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Insurance
Broking
Standards. Professionalism. Trust.



The importance of 'trust' in the SME insurance sector

The Chartered Insurance Institute (CII)

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Our purpose is to build public trust in insurance.

We do this through the provision of insightful leadership, relevant learning and an engaged membership.

This report forms part of our programme of insight – delivered with and on behalf of the profession – to drive positive action in support of society's experience of insurance.

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The Society of Insurance Broking

This report has been produced on behalf of the Chartered Insurance Institute's Society of Insurance Broking which has over 15,000 members and which encourages and promotes progression to qualified status and the maintenance of good practice, the highest standards of competence, expertise and professionalism for staff at all levels of experience. The Society, which has an advisory board made up of key market practitioners provides members with a host of relevant and timely information in a range of formats, covering high level research, technical and legal developments, through to topical debates and seminars – all designed to keep you up to date with your chosen area of expertise through market relevant CPD offerings.

For more information on joining the Society of Insurance Broking go to

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Contacting the CII

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Disclaimer

All authors named contributed to this report in their own personal capacity. The views expressed are their own and do not necessarily represent the views of their respective employers or the Chartered Insurance Institute.

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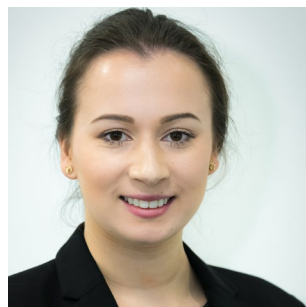
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CII New Generation Broking Group 2018-2019



Abigail Coates

Abigail is a specialist Kidnap and Extortion Broker for Special Contingency Risks, providing people risk security protection for individuals and companies all over the world. Her current focus is on clients based in the UK and Spain, alongside developing insurance programs for clients in the United States with exposure to Active Assailant events. She is currently studying towards her ACII alongside projects outside of her role, such as being deputy for a Young Professionals Group.



Natasha Hookings

Natasha is a Central Services Manager overseeing Customer Services and Cancellations. She has progressed rapidly in her seven-year career, in 2019 she was shortlisted for both the Young Achiever of the Year at the British Insurance Awards and the Young Broker of the Year at the UK Broker Awards before achieving second place at the Southampton Institute's Achiever Award. She created a coaching department to further service clients and now specialises in a customer focused approach to business efficiency and processes. Determined to put the customer at the core she represents her area on the interdepartmental engagement and communications committee.



James Ramirez

James founded Aria Insurance Solutions in 2018, an independent insurance broking firm. James' background includes large independent and global brokers where he developed a specialism in Professional Indemnity and Cyber Insurance. An active Chartered Insurance Institute member, James was the youngest person in 130 years to become President of the Insurance Institute of Leeds. James is also a national prize winner for excellence in professional insurance examinations and a graduate of the Allianz Scholarship Programme.



Prin Thayaparan

Prin is an experienced Placement Project Director responsible for the oversight and execution of national strategic change projects. Upon graduating in 2011, Prin embarked on his career in insurance at Aon reviewing P&C programmes for multinational clients and later worked for the Chairman on group-wide initiatives. In 2014 he joined Gallagher and is currently a member of the National Placement management team. He has been featured by iCAN as an industry role model for ethnic diversity.

A woman with dark, curly hair is smiling broadly and shaking hands with another person whose hand is visible on the left. She is wearing a dark purple blazer over a white top and a necklace with a blue pendant. The background is a blurred office setting with a window.

If the industry wants to rebuild trust, it can't hang customers out to dry on a technicality.

Executive summary

The insurance sector could refocus its efforts towards building trust with its customers, particularly SMEs.

This report explores:

- What is the current trust climate?
- What are the barriers to building trust?
- How do other industries compare?
- Our research and what we discovered
- Our recommendations.

Executive summary - continued

Trust is a mammoth challenge in the insurance sector. It has a significant impact in how insurance is purchased and serviced. Without trust, customers cannot be confident in what they are paying for and are not forthcoming with accurate information which damages all parties involved.

Customers find it difficult to see the value of insurance until they have a claim. The media portrays insurance in a negative light that affects all areas of the sector equally. Therefore, any organisations avoiding or incorrectly paying claims are destroying the progress of their peers who are working hard to rebuild trust.

“If the industry wants to rebuild trust, it can’t hang customers out to dry on a technicality”

James Daley, Fairer Finance

In an everchanging world the insurance sector should keep up with client expectations and understand their needs. Brokers can add huge value to SMEs and be confident in explaining how they do this to combat price sensitivity. Trust destroyers such as dual pricing and an unreasonable unwillingness to pay claims should be reassessed across the sector so that a future of trust and understanding between parties can blossom.

Research indicates trust can be achieved by improved efficiency, competency and transparency. Relationships with SMEs can be built by offering realistic solutions and keeping promises. Technology can support customer relations by creating robust systems and innovative products, such as telematics and the use of apps. This way it will be possible to stay relevant and keep up with other industries who are mastering this.

Overall, the sector should consider implementing changes which rebuild trust including understanding customer needs, better education of products and offering adequate solutions so claims are appropriately paid. Positive press could change public perception, with senior leaders of companies reviewing the mission and culture of their organisation so it supports customer interests and builds trust. Competency at every level is crucial to delivering an excellent service, the Chartered Insurance Institute (CII) could support this by using technology to develop a CPD app offering courses and industry updates.

If the sector pulled together in a united effort it could reduce the risk of customers falling through the gaps and offer them the support they need to regain trust.



Trust improves the perception of the sector

Introduction

What is 'trust'?

Trust can be defined as the belief “that someone is good and honest and will not harm you, or that something is safe and reliable”¹ and “the obligation or responsibility imposed on a person in whom confidence or authority is placed”.²

Trust improves the perception of the sector and therefore the integrity of products and services to meet customer needs and demands. “The concept of trust is moving beyond a single ‘moment of truth’ to becoming a crucial part of an ongoing, service-based customer relationship mirroring wider trends in retail consumption”.³

Trust is a strong belief that somebody will do what is best for you, essentially putting the client’s interests first to an expected standard and delivering on all promises.

Introduction - continued

Why does trust matter?

Trust impacts the way we make financial transactions. It “doesn’t just happen and it can be very fragile once it is earned. But earn it and keep it and it is more valuable than gold”.⁴

This statement certainly rings true when we think of personal relationships. So why is it more difficult to build trust with the insurance sector? Documents such as ‘The Challenge’ by Liz Barclay pave the way for us to further understand this.

We know that trust is a concern in the sector. This was demonstrated by Consumer Intelligence showing that in 2019 “the total trust score for home insurers slipped to 7.7 from 8.0 previously while for motor the score dropped to 7.7 from 7.9. The average trust score for the top 10 in home was 8.1 and 8.0 in motor, nearly 50,000 customers were asked to rank providers”.⁵ This drop in trust should be stimulating change across the sector to improve service and satisfaction.

Professionalism is a key part of providing a good service and in turn building trust. Sian Fisher, CEO, CII said this “can be broken down

into three constituent parts: competence, integrity and care for the customer... to maintain public trust we have to... maintain competence, act with integrity and discharge a duty of care to consumers”.

Dr Katherine Hawley, Philosophy Professor at Saint Andrews University states, “When we trust, we expect both competence and basic good will, since neither alone will get the job done”.⁶ These two factors are essential as ‘good will’ refers to the morality of an individual to ‘do the right thing’ which is a core value of many companies in the insurance market; and ‘competence’ which is expected in line with a person’s level of experience in a company. Dr Hawley wrote the Academic Brief for the Chartered Insurance Institute’s Public Trust Index which delves into the psychology of trust and why it needs to be demonstrated rather than assumed. She states that, “trustworthiness sometimes means offering less but making sure to deliver”, which pinpoints the importance of delivering realistic solutions to customers and being transparent in doing this.

About SMEs

The Financial Conduct Authority (FCA) and the CII define SMEs as:

“enterprises which are not a micro-enterprise; has an annual turnover of less than £6.5 million; and employs fewer than 50 persons; or has a balance sheet total of less than £5 million”⁶

Many organisations have a different definition of what an SME is, some of the statistics referred to in this report may be based on a slightly different definition which is not dissimilar from the FCA.

The Department for Business revealed in their 2019 statistics that SMEs account for at least 99.5% of the businesses in every main industry. This was supported by the Government’s statistical release which identified a 64% increase in the overall number of SMEs since 2000.⁷

Introduction - continued

'A World of Risk'⁸ was released in 2019 by the CII and reported on trust internationally. The CII shows the vision of different countries to increase the standard of insurance professionals around the world through increased understanding of the insurance market which is a contributing factor of trust.

