

ASYMMETRIC INFORMATION IN INSURANCE FIELD: SOME GENERAL CONSIDERATIONS

*Ciprian Mătiș, Babes-Bolyai University, Cluj-Napoca, Romania
Eugenia Mătiș, Babes-Bolyai University, Cluj-Napoca, Romania*

ABSTRACT: Our review aims to assess theoretical and empirical studies concerning the existence, magnitude and threats of information asymmetry in insurance field. Based on the fact that most of the papers examined approached both static and dynamic frameworks, a particular emphasis is put on the testable consequences that can be derived from existing models as documented in the literature. The importance of the present study relies in the assessment of the consequences of information asymmetry, which importance increased in the last years. Based on the results documented by previous studies, we argue that neither the existence nor magnitude can be easily assessed without a lack of consensus. In this respect we consider the threat regarding information asymmetry in the insurance market as being not thoroughly founded. We also tried to identify based on our understanding the causes for inconclusive results obtained so far in the literature.

Key words: asymmetric information, inconclusive results, biases, adverse selection, moral hazard

JEL codes: G11, G22, D82