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Mitigating Dark Patterns: Using experience-led compliance to drive digital growth in insurance

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Introduction

India's digital economy is expanding at an extraordinary pace, creating disproportionate growth opportunities and uncovering newer risks for businesses. Per the e-commerce Industry Report, November 2025 by the India Brand Equity Foundation[1], India's e-commerce market, valued at US$125 billion in FY24, is expected to nearly triple to US$345 billion by FY30, at a 15 percent CAGR.

As Indian consumers increasingly turn to digital channels and everyday e-commerce transactions shape consumer expectations, the financial services sector, including insurance, has been a key beneficiary of this trend.

Various fundamental drivers such as COVID-induced behavioural changes, dirt-cheap data, a DPI-led ecosystem strengthening, supporting regulatory environment and concerted category level category-level awareness drives (such as the recent '*Insurance sahi hai*' campaign) have helped create an enabling environment for the next stage of growth in digital adoption of life and general insurance in India.

Digitalisation is one of the key factors that is expected to drive overall insurance growth, with Swiss Re estimating India to outpace China, the US and Western Europe with a 6.9 percent insurance premium growth[2] during 2026–2030. However, the headroom is even more significant, given that India's insurance penetration (~4 percent) lags most other developed and emerging economies (global average ~8–10 percent).

If we are to live up to the national promise of "Insurance for All by 2047" and if digital channels are to prime that story, then an honest question that insurers need to ask themselves is "How am I strengthening customer trust when I am interacting with them over the Digital channel". In fact, Swiss Re also identifies "declining trust in institutions" as one of the "structural risk drivers[3]" for the insurance industry.

As consumer expectations are shaped by e-commerce and allied industries, any erosion of trust in those customer journeys is likely to have a cascading impact on industries such as insurance, where trust is central to their value proposition. In addition, insurance in India has traditionally been a push product, and collective memory is also shaped by the historic customer experience in the physical channel.

As insurers double down on their digitalisation journeys, the "Trust-led Growth" aspect has so far been one of the lesser-discussed areas. We have seen how manipulative design tactics called "dark patterns" have impacted other digital-centric industries where efforts to build short-term stickiness have compromised long-term customer loyalty, damaged brand reputation and created regulatory risks.

1. https://www.ibef.org/industry/ecommerce
2. https://www.swissre.com/media/press-release/pr-20260119-india-insurance-market-growth-outlook.html
3. https://www.swissre.com/institute/research/sonar/sonar2025/structural-risks-challenges-and-opportunities-insurance-industry.html

Recognising this, the Central Consumer Protection Authority (CCPA) has taken a strong stance against such dark patterns in digital journeys. The CCPA's proactive stance on mitigating dark patterns reflects a broader shift towards accountability, fairness and consumer empowerment in India's digital marketplace. For businesses, the takeaway is straightforward: Build with openness, design ethically and keep consumer protection at the centre. IRDAI has issued strict regulations and nudged the industry to comply, and ensuring customer trust, even in the digital journey, is paramount.

Dark patterns in India: A growing regulatory and consumer concern

Dark patterns have emerged as a key area of focus for regulatory scrutiny in India's insurance sector, particularly as insurers accelerate digital distribution through websites/ apps/ aggregators platforms. Across the policy lifecycle, from buying the policy and choosing add ons to renewals and claims, regulators are paying closer attention to designs that may hide important terms, play down exclusions or push customers towards choices they might not make if everything were clearly explained.

This development signifies a wider transformation in policy perspectives: dark patterns are now regarded not just as flaws in design, but as evidence of corporate behaviour, market integrity and the advancement of consumer protection standards.

The CCPA issued its 2023 guidelines, establishing a formal taxonomy of interface practices considered misleading or deceptive. The framework outlines 13 categories of dark patterns: false urgency, basket sneaking, confirm shaming, forced action, subscription traps, interface interference, bait & switch, drip pricing, nagging, disguised advertisements, trick questions, SaaS billing and rogue malware.

The guidelines are adaptive, enabling the regulator to incorporate emerging patterns as digital business models and technologies evolve.

Key vulnerabilities on digital platforms

Consumer complaints and regulatory reviews consistently reveal critical vulnerabilities across the policy lifecycle: ambiguous pricing disclosures, convoluted cancellation and refund or surrender processes, default opt-ins for additional riders or services, manufactured urgency, and navigation hurdles that obstruct access to essential servicing and claims support.

These tactics, deliberate or inadvertent, undermine informed consent, cause financial harm, and erode customer trust, especially among first-time and digitally inexperienced policyholders who are less likely to identify manipulative design.

Enforcement trajectory

Dark patterns regulation in India has transitioned from advisory recommendations to active enforcement. The CCPA's recent initiatives indicate a marked shift towards rigorous examination of digital interfaces that may distort consumer choice, including non-transparent pricing mechanisms, misleading representations and design elements that impede informed decision-making. While earlier enforcement was largely focused on e-commerce and digital marketplaces, the scope has now expanded to include insurance distribution platforms, where consumer decisions involve long-term financial commitments and high trust.

This evolving enforcement approach underscores clear regulatory expectations: **digital platforms must ensure transparency, accuracy and fairness throughout consumer interactions, regardless of industry or business model.**

The scope of oversight has expanded from specific interface components to the entire customer journey, including policy purchase, premium payment, disclosure, renewals, cancellations and claims. The direction taken is unequivocal; CCPA is establishing compliance with dark patterns regulations as an essential aspect of organisational governance and consumer protection, rather than merely a UX concern. Insurers that continue to treat interface design solely as a tool for commercial optimisation rather than a regulated domain are at risk of increased scrutiny, reputational harm and operational challenges.