Melissa Collett's article in this report lists competence as a core principle stating that while having the right knowledge and skills is important, keeping those skills up to date is crucial. As the world changes and different areas advance, such as technology, we should be adapting in the same way for our SME clients to remain relevant and demonstrate our continued competence.

“How can we expect the public to trust us with the more formidable challenge of enabling them to live financially resilient lives?”

Sian Fisher, A World of Risk

What is the purpose of this paper?

The sector should build upon the work already conducted by the CII and our New Generation Broking Group to understand further the importance of trust, specifically in the SME sector.

In recent years, the CII has continued to work on their Public Trust Index⁹ and has released multiple documents on the subject. Dr Matthew Connell, Director of Policy and Public Affairs at the CII, gave a lecture entitled 'Can you measure trust?'¹⁰ which focused on the output of their research so far in respect of consumers. During the lecture, Dr Connell commented that the subject of trust was 'multifaceted', showing that there are many different avenues to explore through this paper. The CII's instruction in its Charter is to "secure and justify the confidence of the public",¹¹ something which the entire sector should be striving to follow. The CII's Code of Ethics outlines five core duties which the insurance market should always comply with, including acting with the highest ethical standards and integrity, and acting in the best interests of

each client.¹² A Code of Digital Ethics has also been created which acts as a companion to the main code.¹³ It is important that these values are at the core of all market developments, such as increasing the use of automation technology without sacrificing service.

This paper highlights the steps already taken by the sector to increase trust, what barriers are faced and explores thoughts of those within the sector to determine what else can be done. It is important to understand the current level of trust in the insurance sector and to see the opinions of peers in the market. We conducted a survey and interviews, reviewed previously conducted research and insurance articles. This information highlights trends for the market to review and consider.

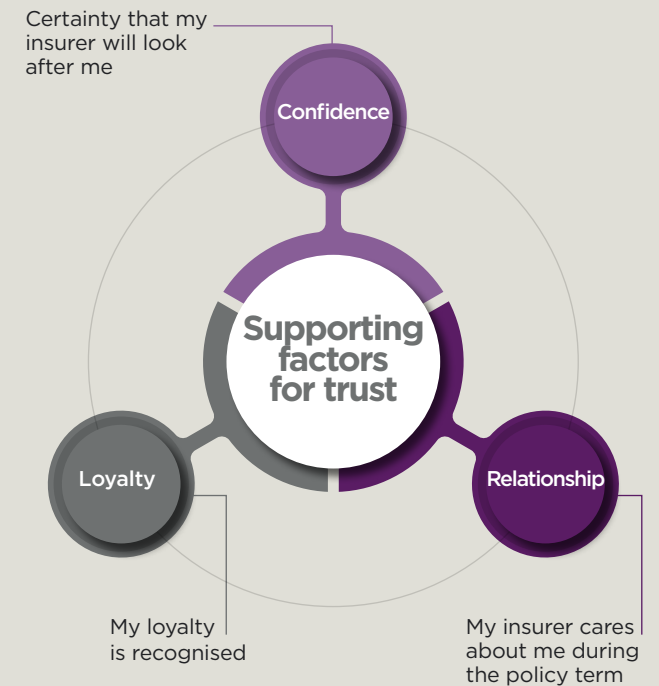
SMEs and trust

The Public Trust Index survey conducted by the CII along with the Institute of Customer Service were able to survey 1,016 SME employees within the UK to find out what is important to these individuals in terms of their insurance and to what extent the metrics are met. The key themes which arose from this research were **loyalty from insurers, confidence in what they are buying** and **confidence that their claims will be paid**; these are areas of opportunity for the sector to increase trust.

A woman with dark hair and glasses, wearing a yellow sweater, is smiling and talking on a mobile phone. She is looking down at a laptop screen. The background is a blurred office or shop setting with shelves and various items.

SME customers value their relationship with their insurance partners

The themes represent the ‘building blocks of trust’, which Dr Connell commented on during his lecture:



This shows that SME customers value their relationship with their insurance partners and expect loyalty in return. They want to be able to have confidence that their insurers can assist them when needed at each stage of the insurance cycle.

Understanding the relationship between the above expectations and how the sector is or is not currently performing will prove the most value to knowing what improvement is most required.

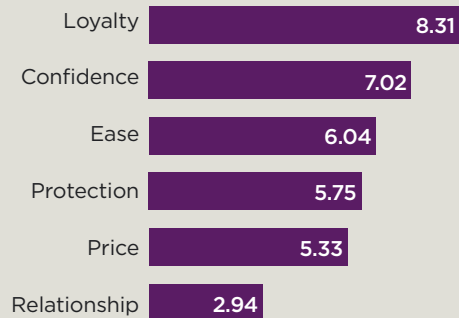
The CII's and Institute of Customer Services' research discovered that the most important themes change depending on how many employees work for an SME. Irrespective of this loyalty is consistently high while price remains significantly less important.

SMEs and trust - continued

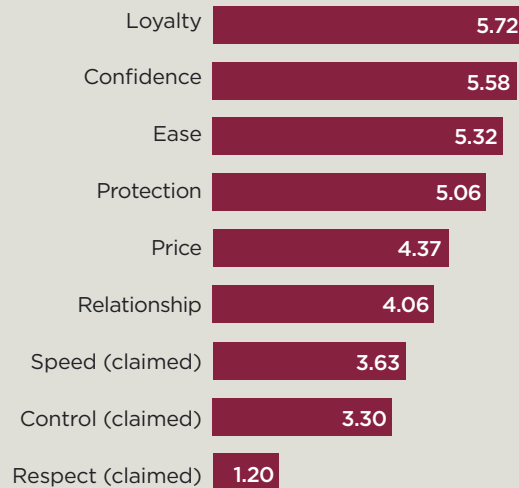
Overall themes by number of employees

For smaller businesses with up to 20 employees, loyalty and confidence are the top 2 themes. Speed and respect when claiming comes through as relatively stronger opportunities when looking at businesses with more than 20 employees.

1-5 employees



6-20 employees



More than 20 employees



Base: May 2019 data All SMES who hold at least one motor, travel, buildings and/or contents insurance policy who have claimed on at least one insurance policy in the last 12 months 1-5 n = 345/22 (excluded from the table) 6-20 n = 245/65, More than 20 n = 426/64.

SMEs and trust - continued

The CII built a tool for their members to allow the index to be broken down by age, gender, and region. If this were utilised by the entire sector it could help to understand how to meet the needs of their SME customers and therefore increase the level of trust.

Recent research conducted by Allianz¹⁴ identified the following top five threats currently concerning senior decision makers at SMEs:

1. Data loss/misuse/theft
2. Impact of Brexit
3. Theft or malicious damage to business equipment or property
4. More advanced technology used by other competitors
5. A significant business interruption.

Professional advice and expertise is available to SMEs from insurers and insurance brokers, whether these be tailored SME insurance products, bespoke risk management advice and an insight into emerging risks.

According to BIBA, “UK SMEs spend 600,000 hours on company administration such as finding insurance”.¹⁵ Using a broker can reduce the number of hours it takes SMEs to search for insurance. By partnering with a broking company that they can trust, SMEs will be able to improve their efficiency.

Brokers help SMEs navigate a wide range of challenges and issues, such as emerging threats and economic volatility. Their role in providing professional advice and expertise to SMEs has never been more important.



Negative articles in the media about the insurance sector are common

Barriers to building trust

Pricing

In the Public Trust Index survey, participants were asked 50 questions to ascertain how important nine different categories are to SMEs. This was then compared to the level where respondents believe the insurance sector is currently performing at. The bigger the gap between these two figures present the biggest opportunity of improvement in the sector.

