open Insurance's potential, it needs to ensure a level playing field among all economic actors. As the scope of an Open Insurance framework is yet to be defined, particular attention should be paid to:

- Data reciprocity: in the short-term, if generated datasets related to pricing, claims or risk assessment are included in the scope of an Open Insurance framework, it is unlikely that start-ups or tech companies would have as valuable and high quality data to share with large insurance companies. Sharing of those data would solely be to the benefit of the former and put the European insurance industry at a competitive disadvantage in particular vis-à-vis BigTechs almost all of which are currently established in third countries.
- Deployment of APIs: EU economic actors need time to invest in the relevant infrastructure:
  - IT modernisation: to effectively facilitate data flows, significant upstream efforts are required prior APIs deployment, incl. modernising IT systems which can take several years for large insurance companies.
  - Evaluation of operational costs: with PSD2, the cost of operating APIs is currently borne by banks. With a wider scope, potential costs for Open Insurance APIs could be significant, and if borne by a single actor, it may limit data sharing to the minimum, thus impacting potential benefits for customers and the insurance industry.

Therefore, EU public authorities should ex ante conduct costs/benefits and cost-efficiency analyses to inform their decisions regarding an Open Insurance framework's scope and implementation timing.

To conclude: To fully leverage the potential of Open Insurance initiatives and empower customers, EU public authorities must take into account the following fundamental principles, namely: ensuring (1) a transparent legal framework building on existing rules (esp. the GDPR intellectual property provisions) and, (2) a level playing field among economic actors (in terms of data reciprocity and the same level of regulatory/supervisory oversight, ie "same activities, same risks, same rules") and (3) a full impact assessment of benefits and properly take into accountcost for the specific nature and characteristics of insurance data).implementation od the infrastructure.

1. Do you agree with the definition and the approach to Open Insurance highlighted in the Discussion Paper? If not, please describe what aspects would be essential to consider additionally?

The definition of Open Insurance used by EIOPA is very broad. For the time being, this is fine since the analysis is in the initial stage. However, with time it will have to become more precise. The definition of Open Insurance should also be aligned with the European Commission's aims in its initiative on Common European Data Spaces, for example. Additionally, there is currently insufficient consideration of the corporate insurance buyer in the definition of Open Insurance (see, for example, Figure 1 on page 11, where 'industry angle' is understood to be 'insurance industry'; there is only mention of a consumer business buyer).

The absence of a clear definition and reference framework for Open Insurance, in the long-run, creates a vast space for misunderstanding and a lack of alignment between insurance stakeholders. Therefore, IRSG would recommend EIOPA – in close cooperation with the European Commission – to start work on creating uniform terminology and descriptions for Open Insurance.

2. In addition to those described in this paper, including in Annex 1, do you see other Open Insurance use cases or business models in the EU or beyond that might be worth to look at further from supervisory/consumer protection perspective?

Potentially, there could exist a significant number of Open Insurance use cases. Some of them might be structured in the field of present-day insurance, while others may exploit synergies beyond our existing comprehension. At a very basic level, if we assume that Open Banking, in a way, reflects the activity of a subject and medical data reflects his status, then insurance sits at the junction of them, gathering information from both those two areas and mixing it to extract added value. The exact mechanics is valid for legal persons, although their legal records substitute their medical data. It must be admitted that insurers possess a much more detailed reflection of their customers' doings than all other economic and

societal sectors. This customer profiling might be jeopardised if Open Insurance is put into existence without necessary precautions and kill switches.

3. Do you think regulators/supervisors should put more focus on public comparison websites where participation is compulsory for undertakings? What lines of business could be subject for that? What risks, benefits and obstacles do you see?

There are many elements to this question, but it must be emphasised that generally speaking, consumers like price comparison tools. While it is understood that compulsory participation in undertakings may not be a desirable path of action –it would only make sense for compulsory insurance products that are regulated at EU level and thus comparable, eg, MTPL – there would undoubtedly be benefits to consumers (and insurance buyers more broadly) to be able to compare different elements of cover available (i.e. not just pricing factors), which certainly only makes sense when it is like for like cover comparisons.

