

## ONLINE PLATFORMS PROMISE ECONOMIC AND SOCIETAL BENEFITS, BUT CHALLENGE CONSUMER PROTECTION AND COMPETITION IN INSURANCE

Zurich, 4 December 2018 – Online platforms can foster insurance market transparency and reduce both transaction costs and information asymmetries, factors typically associated with increased competition and societal welfare. However, online platforms also give rise to new challenges concerning consumer protection and competition which should be addressed by policymakers, according to a new research report of The Geneva Association, the leading international insurance think tank.

The report [‘Virtual Competition: Online Platforms, Consumer Outcomes and Competition in Insurance’](#) indicates that increased transparency via online platforms may also help to overcome behavioural biases against the purchase of insurance, as well as assist consumers to better compare complex insurance products and help them find the ones that best meet their specific needs.

While online platforms offer benefits for consumers, they also introduce potential risks. For instance, consumers need to be assured that the information provided by online platforms is in their best interests. Over-simplification and biased information would imply that search results, rankings or other information generated by online platforms may not necessarily reflect individual user preferences. Additionally, the use of large amounts of personal data by online platforms raises concerns about intrusiveness, fairness and discrimination.

Anna Maria D’Hulster, Secretary General of The Geneva Association, said: “The need to reassess trade-offs between benefits and risks raises important policy questions. For example, on the responsibilities and rights of consumers regarding the purchase of insurance, or whether online platforms should be subject to regulatory transparency and fairness requirements similar to those advanced in the European Union.”

In order to ensure a thriving and competitive marketplace, policymakers should consider the role of data as a production factor and data itself as a potential barrier to market entry when assessing market power and potential anti-competitive conduct.

Benno Keller, Special Advisor of The Geneva Association and lead author of the study, commented: “Data collected by online platforms may be a source of competitive advantage over traditional firms. This could lead to the emergence of dominant platforms that act as gatekeepers to their users.”

The report highlights also the question of how insurance-specific market conduct requirements can be ensured when insurance is provided within complex digital ecosystems where different players perform different roles in the value chain.

**ENDS**

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