The report concludes that moving away from dual pricing is key for businesses as this has a negative effect on loyalty and trust. Dual pricing has been a key issue for the FCA in their 2018/2019 business plan, along with the super-complaint to the Competition and Markets Authority (CMA), which highlights the importance of the issue as it was seen to be “significantly harming the interests of consumers”.¹⁶

Barriers to building trust - continued

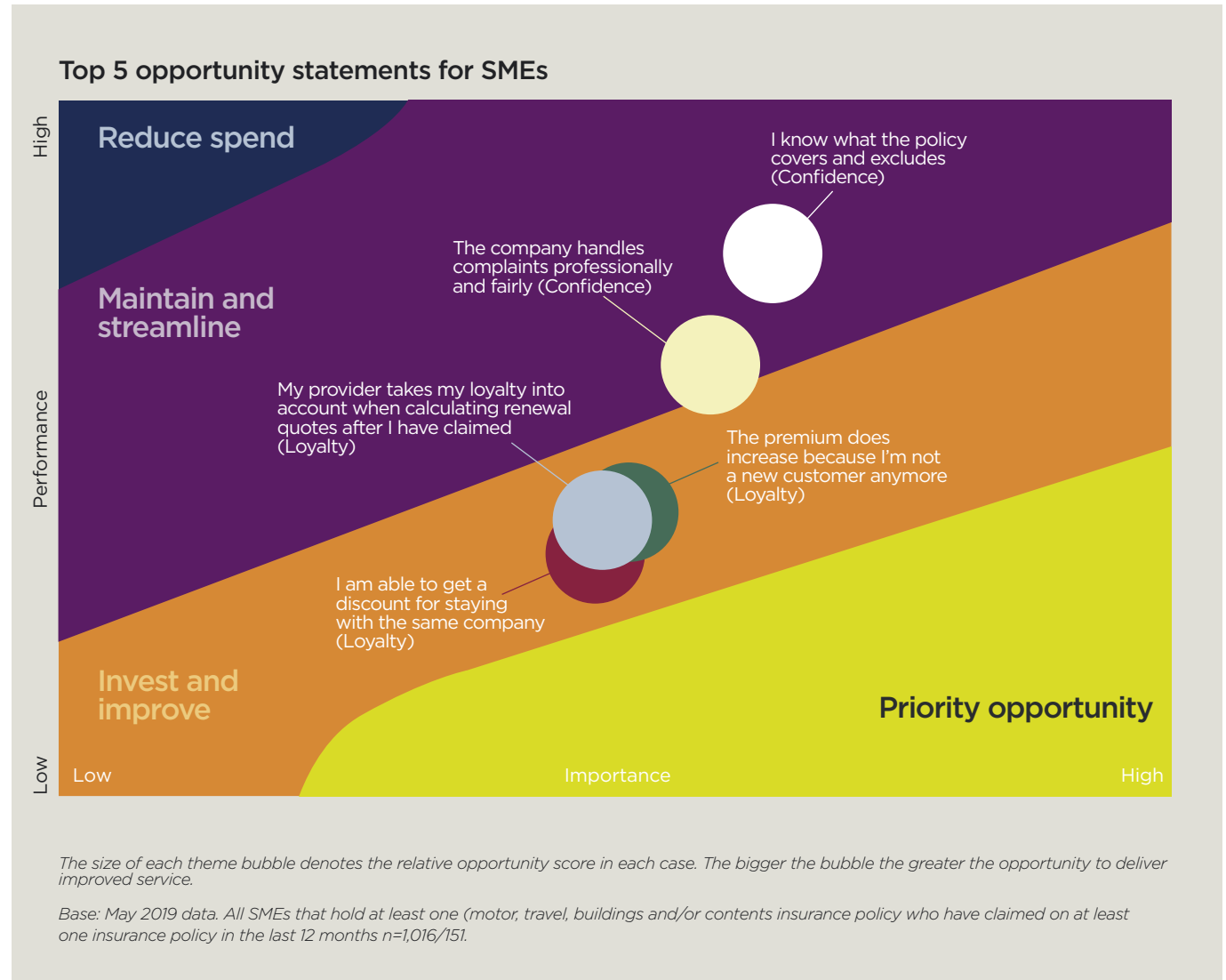
Andrew Bailey, the former Chief Executive Officer of the FCA stated,

*“It is important to get the balance right so that existing customers do not miss out on the benefits of competition and innovation, including when they purchase or renew their general insurance products”.*¹⁶

Moving away from dual pricing (new vs existing customers) is key for businesses.

Similar to consumers, SMEs would like to be rewarded for their loyalty, either via discounts or during renewal after they have claimed on a policy.

Professional and fair complaint handling as well as being confident that they know what their insurance policy covers and excludes, are additional opportunities for the insurance sector.



Barriers to building trust - continued

The FCA's work so far has found that there isn't a balance as most pricing decisions by the firms they investigated focused heavily on achieving financial objectives, rather than the impact on their customers. The FCA's discussion paper on this topic suggests that customers may be vulnerable if they auto-renew, pay monthly or have previous claims. Although the market is price competitive, the Public Trust Index survey indicates that SMEs want their providers to show loyalty to them so that they don't have to shop around.

Sian Fisher stated that differential pricing is "a problem that is undermining public confidence in insurance".¹⁷ The Association of British Insurers (ABI) hope that the report will improve outcomes for long-standing customers in the sector once their guidelines and action points are put into practice by insurers. Insurers should vow to provide more clarity on their premiums and not incentivise new clients while penalising loyal customers. Sian Fisher affirmed this stating, "there is too much at stake for our profession not to give it their wholehearted

support".¹⁸ Insurance Business UK concurred, "this competition has brought us to a point where a customer who stays with their existing insurer for five years will, on average, pay 70% more than a new customer".¹⁸ Insurers are expected to review their pricing strategy for customers who have used their services for longer than five years to assess whether they are being treated fairly upon renewal.

Underinsurance

This is a continuous concern for the insurance sector which arguably stems from a lack of trust and understanding about insurance products. "Some businesses may be tempted not to engage with their insurance broker to get proper advice, but rather just opt for the cheapest insurance they can find themselves. As a consequence, this could lead to an increased risk of underinsurance".¹⁹ This also indicates there is a strong correlation between the level of importance which pricing holds in comparison to quality of cover. Major issues

such as dual pricing will only counteract the sector's work to improve trust as clients still inherently feel the need to alter information to obtain a cheaper premium.

A lack of trust in the sector consequentially leads to underinsurance, meaning customers are at an increased risk of having their policy voided, cancelled, claims only partially paid or not paid at all, and previous payments even being recalled. Consumers only detriment themselves when they intentionally underinsure to obtain a lower premium because they don't trust or understand why a higher premium is charged. The point of view that the insurance sector charges unnecessarily high premiums and then avoids paying out claims is painfully familiar and begs the question, how can the sector change this?

The Financial Ombudsman Service (FOS) identified trends in underinsurance complaints connected to household products which are, arguably, the most frequently underinsured. The most common areas they investigate are when:

Barriers to building trust - continued

- “Average is applied where no clause is present, the insurer didn’t ask the customer to give an estimate of the full amount at risk
- Insurers didn’t make it clear that the customer needed to check the accuracy of all pre-filled parts of an online form about the sum insured
- The customer was careless in stating the sum insured on their application form, so the value isn’t accurate, but still seeks to claim”.²⁰

It is critical that insurers apply the average clause correctly and pay valid claims to build trust. Companies should ask themselves ‘why not pay a claim’ rather than ‘why should a claim be paid’. This change in cultural mentality actively changes the decision-making process during a claim which is more supportive of consumers.

Public perception

Negative articles in the media about the insurance sector are a common occurrence and often unfairly misrepresented. Bad news sells and this is a factor that will always be difficult to combat. One bad article can paint the whole sector in a poor light, tarnishing the hard work many are making towards development. Insurance is often seen as a grudge-purchase because consumers don’t see the value of their policy until they make a claim.

“If even a few are promising a wonderful product at rock-bottom prices, then those who hope to demonstrate trustworthiness through a realistic offer will instead simply lose out”

CII, Public Trust in Insurance

This is an interesting point as it shows that those who demonstrate trust lose out to competitors selling substandard cover and customers don’t realise until it is too late. This means that the entire sector will be punished for the behaviour of the few, as we are more likely to hear about these complaints through the media and our regulators. The general population do not see how many claims are successfully paid demonstrating how vital insurance is to support the economy. It covers some of the world’s most catastrophic losses so that when the worst happens the insurance sector is the backbone to returning to normality.

Barriers to building trust - continued

Millennials

Some research suggests that loyalty and trust is of less importance than it was previously. Millennials seem to have significantly less loyalty compared to Baby Boomers and Generation X. “This is a generation unafraid of experimenting with technology and untethering themselves from old, inflexible institutions... Millennials want the best deal, or the best experience, and they are willing to trust disruptors over incumbents. This is the real challenge of the Millennial generation. With the end of loyalty, insurers will need the right data and digital offerings to win the insurance customers of the future”.²¹ Therefore, more competitive products, such as telematics, might appeal to this demographic of the market who seem to place little emphasis on trust.