The CCPA has intensified its supervision of digital marketplaces by initiating enforcement actions against platforms that employ misleading design practices, opaque pricing structures, deceptive advertising, or fail to adhere to mandatory product standards. Recent measures demonstrate that regulatory focus now addresses broader consumer protection issues, setting clear expectations for digital platforms to maintain robust transparency, accuracy and legal compliance across their interfaces and offerings.

Insurance: Regulatory spotlight and compliance expectations (IRDAI)

Taking a cue from these broader learnings, IRDAI has now sharpened its focus in this area, and, as such, the regulation of dark patterns in India is now extending to insurance distribution on digital channels. In a press release dated 2 April 2026, the Insurance Regulatory and Development Authority of India (IRDAI) highlighted that regulated entities offering insurance products on e-platforms are required to comply with the Central Consumer Protection Authority (CCPA) "Guidelines on Prevention and Regulation of Dark Patterns" issued on 30 November 2023.

IRDAI's communication emphasizes that this expectation aligns with a broader regulatory push across the financial sector to curb deceptive digital practices and references that the Reserve Bank of India (RBI) has flagged concerns around dark patterns, UI designs that mislead or manipulate consumers into unintended actions.

What IRDAI has asked regulated entities to do:

- Conduct a self-assessment on the status of compliance and submit a report within 15 days.
- Where non-compliance is found, submit an action plan with timelines for removing dark patterns within one month

We, at Deloitte, strongly believe that this regulatory scrutiny provides insurers with a unique opportunity not only to assess compliance and remediate immediate flaws but also to reimagine the end-to-end digital journey to strengthen customer trust and, in the process, further grow the digital business. It also provides a call to action to Insurers whose journeys – whether on their own or through third-party channels – may be overtly impacted by such remediation, to rethink their digital growth marketing strategies.

Building trust: Platform strategies for ethical design

As regulatory expectations regarding dark patterns continue to evolve globally and within India, mature digital organisations are moving beyond isolated design fixes. Instead, they are systematically embedding dark patterns compliance into their broader trust & safety, product governance and consumer-protection frameworks to ensure alignment with emerging requirements.

Formal third-party audits and dark patterns reviews: To reinforce transparency and ethical operations, leading platforms are increasingly engaging independent experts to assist with self-assessment and to conduct comprehensive reviews of their digital interfaces. These impartial evaluations help organisations identify and address potential dark patterns, assess regulatory compliance and promote user experiences free from manipulative design tactics.

Establishing internal standards for ethical interface design: Many organisations are now creating and enforcing robust internal policies to set clear benchmarks for ethical interface design. These guidelines serve to define acceptable design practices, explicitly prohibit deceptive or manipulative elements, and outline actionable measures to reinforce transparency and fairness in every consumer interaction. By institutionalising these standards, trust is continuously prioritised throughout the business.

Mindset to experiment challenger journeys: Insurers need to relook at their online fulfilment journeys, identify 'trust eroding' touch points, redesign these at speed and test multiple scenarios in a champion-challenger mode. Some of these may also call for more transparent communication strategies, especially when leads are solicited from third-party channels or as a bundled product

Building organisational capacity through training and sensitisation: Sustaining ethical design practices requires ongoing investment in employee capacity. Organisations are therefore providing comprehensive training and sensitisation programmes for teams across product, UI/UX, legal and compliance functions. These initiatives raise awareness about the risks of dark patterns, explain regulatory obligations and equip employees to create user journeys that are compliant and consumer-centric. By fostering a culture of "trust by design,"

Our approach

We help organisations meet their regulatory compliance obligations in the Trust & Safety domain through a structured, risk-informed approach. Our dedicated compliance monitoring team continuously tracks evolving regulatory requirements, industry practices and emerging risks. This enables us to ensure our clients remain compliant and well-prepared for the future.

Our service offerings

Identification of dark patterns: We support digital platforms in identifying and addressing potential dark patterns across consumer journeys, policies and interface design. The focus is on highlighting areas where user autonomy may be compromised, such as checkout processes, subscriptions, consent mechanisms and account management and providing practical, regulatory-aligned recommendations to strengthen transparency and trust.

Industry expertise: Drawing on domain expertise and benchmarking against industry practices, we deliver tailored assessments that categorise potential risks, highlight consumer impact and outline actionable steps for remediation. Our goal is to help organisations stay ahead of evolving regulatory expectations while enhancing the overall fairness and integrity of their digital experience.

Trainings and workshops: We also conduct sensitisation and capacity-building sessions with relevant stakeholders, including product, UI/UX, legal and compliance teams. These trainings focus on raising awareness of dark pattern risks, unpacking regulatory guidance, and sharing global best practices. By embedding a “trust by design” mindset across functions, organisations are better positioned to implement sustainable controls and create user journeys that are compliant and consumer-friendly.

Rapid diagnostic: We can help assess digital sales and service journeys to reduce trust-eroding design, recast these with minimal friction, construct multiple scenarios to either run these for various target segments or in A/B testing mode with a view to maximising long-term customer value. Given the dynamic nature of digital channels, we can help design, implement, and run these changes on behalf of clients.

By integrating these capabilities, we enable organisations to move beyond reactive compliance and build a growth-oriented digital ecosystem rooted in transparency, accountability, and user trust. This approach positions platforms not only to meet regulatory expectations, but to grow with integrity in an increasingly scrutinised and competitive digital marketplace.

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