

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Working Party No. 3 on Co-operation and Enforcement

**Roundtable on designing and testing effective consumer-facing remedies - Note by
The Netherlands**

5 June 2018

This document reproduces a written contribution from the Netherlands submitted for Item 4 at the 127th Meeting of the Working Party No 3 on Co-operation and Enforcement on 5 June 2018.

More documentation related to this discussion can be found at
www.oecd.org/daf/competition/consumer-facing-remedies.htm

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Netherlands

Experimental study in the Dutch health insurance market

1. Background

1. The Dutch health insurance market is characterized by a great degree of inertia. Relatively few consumers switch insurers (approximately 6% per year), and the majority does not consider switching either (i.e. they do not compare insurance offers). Approximately 60% of consumers have never switched insurers since the introduction of competition in this market in 2006, despite differences in switching gains over time and despite annual changes in insurance plans and possibly also in people's health insurance preferences as they get older.

2. Inertia softens competition between health insurance providers and is therefore a concern of the Netherlands Authority for Consumers and Markets and of the Netherlands Healthcare Authority. Together, we have set up a randomized controlled trial, in which we tested three interventions to reduce consumer inertia in this market, using a consumer panel. The experiment took place over the period December 2017 – February 2018.

2. Treatments

3. The interventions were based on behavioural insights about consumer inertia, derived from psychology and economics. In short, consumers can experience obstacles in the intention phase, in the information phase and in the action phase of the consumer choice process.

2.1. Switching ease treatment

4. Aiming to overcome misperceptions and obstacles in the intention phase, we offered some respondents information about the ease of switching relevant to their demographic group, combined with a matching illustration. E.g. "Did you know that 90% of families with young children are happy about their switch to another insurance plan? Especially because they now pay a lower premium and have better coverage. Most of them found that it took less time and effort to switch than anticipated." The figures quoted in this treatment were based on consumer research among switchers.

2.2. Matrix treatment

5. Aiming to overcome obstacles in the information phase, such as limited comparability and consumers not seeing the forest for the trees, we asked respondents about their current insurance plan. We showed some respondents in a simple matrix how their plan compared to two highly comparable (and often cheaper) plans in terms of coverage and monthly premium.

2.3. Reminder option

6. Aiming to overcome obstacles in the action phase, we offered half of all respondents the option to sign up for one or more reminders to compare insurance offers, which they could choose to receive by sms or by email. Based on insights from psychology, we considered that people who signed up for a reminder option, would be more committed to follow through and actually compare insurance offers.

7. We randomly assigned respondents over the treatment and control groups, such that we had the following 6 groups, each consisting of roughly 1,800 respondents:

| | Matrix treatment | Switching ease treatment | Control group |
|--------------------------------|-------------------------|---------------------------------|----------------------|
| With reminder option | Group 1 | Group 3 | Group 5 |
| Without reminder option | Group 2 | Group 4 | Group 6 |

3. Results

8. We are currently processing the data and will be able to present the results of this experiment during the OECD session on 5 June. Based on a before- and after measurement in all six groups, we will be able to tell if any of the treatments were effective, in the sense that they resulted in significantly more consumers comparing insurance offers and/or switching.