Transparency

Clear communication on the importance of accurate information from the customer is paramount to preventing underinsurance and meeting customer expectations on claims which will translate to building trust.

Transparency is about contract certainty, but it should be more than a regulatory requirement. Simplicity plays an important part in transparency also as it is important not to confuse or overwhelm our clients but deliver the context to a customer simply and in plain English.

Reports such as the Flaxmans SME guide ‘*Truths in Insurance*’ does exactly this.²² It helps that Flaxmans is not an insurance broker, they are specialists in insurance claims mediation.

Having support from other areas of the sector is vital as it shows that businesses do not have to only promote their own agendas, they can boost other areas of the sector to increase trust in the market. Their guide educates SME clients on why insurance is important to them, and the benefits of using an insurance broker for their individual needs: “*Beware - Comparison sites and direct sale sites are capturing sales opportunities rather than offering neutral, comparative advice on best value*”.²³ The report explains customers do not have to use an insurance broker but there are benefits in doing so which shows how being transparent within the sector gains customer trust.

The future

The Society of Insurance Broking deliver the fringe panel session “Trust in Insurance” at the BIBA 2019 conference.



A Market Force discussion panel on 'Delivering value for customers in insurance' explored the below themes for the sector to consider:



Delivering value for customers in insurance

Hyper-relevance

"Hyper-relevant insurers do not focus solely on a customer's preferences, or on relatively fixed attributes such as their gender or age. Instead, they consider the evolving context in which customers make decisions and purchase products and services".²⁴ In an insurance context this means we should use the static information collected on our customers and add new information to create value to the policies they are purchasing, for example wearables, smartphones, alerts, and recommendations. These can provide immediate benefits for clients, such as the use of telematics and checking scores immediately following a drive.

How much are we listening to our customers?

Customers are becoming more willing to share their information in exchange for simplicity, we need use this information to their benefit and explain how it is adding value to them. We need to demonstrate an understanding of what the client needs. Limiting contact to only renewal and claim stages is insufficient but we don't want to be seen as harassing them, does the method and frequency of contact marry up to the individual and support the relationship? These are questions the panellists suggested we should be asking ourselves as a sector.

Technology

The panel discussed who is using technology to lead the way in terms of engagement, an example being Nationwide creating digital banking in 1997 so that customers could view their accounts with ease away from the bank's location. Aggregators are a positive for consumers as they can see a lot of options by only putting their details in once which makes it easy to identify customers' needs and find a solution. Technology should be used to both the advantage of the customer and ourselves e.g. younger people prefer using apps over speaking to an insurance representative.

Defining value

Value needs to be something more than 'if something happens, we will help'. Define what value is and then measure yourself at any available opportunity, using the data to improve.

The mission and mind-set of the organisation

The sector needs to look at their mission statement and check if it is in line with clients' expectations. The panel discussed who should be 'cracking the whip' on this issue and it was decided that organisations will emerge who are leading the way and then others will follow.

The future - continued

KPMG think that the below points are the key themes necessary for the London Market of the future:

- Data, analytics, and technology skills
- Creativity and innovation
- Risk partnering
- Collaboration and communication
- Change leadership.

All these points are improving the sector, which in turn will improve the services provided to all our clients. According to a survey undertaken by the CII for their *'Future of Commercial Broking'* report, "61% of commercial insurance professionals think that the insurance sector will be disrupted"²⁴ because of technology. Contrastingly, the CII report also states that those who embrace social media can achieve 79% increased sales volume. Using technology

such as social media applications to support products and services is another way to build relationships with a particular demographic.

The work the CII does in this space continued in May 2019 at the BIBA conference when members of the Society of Insurance Broking (SIB) Steve Jenkins, Graeme Trudgill, Peter Blanc, Liz Foster, and James Ramirez from our own New Generation team participated in a panel event entitled 'Trust in Insurance'. The panel discussed their ideas on building public trust in insurance and answered questions from the audience on dual pricing, technology disruptors, underinsurance, robo-advisers, and the future of broking.²⁵ Events such as these should take place across the sector to continue the conversation on trust and further its reach to encourage all organisations to make a change towards building trust.



Trust comparisons: Insurance vs other industries

The Edelman trust and credibility survey²⁶ measures the level of trust across a wide variety of institutions, sectors and geographics. Their findings for the 2019 survey recorded the largest gap between ‘the informed’ (defined by Edelman as meeting the following criteria: aged 25-64; university educated; in the top 25% of household income per age group in each market; and report significant media consumption and engagement in public policy and business news) and the mass public in the 19 years of the survey’s existence.

A photograph of a person wearing a yellow shirt with white polka dots, sitting at a desk. They are looking at a laptop screen and holding a pen over a document. A red mug is visible on the desk next to the laptop. The background is a bright, blurred office or home workspace.

Customers' expectations
are changing depending
on their interactions with
other industries.

Trust comparisons: Insurance vs other industries - continued

The survey highlights an overall distrust in the UK with many industries including the insurance sector. 2,000 survey respondents revealed the public's trust in 15 sectors (ranked from least trusted to most trusted):

- Energy
- Financial services
- Fashion
- Consumer packaged goods
- Professional services
- Automotive
- Transportation
- Telecommunications
- Retail

- Manufacturing
- Entertainment
- Food and beverage
- Technology
- Education
- Healthcare.

Insurance, falling within financial services, is the second least trusted only to energy. 51% of respondents had trust in the sector compared to healthcare and technology which have percentages of 71% and 69% respectively. This shows that the financial services sector has made significant improvements considering it is noted to be at a five-year high, but is still a long way from where it should be compared

to other industries. On the other hand, it is not possible to dissect the insurance sector from its financial services umbrella. Therefore it is difficult to understand how trust is impacted by other sectors within financial services.

The Market Force discussion panel highlighted a key theme that customers' expectations are changing depending on their interactions with other industries. Customers seem to now expect to receive a similar quality of service with all their interactions, even though experiences are usually vastly different. As other industries develop and build trust, their progress is subconsciously compared to the insurance sector.

Trust comparisons: Insurance vs other industries - continued

Banking sector

The banking sector has consistently been at the centre of mistrust among the general population. A recent survey shows “66% of adults in Britain do not have faith in banks to work in the best interest of society, while 72% believe banks should have faced more severe penalties for their role in the 2008 crash, which led to a decade of austerity”. This is despite numerous reforms they have undergone and regulation they have since had to comply with, which only highlights the “extent to which banks still have to work to rebuild trust”. Despite all their efforts to strive for positive change and improve public perception and trust “63% of the public are worried that banks may cause another financial crisis”.²⁷

Charities

According to the Government’s Trust in Charities 2018 report, trust in the charity sector has plateaued since 2016.²⁸ The report states that charities are slightly less trusted than the average person on the street. This is a shock, but perhaps this is because charities are expected to be trustworthy. Trust has reduced each year due to controversies in the media. 62% of those who stated their trust had decreased in recent years self-reported that it was due to a recent media story. This is a shocking statistic which pinpoints how much of an impact the media can have on trust which is equally inflicted upon the insurance sector.

Military

Considered to be one of the most trusted sectors with 82% of UK nationals vocalising their trust against a 54% trust in banks and financial institutions, 36% in parliament and 32% in the news media.²⁹ Those voting stated that they had confidence in the military to act in the best interests of the public. The military is trusted because of key values they uphold, discipline and integrity. They view “a person of integrity [to be] enduringly honest and driven by ethical principle. Openness and honesty are essential to trust and the functioning of the chain of command”.³⁰ The insurance sector should mark itself again the same values of honesty, integrity and accountability as it “is possible and can be reinforced if an organisation or an industry so chooses”.³¹



Do those who work in the insurance sector believe that trust is important, and if so how highly is it valued?

Research and methodology

We need to understand how individuals and organisations in the sector value trust to gain awareness of the current trust environment. Do those who work in the insurance sector believe that trust is important, and if so how highly is it valued? All respondents work in the sector but vary by age, qualifications, experience, position type and organisation type. What correlations can be made between various respondents and their beliefs and values on an individual and organisational level? Ties can be drawn and themes highlighted between variables to gain further insight.

Research and methodology - continued

Objectives

Our primary research objectives were:

- To gauge the views and understanding of trust
- To distinguish the perceptions and importance of trust
- To understand how to build trust between brokers and SME customers.

We used both quantitative and qualitative data collection by creating a survey and conducting individual interviews which were of a structured style. We drew comparisons between the survey results and interview data to obtain detailed information. This method was chosen, over numerical data collection for example, as this would be difficult to interpret for an in depth and obscure topic such as trust. We used percentages to compare answers to the survey and gauge a clear understanding of the overruling results.

