Hi everyone I am Lucas Condeza and I will present “Equilibrium effects of price updating: evidence from a centralized marketplace for annuities”. Looking forward to receive comments and is very preliminary, hence what I did is I made comments in the slides about aspects I would like to receive feedback on.

Slide2

In insurance markets it is common to receive an initial offer and then to ask for revised offers. For example, when shopping for loans firms give consumers a loan estimate and then the consumer can use the LE of one firm to request a revised offer from competing firms.

Similarly when buying a car, buyers can shop around and request revised offers where they can use the offers of the competitors to negotiate better terms.

* If being asked why I am not considering bargaining. I would say that the auto dealership has commitment power because is a player that is playing a repeated game whereas the buyer is making a one time purchase.

Given this scenario our research question is what is the impact welfare of the revised offers. Specifically, what are the welfare implications of prohibiting revised prices.

Prohibiting revised offers has an ambiguous effect on welfare because there are two main effects. The direct impact is that buyers can no longer improve their initial offers, reducing their choice set. The indirect impact is that if firms know they will not be able to revise their offers, then they might change their initial offers.

Therefore the equilibrium effect of prohibiting revised offers is unambiguous.

Slide 3

This research studies a centralized marketplace for annuities in Chile, called SCOMP. This setting is useful to answer our research question because it allows firms to revise their offers, but recently policymakers decided to prohibit offers revisions; and their motivation was that the possibility of revision created incentives for firms to not make their best offers.

Slide 4

Our work relates to three strands of literature.

The first one is the effect of market design in