Paying for a Refund - Return-of-Premium Contracts in Insurance

by Florian Englmaier, Jorg Schiller and Frauke von Bieberstein

Discussion
by Elena Veprauskaite

ARIA 2013 Annual Meeting,
Washington, DC
August 4-7, 2013
Overview

- Very well written paper with great theoretical discussion on the different theories of policyholder behavioral preferences.

- **Relevance:** The paper shows that standard behavioral theories cannot explain the existence of *return of premiums* insurance contracts, and considers alternative explanations that can be used as a platform for future experimental research.

- **Target Population:** Product development and behavioral studies.
Some Suggestions

- Why this research topic is important and who can benefit from the research outcome?

- Hyperbolic customer preferences?

- Can insurance contracts with *premium returns* be compared with other products (e.g., airline tickets)? What about the role of insurance as risk transfer tool?

- Why conclusions are only made about the insurance contracts with *unconditional premium returns*?

- It would be nice to see the results of the experiments, testing *Customer Confusion* and *Time Inconsistency Problem* theories...