Primary

Quantitative

We decided that a survey would be the most appropriate method to obtain insights from a representative sample of the insurance sector and to undertake the necessary statistical hypothesis testing. This method provides the ability for measuring, ranking, categorising and identifying inter-relationships and making general observations. With the data we gathered we wanted to ensure we could analyse the answers in comparison to others from the same participant to find out if there was a significant trend or correlation between responses.

The survey was developed on Survey Monkey and has as a total of 32 questions across 4 main categories:

- i. Classifying the respondent
- ii. Standards Trust Scale (Level of Importance)
- iii. Standards Trust Scale (Currently in your organisation)
- iv. General questions.

Please refer to Appendix A for a full copy of the survey questions.

When setting the structure of the survey it was important to us to find out a bit more about the person completing the questions therefore the first part of the survey was sectioned into a series of audience analysis questions, such as gender, age, level of qualification held, role and a bit about the organisation they work for. By asking these initial questions at the start we were easily able to correlate answers with certain groups of people to understand, for example, if the perception of trust differs by age group.

The second section of questions was structured to allow us to understand more about the participant's beliefs at the time of taking the survey. This could then be cross-referenced with questions from the third section which relate to what their current organisation does at present.

The fourth and final section of the survey included general open questions allowing for some qualitative data collection which can be analysed to give us as much new information as possible without narrowing the scope of the report. By sectioning the report in this way, we hoped to achieve a clearer view of perception versus reality and then open information and ideas at the end.

Research and methodology - continued

The survey was distributed via several channels including mailings and multiple social media outlets LinkedIn and Facebook. The population comprises of 15,000+ CII members and other individuals across the sector. We also circulated the survey internally to a few of our own organisations.

We had 547 participants in our survey. Although this is a large sample size, it was a significantly lower response rate than we had anticipated considering the reach of the survey.

Qualitative

We chose to undertake interviews to capture the qualitative element as this would support and compliment the interpretation and contextualisation of the quantitative data and provide in-depth insight into specific concepts or phenomena. We sought out those who are experienced in working within the sector and are in senior managerial/director roles. We used our own contacts within the sector and approached them to participate in our six structured interviews. Some were audio interviews c30 minutes long. They were

recorded and transcribed later, while others were conducted via question sets and answers over email. We also included open questions at the end of our survey which allowed us to collect additional qualitative data on respondents' thoughts and opinions on various areas. Please refer to Appendix B for a full copy of the survey questions.

Secondary

Existing data

We obtained our secondary research online from a variety of credible sources such as insurance publications, official sites such as the FCA, FOS, Gov and CII. Previous research conducted on trust was also useful to compare with our primary research. We drew information from each source to get a full picture of the current trust climate. We were careful to select credible sources which were firmly established and well known in the sector. Each element of research was collated using Trello and then selected for its relevance to our topic.

Method of analysis

Quantitative

When using Survey Monkey we were able to see our results expressed as percentages and displayed in the form of graphs and tables so that we could read the information easily. It also showed us who had skipped questions or where the survey was not fully completed by participants. Common themes were drawn between interviews to establish trends in discussion. We reviewed our question sets and answers individually to highlight any outliers or missing data.

Qualitative

Content analysis:

Common themes which arose from the interviews were discussion surrounding claims processes, price focus on aggregators, client perception and education of insurance, business culture, insurer support with pricing, and media misrepresentation of the sector.

Research and methodology - continued

Narrative analysis:

Many interviewees discussed differences between traditional brokers searching the market for their clients to build trust and call centre like brokers where policies are electronically generated. This implies a slight divide between trust built upon years of client relationships versus searching the market regularly and not being able to build trust as easily.

Discourse analysis:

There was a general feel of frustration expressed by many interviewees at external factors such as aggregators, insurers, claims processes, and media portrayal as they reflected that their impact affects the whole sector.

Evaluation

By using a combination of both quantitative and qualitative data collection via a survey and interviews we were able to get a full picture of what position trust holds and gained valuable insight from some of the most experienced people in the sector.

Other methods could have potentially given a less detailed understanding of trust and insufficient information to be able to draw conclusions and recommendations from it. For a topic such as trust it is difficult to obtain tangible data due to the vast scale of the topic and the number of variables which affect it. It was therefore equally important that data collection was comprehensive and in-depth enough to make a true assessment.

Although our methods created a huge amount of data to sift through and analyse, the engagement of participants showed the relevance of this topic and encourages further research and changes which need to be made within the sector.

Survey findings

547 people participated in the survey which provided an array of information on trust. The sample size was varied, one third were female, two thirds male, their age ranged from 18 to 65+. The participants were of mixed qualification levels, mixed experience levels and held different positions within their organisation ranging from trainee/apprentice to business owner. 90% of the organisations they worked for handled SME clients and were equally split between having Chartered status and not being Chartered, which gives a good insight into a range of opinions on qualifications.

100% of participants scored trust on a scale of 5/5 when asked 'Is trust in the industry important?'

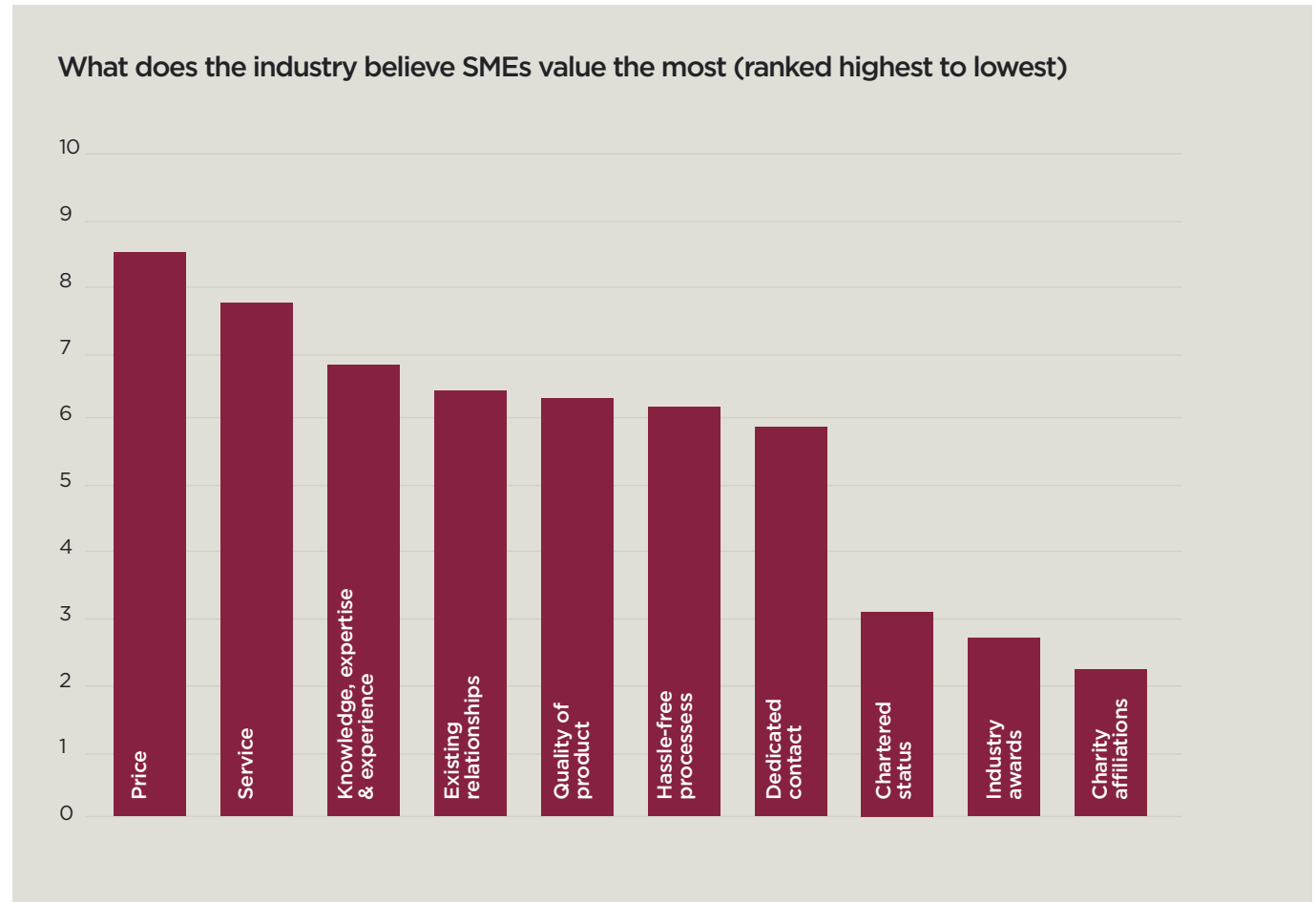


Research and methodology - continued

100% of participants scored trust on a scale of 5/5 when asked 'Is trust in the industry important?'