Public comparison websites for insurance will have to be assessed more widely for the pros and cons. In contrast to the basic account comparison websites provided by national banks (where the idea has been derived from) in insurance, the multitude of offers and the push toward personalisation would make a price comparison only challenging as there is no legal ground for standardisation of products due to competition regulation. However, if the comparison sites ran a broader comparison that goes beyond pure price factors and includes the services insurers offer on top of the coverage, there could indeed be some value to consumers. There is also the risk that comparison websites will lead to an increased focus on the lowest possible price, with little consideration by consumers of the coverage of insurance policies or their actual needs.

To this end, it is important to point out that there already exists a variety of price comparison websites across the EU. However, these websites solely cover a specific national market due to the lack of comparability of insurance products across the EU. As most insurance products are not regulated at EU level they are heavily dependent on national laws and thus vary a lot from one Member State to another.

4. Please describe your own Open Insurance use case/business model and challenges you have faced in implementing it, if any.

The insurance industry has identified a few use cases, including:

- Risk assessment solutions in motor and liability insurance by data exchange between insurers and OEMs / car manufacturers (telematics data, data from advanced driving assistance systems, sensors in self-driving cars, garage and maintenance data).

- Customer services and sales offerings in the bancassurance constellation by data exchange between insurers and banks (transaction data, credit card data, credit scores, product affinities, socio-economic data)
- Performance guarantee solutions for the pharma industry by data exchange between insurers and drug producers (pre-approval study data, patient records, pharmacodynamics and -kinetics data, post-approval marketing data)
- Risk assessment and claims prevention in homeowner and SME insurance by data exchange of IoT vendors (data from smart devices, data from building-related sensors, like water pipes, energy consumption data, security devices & sensors, predictive maintenance data from privately used devices)

The challenges relate to access to data and ensuring that the consumer has full control over what data is shared with whom and for what purpose. For example, where consumers own and use connected devices, they should have the right to determine the use of the data generated by their device. This is particularly relevant in the motor vehicle industry, where consumers should be free to decide who has access to the data collected by their car.

5. Do you see other Open Insurance use cases in RegTech/SupTech that might be worth to look at further from a supervisory/consumer protection perspective?

Open Insurance could open discussions on changes to the supervision approach towards Insurtech from a traditional reactive stance (acting as a result of a harmful event) to simultaneous correctional measures built up alongside the respective supervised process. This could be possible since, with more and more digitalised insurance, the supervisors could face algorithmic business processes, where internal controls, breaks, and kill switches could be a way to answer the challenges of speed inexplicability brought forward by Insurtech. There could be increased pressure on more proactive supervision and regulation which would require comprehensive amendments to the currently applicable supervisory regime at EU level.

6. Please describe your own Open Insurance use case/business model in RegTech/SupTech and the challenges you have faced in implementing it, if any.

N/A

7. Do you agree the potential benefits for the a) industry, b) consumers, and c) supervisors are accurately described?

Certain sides of Open Insurance impact deserve deeper exploration, societal, behaviouristic, and economic effects. Benefits foreseen by EIOPA must be put into perspective with certain prerequisites and are heavily dependent on the exact design of an open insurance framework. For instance, from an industry perspective, to effectively facilitate digital sale processes or data flows between insurers and their distribution networks, significant upstream efforts are required prior APIs deployment, including

modernising IT systems. Similarly, prior policy implementation, adequate safeguards must be introduced to effectively protect EU customers data and ensure that products/services proposed by new market entrants offer the same level of protection compared with incumbent insurance players.

Possible benefits are many, but they will depend on the scope and policy implementation of any Open Insurance framework. In particular, data held by insurers on claims and losses, when aggregated, could give corporates much better quantitative information than they currently have on these important elements for their risk management. This type of information would enable enterprises to be more proactive in the management of their risks. Insurers hold valuable information on damages that, if opened up and aggregated, could provide a much more holistic picture of the risk environment, which could help large corporates and SMEs to benchmark and guide them better in terms of purchasing a more appropriate and tailored cover. More data is needed to allow corporates to get closer to an objective measure of exposure and manage more of their risks since catastrophic risks are getting uninsurable. Data held by insurers, if aggregated, could potentially help in this respect. It is also foreseen that greater transparency could facilitate a more open and reciprocal dialogue between an insurer and the insured, which could be especially beneficial to SMEs.