This clearly evidences the universal belief by all levels and areas of the sector that trust is important. 83% believe that customers feel trust to be a key component when selecting an insurance provider. This shows it is in all organisations' best interests to improve upon trust and build strong customer relations.

Respondents were asked to rank from highest to lowest what they believe SME customers value the most. Although there was a gradual representation of each aspect, the highest rated value was placed on price with 44% ranking it of the most importance, a stark contrast from the research conducted by the CII and Institute of Customer Services showing loyalty to be of utmost importance. This puts to question the balance between trust and price. It appears service, knowledge and relationships which contribute to a perception of trust is of significance, however price appears to take prime position of what SMEs value the most, thus proving the self-destructive nature that dual pricing has upon the sector.



Research and methodology - continued

To capture as much data as possible from those undertaking our survey, we included a section where any further comments could be made using the following questions outlined below. Key quotations and ideas from respondents highlight the individual opinions of members in the sector who completed the survey:

Are there any other ways your organisation demonstrates trust not stated above?

- “Third party recognition i.e. Feefo”
- “Compliance with regulatory requirements”
- “A strict ‘Treating Customers Fairly’ policy which we adhere to”
- “Monthly engagement activities with SMEs like publishing insurance journals and organising wellness programmes”
- “An open and honest fee structure”.

What steps has your firm taken to increase trust?

- “Making qualifications and competence a pre-requisite, encouraging a culture whereby honesty and integrity is at the heart of what we do. Educating clients on insurance cover as well as how the market operates”.
- “We are implementing CII studies and training for as many employees as possible to ensure our staff have the skills and knowledge to provide excellent advice and customer service”.
- “Quantifying the intangible service product and to make it tangible by strong client relationship management and performance pledge as well as working with external providers to validate our service credentials”.
- “Updated procedures to ensure clients provided with full information to make an informed decision. Keep TCF at the heart of all our dealings”.

Most respondents reported that their firm had taken steps to increase trust, mostly comprising of the above points. The steps taken revolve around increasing education both of employees on what they are selling and SME clients during the sales process, another step included increasing the number of opportunities to talk to clients. One notable comment stated:

“It is not about tech or one single development within the sector. Trust is earned as a relationship is built on trust. A qualification, Chartered Status or award does not in any way evidence trust or integrity within a business. It is far more fundamental; the people, the culture, the company, and the management just as much it is the client and the insurer. If any show less integrity or trust the others usually follow, that is human nature. With strong engagement, communication, and relationships these build knowledge and awareness which engenders trust and helps to reinforce the integrity of the business partnership.”

Research and methodology - continued

It is important to understand that trust cannot be increased solely by one development in the sector. It will take a change in the culture of every corner of the sector to increase trust, going back to basics on what should really matter to a company.

Is there anything you would like to add which you feel should be considered in relation to building trust in the insurance sector that should be improved upon?

- “In an ever increasingly competitive market and increased customer access to online quote platforms offering cheap packages based on minimum cover levels, sold on a one-size fits all basis, brokers must hold fast and continue to demonstrate expertise and integrity and not be tempted to compromise the customer’s demands and needs simply

to match a substandard quote. The strength of broking lies in remaining a trusted, expert advisor”. “Don’t over-commoditise insurance for SMEs - they need advice and support much more than larger clients”.

- “The layperson knows very little about insurance and we need to educate the public, who often think that insurers wriggle out of paying claims which fuels a lack of trust on a wide scale due to misrepresentation in the media”.
- “How claims are dealt with is the proof of any insurance. Thus, ensuring any claim is dealt with as efficiently and smoothly as possible will always build trust in the insurance sector faster than anything else. Some insurers offer excellent claims services but others do not and as much as we, the broker, try to shield

the client from the worst of these problems I feel this is an area that causes distrust most often”.

To summarise the above, it seems as though some companies are using the introduction of technology to their own advantage, rather than the advantage of clients. Also discussed is the idea that brokers need to become more of an adviser rather than a go-between. We should be increasing the education of the public on what the sector does for them, to combat the negative press stories we often see. It appears the payment of claims is still an issue despite the results of the Public Trust Index, according to the brokers who have taken our survey.

Interview findings

To further understand the importance of trust, we undertook a series of interviews with experienced insurance professionals.

We wanted to understand what trust means to people working in insurance, how trust is built, demonstrated, barriers faced and how these barriers are overcome. In addition, it was an opportunity to drill down into some of the key survey results and discuss the findings in more detail.

True moment
of trust is of
course when
a claim occurs
and how well
the insurer
responds to
that claim.



Interview findings - continued

When asked what trust means to them, Peter Blanc advised that the “true moment of trust is of course when a claim occurs and how well the insurer and broker responds to that claim. Typically, many SME customers will go 10 or 15 years without a claim and, as trust is not truly tested until the event of a claim; brokers therefore need to find other ways of building trust”.

Graeme Trudgill agreed “trust is vital when it comes to an intangible product like the promise to pay a valid claim that comes with an insurance contract and about being able to rely on your broker and insurer to support you in the event of a claim. It is also about an organisation’s own core values including trust and being instilled as part of their culture throughout the company”.

Nick Houghton commented that it means businesses “should be able to approach any insurance broker, provide them with data that has a value attached to it and be able to trust that adviser, that broker to fundamentally take that information and use it to the advantage of the client, and not to the advantage of themselves”.

Demonstrating trust

We asked how organisations can build and demonstrate trust and discovered common themes between our interviewees’ suggestions which linked to having an excellent customer service and:

- Delivering renewal terms on time in a clear and concise fashion
- Making sure the customer has specific points of contact and someone is calling them to talk through the cover that’s in force and making sure it is appropriate
- Being honest and reliable
- Meeting client expectations.

Additional suggestions included:

Public interests

Topics outside of insurance such as mental health and being green. Organisations demonstrating that they are being green and looking after their staff are just a couple of ways to show that they are trustworthy to do business with.

Positive promotion

Spread the word on covered claims or other good news stories via multiple media channels to gain public confidence. Many shared the view that negative stories in press make headlines when the good news stories far outweigh the bad and the scales need rebalancing. Case studies and claims examples can be powerful if they are relatable and in plain English.

Brokers that trade online may use tools like Trustpilot and Feefo to be transparent about customers’ experience and opinion of the business. Use of survey tools at client touch points is a way that firms can monitor their service and perception. If reviews and testimonials were actively encouraged across the sector and published it would also help regain a positive public perception.

Barriers

In contrast we wanted to know what our interviewees felt the barriers to trust are and gained some alternative views on this topic:

Interview findings - continued

Intangibility

Clients don't often have claims so insurance can be viewed as a promise that never gets tested. We therefore must always try and make the intangible tangible through ease of use, clear documentation and access to individuals who can service their needs which are all huge drivers of trust. The insurance sector is guilty of creating complex paperwork causing customers to ask, 'if you can be trusted so much, why is it you need to send me so many pages of small print with every contract?' Contracts should be simplified and in plain English.

Digital communications

Some of the broker marketplace relies on digital communications and refers customers to their website instead of the personal touch. This makes building trust more challenging, so maintaining the personal touch will help overcome this.

Culture

Greg Collins pointed out that "If you have a compliant, trusting culture and people are prepared to be open with each other in a firm then you've got a much better chance of being trusted by clients". It is important for

companies in the insurance sector to build robust internal systems, by creating a culture so that employees are prepared to ask for help or advice if they have made a mistake to prevent a decrease in trust, potentially through errors and omissions.

Recruitment

Some brokers recruit staff who may be unsuitable for the role and/or don't invest enough training, but instead rely upon pre-programmed computer systems to answer client questions. Call centre mentality is equally detrimental to trust as SMEs find it increasingly difficult to speak to an individual with the skills and knowledge to help them every time. Rigorous recruitment and training as well as having dedicated contacts for clients will help to improve this.