8. Are there additional benefits?

Among the benefits for consumers, one may count the greater flexibility and cost-efficiency of the insurance providers.

9. What can be done to maximise these benefits?

Standardisation of the used data APIs. Introduction of procedures for data handling beyond GDPR, namely, start-ups (since they are striving to gain an ever-increasing role in the Insurtech industry).

10. Do you agree the potential risks for the a) industry, b) consumers, and c) supervisors are accurately described?

Potential risks related to an Open Insurance framework are entirely depending on its scope and policy of implementation. Therefore, EU public authorities must conduct cost-efficiency analyses to inform their decisions regarding such a framework's scope and implementation timing.

A clear risk is a potential for a situation to arise where the insured's data and in particular sensitive data finds its way to a third party that creates unforeseen risks, e.g., sensitive data or proprietary data. There are also risks concerned with what would be expected of businesses that purchase insurance in terms of data preparation, storage, maintenance, and

processing. Clearly, the competition angle and personal data issues must be addressed. More precisely:

- Data protection and data sharing concerns: relevant safeguards must be introduced to ensure that all actors take adequate measures to reduce risks related to data privacy and sharing of data including in particular sensitive data. Similarly, without an appropriate framework, mandatory data-sharing initiatives raise concerns in case of data leakages to cope with related risks and allocation of responsibility.
- Competition concerns: Open Insurance should not mean that private data will be publicly available for free. Generated insurance data related to pricing or risks assessments are valuable assets accumulated over the years to build a company's experience. Therefore, it is critical to protect insurance companies' intellectual property since it is unlikely that other actors (e.g. SMEs, tech companies) would have as valuable data to share with large insurance companies. Moreover, with an inappropriate design, an open finance framework could introduce financial instability. With a mandatory data sharing scheme, aggregators or BigTechs that own the customer interface would be able to propose insurance products/services without taking on related risks and costs, which will remain with the risk carrier. A particular attention should be taken to prevent the appearance of a reduced numbers of powerful suppliers in the RegTech market, with dominant market positions.

Please, also refer to A.7 and A.11

11. Are there additional risks?

The insurance business model currently is more or less based on knowing the customer and the risks surrounding him/her/the business activity and then writing the insurance cover to best meet the customer needs, risks and market offering. There certainly can be a number of benefits from both insurers and customer's perspective in relation to better, more open and more accurate use of data existing here but it also needs to be acknowledged that changes into the business models can also end up in changes that might not be anticipated, such as:

- Digitalization and the innovations around it is a lot about increasing information and the use of that but this does not cover the citizens fairly as technology is not used nor accessed in balanced ways through different population group. And where there is no or less data then also less new possibilities for insurance renewals, new products or better product terms are offered.
- Insurability is built on a holistic overview of the underlying risks and then linking the needed amount of customer data in order to price the product and write contract terms in a way that meets in average to that sub-group the aimed level of coverage.

New possibilities for customer that can enough well justify more favorable pricing or products terms is obviously perfect for them but leaves the remaining customer groups in more difficult place. This might take several years before substantial changes take place but yet it will increase the inequality among different policyholder groups

- Insurers, having a long-term business model, are in many ways relying on predictability and using that to enhance their business. For instance product offering, customer benefits, investing, profit sharing, capital and liquidity management are all examples where predictability of cash-flows and customers behavior are crucial.

Therefore, partial step-by-step approaches would be preferred to ensure the needed changes can be done in terms of existing business practice, well enough customer protection can be guaranteed and any possible customer discrimination can be avoided.

From an industry perspective, Open Insurance measures could result in more standardised products and APIs, thus impeding innovative insurance products/services (e.g. insurance products using blockchain technologies), with potential identification of liability in case of cyber risk.

EU public authorities should reflect on Open Insurance's impacts for consumers who do not want or do not have data to share with insurers (e.g. individuals coming from a non-EU country). Policy-holders who do not accept to share their data should not be treated unfavourably compared with customers who gave their consent.