Using a broker

When we asked our interviewees about whether trust is affected by the method of purchase - using a broker, aggregator or directly with insurer, they all agreed that using a broker was the best option. Many felt that in doing so, customers would have more trust

in the product, the advice given and the extra support they would get. Others suggested that trust wasn't a significant part of the equation until the product is tested through a claim. For example, an SME could buy something online, never have used the product and potentially have a sense of trust in the product. The crunch point will then be when there is a claim, and the SME will decide whether they can trust the organisation they bought the product from, depending on whether the claim is paid in a fast, efficient and fair manner.

Dealing directly with an insurer or using an aggregator feels like 'self-service', as clients generally choose the cover limits and then select the product that they think best suits their needs. It is reasonable to believe that many customers guess and hope that they have completed the entire process correctly. Aggregator and comparison sites tend to focus on price. This can lead to the customer to buy on price alone, with the risk that they fail to fully consider the product behind it and its suitability for their needs. Brokers adequately assess customer needs and ensure the product offered meets their requirements, as well as giving valuable advice and help throughout the process.

Interview findings - continued

Our interviewees would recommend that SMEs not currently using a broker should. Graeme Trudgill said, “Choice of markets and more choice of products, competitive prices they can’t get direct, help in tailoring a suitable policy, advice, expert knowledge, professional and personal service, a broker’s own PI insurance protection, support in the event of a claim, strictly regulated by the FCA, these are all the reasons an SME should consider. The best insurance is to use a broker”. The support of a broker can be invaluable and make customers’ lives easier, a good quality person will build a relationship with them and get to understand their business.

Qualifications

Our survey indicated that brokers view relationships and company reputation as the most important factors in demonstrating trust in an organisation. Professional qualifications were viewed as the least important option out of the five given. We asked our interviewees whether firms should be placing more importance on qualifications when engaging with SMEs.

Regarding qualifications and reputation of a company, Greg Collins stated, “It’s difficult to untangle all of it because a company’s reputation is built on its people and its professional qualifications... I don’t think you can split them out”. As company reputation is in part formed by the knowledge and competence of its employees, sometimes that is demonstrated through professional qualifications, therefore still holding some combined importance. It was accepted that qualifications themselves are not the driver of trust, but having professional qualifications indicates competence to deliver optimum solutions for clients which does impact trust.

Some interviewees felt the sector needs to raise the profile of insurance qualifications in the public eye. Many clients are unlikely to know about insurance qualifications and if they do, they may or may not value it. Some interviewees perceive the entry levels to many insurance jobs to be too low and felt that qualifications can provide the core theory and knowledge on insurance and are a relevant part of demonstrating trust. However, to truly embed them into our profession there is more to be done. In other areas, such as a doctor, lawyer or accountant, qualifications go hand in

hand with practice. The same correlation is not drawn with insurance, perhaps if it were it could improve perceived trust of the sector.

Price vs Value

We asked our interviewees how they thought SME price sensitivity affects relationships and trust with brokers. Our survey indicated that there is a perception amongst brokers that the majority of SME clients value price the most (over expertise, product quality, service, etc). Interviewees agreed the brokers need to be price aware and competitive but must also look at the wider insurance needs of the client and propose solutions to new, emerging risks such as cyber. The more complex the coverage is, the more vital that a broker is used to place the cover.

Some interviewees raised the concept that many SMEs think that insurance claims ‘will never happen to them’, which is one reason why obtaining the lowest premium possibly becomes a focus. One interviewee advised that interestingly, “whenever they deal with a customer who has at any point in their career suffered from a serious insurance claim; their

Interview findings - continued

whole attitude to buying insurance completely changes. All of a sudden, service, cover and trust become infinitely more important than price. That's a key message that brokers need to get across".

Brokers need to be confident in explaining the value in what they do and what they have offered rather than focusing on price. Unfortunately, this can be dependent on the culture of an organisation and can sometimes become a self-fulfilling prophecy to the disadvantage of the sector and to public trust.

So how can the insurance sector become more trusted when price is often seen as the most important factor?

"The whole industry needs to get more in tune with how customers buy and don't make assumptions it is about price. We need to get better at selling our service and we need to be more confident that we're really good at what we do. Be proud of what you do".
Nick Houghton.

"We all have to talk about value rather than price. There are cheap products that are rubbish and there are expensive products that are great and there are a whole myriad of products in between. We have to constantly remind customers that the whole point of buying insurance is to be there when something terrible happens. That requires trust and certainty. Delivering that trust and certainty is something that only a high-quality broker can really do". Peter Blanc

"It would help if the regulator and the big brands that advertise on TV actually talk about and focus on the benefits and suitability of cover - not simply 'You can save xxx on your car insurance'. I once spoke about the benefits of business interruption insurance on BBC Breakfast TV, I can't remember anyone else ever mentioning BI on TV, yet it is such an important cover for an SME. We need greater focus on cover and why SMEs can benefit from taking newer covers like cyber insurance, terrorism non-damage BI and intellectual property cover. We also need to shout more loudly about success stories: for example, when the sector responds to major catastrophes".
Graeme Trudgill

"I think it needs a joint effort by many different parties in the sector to do an enormous overhaul of how we sell insurance, advertise it and do some good news stories together. It needs everyone to come together".

Sandra McDonald.



Findings summary

Business efficiency, competency and transparency are key drivers of demonstrating trust. The sector understands the value of using a broker but struggles explaining a seemingly intangible product.

While pricing remains a key focus in the journey to building trust it is important that brokers emphasise their value in terms that customers can understand instead of being tempted to focus on price alone.

Knowledge and competence are attributes of trust. Although they are not highly valued across the sector, qualifications contribute towards achieving this as they demonstrate a recognised level of competency and perhaps should be more frequently required in the recruitment process.

Service is critical to building trust. This means the personal touch, building relationships and making contact with consumers which should be supported by technology to understand their needs and deliver adequate solutions.

Conclusion

To improve SME's insurance experience, the sector must ensure their business is operating efficiently. If every organisation across the sector were to 'get their ducks in a row', it would be the first crucial step to demonstrating trust.

We know the benefits of using a broker, but we need to come together to overhaul how insurance is sold so customers can understand how a broker can benefit them. Pricing can both build and destroy trust. It is imperative that all organisations across the sector are transparent and forthcoming about their charges and that dual-pricing is abolished.

Companies should invest in their people and their culture. Hire suitable candidates with adequate qualifications/experience and support them throughout so that they are competent and able to deliver adequate customer solutions. Company culture and objectives also

play a part in achieving this, the sector should go back to thinking about what their goals are in the interests of their customers.

The market must evolve technology so that an excellent service can be delivered. Both people and technology are key as systems must work efficiently and break down data to help us better understand our customers' needs. On this basis, innovative products, such as telematics and apps which help customers manage their policies, should be more widespread across the sector.

Further research/ Next steps

Trust in itself is fluid, it changes by demographic, product type, generation and moves alongside technology.

As other industries grow we too must measure up. We encourage the sector to continuously review the levels of trust their customers have and strive for betterment. We recognise that building trust is complex and there are many ways to achieve it which are outside the scope of this report. We therefore encourage the sector to continue the discussion and research so that improvements can be made.



Recommendations

The research undertaken has led to the below recommendations and ideas which could be implemented by the following groups to build trust:

Insurance professionals

We believe professionals in the insurance market should strive towards the following:

- Educate your clients on the products you are selling them, so that they understand why they need to purchase a particular product or level of cover and create supporting material for this.
- Remove the focus of your conversations from price and start with value.
- Be honest with your client about what you can and cannot do, so that you always deliver on your promises.
- Consider how they can show loyalty to their customers, how SMEs can become more confident in what they are buying, and how they can trust that claims will be paid.
- Understand your customer, identify their needs.

The insurance sector as a whole

Big ideas which we would like the entire sector to subscribe to are as follows:

- Start a 'positive press' initiative and to talk to the public about the good that comes from the insurance sector. A public press campaign can educate the public on insurance and its importance, starting with posters on public transport. The London Makes it Possible campaign does this online - could we bring this to other forms of media too?
- Embrace technology! See where you can use this to add value to your clients and stay up to date.
- Expand your knowledge using qualifications, learning and development, and wider reading/listening.
- Create innovative ideas for better customer experience.
- Work together as a sector to eliminate issues like dual pricing, without the need for regulators to step in.
- Simplify documentation for clients, without losing the necessary information.

The CII

- The videos and podcasts created by the CII could be developed into a learning app where CPD points can be earned through completing courses and link automatically to the CPD tracker, it could also notify users with industry news to keep up to date.
- We would like to see the Public Trust Index annually to understand trends such as the impact of technology.
- "While there are many excellent insurers, brokers and financial planners that are not Chartered, Corporate Chartered Status involves a public declaration to professional standards",³² Melissa Collett. The public should be more aware of CII qualifications and what it means to be Chartered.