The paper also touches upon the possibility to tailor Insurance services according to consumers' demands and needs. This is good, but there are dualism and complexity in this issue which is also not that easy to compare with banking. If all insurance products were highly tailored according to risk, the product's mutuality and insurance nature could be weakened/lost. The idea of insurance is that the insured consumers benefit from sharing the risk collectively and not individualising it. This aspect needs to be further assessed from a consumer perspective and potential threat of financial exclusion, and the risk of incorrect decisions due to factors like exclusionary filtering, wrongly blacklisted clients.

Please also refer to the introductory remarks.

12. Do you consider that the current regulatory and supervisory framework is adequate to capture these risks? If not, what can be done to mitigate these risks?

The regulatory and supervisory framework in the insurance sector should continue to be activity-based and follow the principle of "the same activities, the same risks, and the same rules" to ensure a level playing field and that consumers are effectively protected, regardless of the business model of the company they are dealing with.

This will be particularly important in a cross-sectoral context to ensure a level playing field between all different actors involved, including BigTech companies. Consumers need to be assured that they enjoy the same level of protection and that their data will be equally protected, whether they are served by established providers or new entrants to the market – all market participants should be brought within the scope of insurance regulation.

Moreover, there is a need to have clear and harmonised legal grounds for data sharing and processing, especially for sensitive personal data (e.g. health data, minors' data, geo-location data). Legal certainty will enable EU customers to trust Open Insurance initiatives and take advantage of these solutions by considering that (i) their data are securely shared and (ii) they keep full control over data flows. This implies reflecting on key conditions around customer's consent: it must be provided in a free and informed way, with the possibility to revoke it at any time.

13. Do you agree with the barriers highlighted in this chapter?

One of the significant barriers is the obsolete comprehension about Insurtech (and Open Insurance consequently) that they are an incumbent insurance activity. They much more tend to be software development and applications for risk transfer. NCA should develop and maintain a new skill set and use a new toolbox to be adequate to the changing landscape from that angle.

As of now, barriers to data sharing between insurers and insureds do exist. Chief among these is confidentiality concerns, as well as commercially sensitive data. There would need to be a level of aggregation and anonymity to the data being shared.

Furthermore, EIOPA should investigate the existing barriers, which means that not much insurer data is already exchanged and why, and explore what is hindering innovation.

14. What additional regulatory barriers do you see?

EIOPA's discussion paper mostly focuses on open data. While data sharing is indeed an enabler of Open Insurance initiatives, it is also critical to support the uptake of side processes and technologies such as AI/ML, blockchain to help insurance actors fully leverage these initiatives' potential.

One additional barrier in achieving data-driven innovation objectives could be the Principle of Insurance Only in article 18 (1) in the Solvency II directive. The principle is originally from the time before Solvency II and is differently interpreted in various member states. In a report from 2019 on Insuretech, EIOPA did a preliminary assessment regarding this aspect[1].

[1] REPORT ON BEST PRACTICES ON LICENCING REQUIREMENTS, PEER-TO-PEER INSURANCE AND THE PRINCIPLE OF PROPORTIONALITY IN AN INSURTECH CONTEXT

Article 18(1)a of the Solvency II Directive states that Member State shall require every undertaking for which authorisation is sought regarding insurance undertakings, limiting their objects to the business of insurance and operations arising directly from there, to the exclusion of all other commercial business. In this way, it provides some flexibility to InsurTech companies as far as the activities are directly related to core business. However, a practical implementation of this provision can vary in different Member States and hence it might be relevant to analyse more in-depth the different national approaches (e.g. the application of this provision to different risk prevention activities, which are becoming more widespread in an InsurTech context) as well as the need for possible legislative change.

Further, analyse by EIOPA in this area would be welcome. Please, also refer to A. 13

15. What are your views on possible areas to consider for a sound Open Insurance framework highlighted by EIOPA in this chapter? Are there additional underlying aspects or other aspects under concrete areas to consider for a sound Open Insurance framework?

As mentioned above, the corporate insurance buyer and SMEs' view needs to be considered in Open Insurance dialogue. To create a sound Open Insurance framework, there needs to be a holistic consideration of all stakeholders involved in the insurance value chain, from the insured (both consumers and enterprises) to brokers/intermediaries and (re)insurers. The data in this ecosystem should reinforce awareness of risks, with the ultimate goal of making the system more resilient.