Recommendations - continued

Senior leaders and their companies

Wherever possible the below should be implemented by senior leaders in their companies:

- Use the results of the CII Public Trust Index to the advantage of your client to see how the data impacts your own clients and where you can add value to them.
- Utilise social media marketing to educate clients and peers. Create videos of employees discussing trending issues or explaining aspects of a policy for customers to watch, this will assist customer understanding and prevent underinsurance.
- Embrace technology and share data - where you can use this to add value to your clients and create innovative solutions.
- Ensure all levels of staff are trained to a competent level and raise professional standards in your firm and share the expertise of your employees with your customers to give them confidence.
- Review the mission and culture of your organisation to ensure honesty and integrity are two key themes - are you promoting trust in the sector?

The public and SMEs

We would encourage customers to:

- Work with your broking partners to understand the value of your insurance policies and ensure they are meeting your expectations.
- Give your broking partners a claim situation that you would expect to be paid to ensure your policy fits your needs.

If all areas of the sector were to implement the above changes we would be well on the way to achieving trust in insurance.

Special thanks to

We would like to thank everyone who completed our survey as well as the following interviewees:

- Peter Blanc, CEO of Aston Lark Ltd
- Graeme Trudgill, Executive Director at BIBA
- Nick Houghton, Managing Director at JM Glendinning Group Limited
- Sandra McDonald, Head of Client Services at McLarens
- Charity Stonier, Group Operations and Process Manager at JM Glendinning Group Limited
- Greg Collins, CEO of Miller Insurance Services LLP

We would also like to mention the following members of the New Generation Broking team who had to leave us during the project and thank them for their contributions:

- Tim Nash
- Tom Storer
- Jonathan Catley

Finally, we would like to thank the Chartered Insurance Institute and Society of Insurance Broking for their help and for creating the New Generation Programme.

Appendix

Appendix A Survey Questions

The below questions which refer to 'SMEs (small and medium-sized enterprises)' is defined by the FCA as 'an enterprise which is not a micro-enterprise; has an annual turnover of less than £6.5 million; and employs fewer than 50 persons; or has a balance sheet total of less than £5 million'.

1. What gender are you?

- Male
- Female
- Other
- Prefer not to say

2. What is your age?

- 18 - 24 years
- 25 - 34 years
- 35 - 44 years
- 45 - 54 years
- 55 - 64 years
- 65+

3. What CII qualification do you hold?

- FCII
- ACII
- Dip CII
- Cert CII
- None of the above

4. For how many years have you been in the industry?

(Scale 0 - 50+)

5. What type of organisation do you work for?

- Broker
- Insurer
- Managing general agent
- Aggregator
- Lloyd's syndicate
- Other

6. In which sector do you most align with?

- London Market
- Commercial lines (non-London Market)
- Personal Lines
- Health and protection
- Reinsurance
- Loss adjusting and risk consultancy
- Not in work/Retired/Student
- Other

7. What position do you currently occupy?

- Business owner
- Board member
- Senior management
- Middle management
- Supervisor/Controller
- Technician/Co-ordinator
- Administrator
- Customer Advisor
- Trainee/Apprentice
- Other

8. Does your organisation hold chartered status?

- Yes
- No

9. Does your business handle SME clients?

- Yes
- No (if this option is selected question 10 will not appear)
- Unsure/Not applicable (if this option is selected question 10 will not appear)

10. If yes, what percentage of your clients are SMEs? (by client count)

- 1% - 25%
- 26% - 50%
- 51% - 75%
- 76% - 100%

Appendix A Survey Questions

Category 2 – Standards trust scale (Levels of importance)

To what extent do you agree/disagree with the below statements?

(Scale options: strongly disagree, disagree, neither agree nor disagree, Agree, strongly agree)

11. The standards by which a firm operates/subscribes to has bearing on how customers choose their insurance provider.

12. The ethics of a firm is a key focus when customers choose their insurance provider.

13. SME Customers feel that trust is a key component to selecting an insurance provider.

14. Customers feel that trust is a key component to selecting an insurance provider.

15. Most commercial customers value a trusted relationship over the price of a product.

16. What do you believe SME customers value the most? (Rank options 1 – 10)

- Charity affiliations
- Chartered status
- Dedicated contact
- Existing relationships
- Hassle-free processes
- Industry awards
- Knowledge, expertise and experience
- Price
- Quality of product
- Service

17. Which of the following does your company offer to SME clients? (Tick all that apply)

- Commercial Combined
- Commercial Vehicle (Single)
- Contractors Combined/ Contract Works
- Cyber
- Engineering Insurance, Computers and Inspection
- Farming
- Group Critical Illness
- Group Life
- Group Personal Accident & Travel
- Group Income Protection
- International benefits
- Liability
- Management Liability
- Marine, Freight, Cargo, Transit
- Motor Fleet
- Motor Trade

- Packages – Shops, Offices, Salons, Surgeries, Tradesman, Pubs, Hotels, Restaurants
- Professional Indemnity
- Property Owners

18. Which add-on products/services do you think SME customers value the most? (rank by order or priority 1=highest importance, 5=lowest importance)

- 24/7 emergency callout
- Access to counselling (24 hour private GP services, access to HR and legal experts, rehabilitation service)
- Legal expenses
- Loss adjusters
- Medical/legal
- Risk Management (e.g. Health & Safety, Employment law, Fleet risk management)

Appendix A Survey Questions

Category 3 – Standards trust scale (Currently in your organisation)

In relation to your organisation to what extent do you agree/disagree with the below statements?

(Scale options: strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)

19. I believe my business treats SMEs in line with the FCA's Treating Customer's Fairly principles.

20. Whenever my business makes an important decision, I know that SMEs will be a key consideration.

21. My business can be relied on to keep its promises to SMEs.

22. I believe my business takes the opinions of SMEs into account when making decisions.

23. My business has the ability to accomplish what it says it will do for SMEs.

24. My business is more focused on the needs of private individual consumers over SMEs.

25. Communicating and demonstrating the expertise of my broker is critically important.

26. My business has made changes following the increased access granted to SMEs to the Financial Ombudsman Service (option added 'I don't know')

27. What is the primary way that your organisation demonstrates trust?

- Relationships
- Qualifications
- Company performance
- Client risk management
- Company reputation

28. Are there any other ways your organisation demonstrates trust not stated above?

Category 4 – General Questions

29. Is trust in the sector important? (Scale 1 – 5: 1 not at all important, 5 very important)

30. Has trust from SME clients has changed with the emergence of technology and less broker integration?

- Trust has increased
- Trust has decreased
- No change
- I don't know

31. What steps has your firm taken to increase trust?

32. Is there anything you would like to add which you feel should be considered in relation to building trust in the insurance sector that should be improved upon?

Appendix B Interview Questions

1. In the context of insurance what does trust mean to you? How can organisations/brokers build trust with SME clients?
2. How can organisations/brokers demonstrate that they're trustworthy?
3. What role do you think professional qualifications have in relation to trust in the SME sector? Do you think SME clients value and recognise these like they would for a solicitor, doctor or accountant?
4. Our survey indicated that brokers view relationships and company reputation as the most important factors in demonstrating trust as an organisation. Professional qualifications were viewed as the least important option out of the 5 given. What are your thoughts on this? We know many firms support qualifications internally, should firms be placing more importance on qualifications when engaging externally with SMEs?
5. What barriers does your organisation face in building trust with SME clients? How can these barriers be overcome?
6. What initiatives are you currently aware of that aim to improve trust in the insurance profession?
7. To what extent do you think trust impacts on an SME's decision to engage (or not engage) with a broker?
8. How do you think trust is affected by the method of purchase - using a broker? An aggregator? Or directly with the insurer?
9. For SMEs who don't use a broker, would you encourage them to do so? And if so, what would you say to them?
10. How do you think SME price sensitivity affects relationships and trust with brokers? Our survey has indicated there is a perception amongst brokers that the majority of SME clients value price the most (over expertise, product quality, service etc) - Do you think brokers spend too much time focussing on price themselves rather than listening and providing advice?
11. How can the insurance sector become more trusted when price is often seen most important factor?
12. Dual Pricing continues to affect SMEs perceptions and trust of the insurance industry as a whole, what can insurance brokers do help?
13. What impact do you think technology has on trust? Does it threaten trust? or provide opportunities for brokers to add value and to build it? Can you think of any examples?

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