16. What are the key diferences of between banking and insurance industry which are important to consider in light of Open Insurance implementation? (e.g. higher variety of products, more data, including sensitive health data in insurance).

This depends on perspective and the product or business model being discussed (i.e. B2C or B2B). For consumers, one could make a reasonably compelling argument, there are no significant differences in banking or insurance products, considering that they are both products and services that are paid for that store potentially sensitive information about the consumer. However, it is also true that insurance products and services are aimed at risk transfer, and the risk may expose itself in many forms. There are indeed different insurance types (property insurance is different from saying travel insurance) and different types of relationships (the corporate insurance buyer vs household insurance buyers, for example). Furthermore, the nature and characteristics of data that are processed (example health data) are not comparable. In particular, insurance data always has to be seen in the context of the insurer's portfolio. The effects that an insured person has on the portfolio of insurer A may be completely different from those on the portfolio of insurer B.

It is crucial to stress the importance of avoiding any attempt to copy the PSD 2 framework in the insurance sector. Lessons should be learned by reviewing the existing framework, particularly regarding what has not worked and could be done differently. However, it will be essential to ensure appropriate consideration is given to the insurance sector's specific

features and the type of data it uses, which is significantly different and much more varied than payment data.

PSD2 opened up for competition by giving third-party providers access to payment systems at the same time, and they also gained access to data. The payment side situation hindered sound competition and delayed digitalisation and innovation in the payment area. When it comes to insurance, it needs to be further analysed whether there are similarities or not. If action is taken, it needs to be a proportionate and special focus on consumer protection since the insurance area's data often is sensitive (for example health data). Another difference between payment/banking and insurance is the long term nature of insurance products and insurance business models. This longtermism is in the best interest of consumers especially in the case of pension products.

17. What are the 'lessons learned' from Open banking that might be relevant to consider in Open Insurance?

There is still not enough info; however, the implementation of the PSD2 framework has demonstrated the need to address specific concerns before introducing open data legislation. For instance, to tackle data protection and security issues, banks and third-party providers have engaged significant efforts in compliance and new tools (i.e. strong authentication measures, third-party providers referencing and data traceability tools). An inappropriate Open Insurance framework with few incentives for some actors could limit data sharing at the minimum, thus impacting potential benefits for customers.

18. Do you think Open Insurance will develop without any regulatory intervention? (e.g. without PSD2 type of compulsory data sharing provisions)

Insurers are already involved in numerous voluntary data-sharing initiatives developed in the market without any regulatory requirements in the insurance sector. This can be expected to continue in the same manner without regulatory intervention.

It would be important to ensure that this does not restrict or create barriers to such voluntary initiatives' continued use if a regulatory framework is set up.

19. Do you think Open Insurance should be driven voluntarily by industry/private initiatives or driven by regulatory intervention?

A two-fold approach might be the most appropriate one. While at the regulatory plane standards should be set and the macro architecture blueprinted, the industry should find the most appropriate solutions at the level of market entities. Simultaneously, the regulators must closely follow the process to eradicate market distortions and abuse of size and dominating position by the incumbents, be they from the insurance or software industry.

There are already examples of voluntary private data-sharing initiatives, which in some areas and markets already exist and work perfectly fine, for example, ZÜRS Geo. However,

there could also be merit in regulators setting up a framework on Open Insurance or even experimenting with regulatory sandboxes or innovation facilitators.

EIOPA should also address the issue of the legal qualification of Open Insurance. Although the EU law does not define insurance, it is relevant to clarify if Open Insurance is an activity connected or instrumental to insurance. Without such clarification, national laws/regulators are likely to approach the issue in different ways. As a result, Open Insurance could be an activity not harmonised, that is, an activity that could be not allowed in some EU Member States as it would be outside the insurer's corporate purpose.

20. Do you have views on how the EU insurance market may develop if some but not all firms (e.g., based on different industry-wide initiatives) Open up their data to third parties?

Opening data to third parties could split the market into two submarkets, "Open" insurance markets with working sharing data schemes and "closed" insurance market. This might be beneficial, at least in the beginning, because it could take into account characteristics of different insurance products and will allow a comparative study of the two approaches and, consequently, will allow more focused regulatory and supervisory intervention if need be