

Chartered
Insurance
Institute

Standards. Professionalism. Trust.

Opinion survey

Public Trust in Insurance

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Foreword



When people buy insurance, they are buying a promise of help when things go wrong. For that promise to mean anything, people must have a basic level of trust in the professionals that they are dealing with.

We all know that trust is fundamental to insurance, but it is difficult to measure. This is partly because trust is an opinion about the future, so it can fluctuate a lot over time. It is also because trust is based on a mixture of competence – being able to get the right results on a practical level, and ethics – guiding professionals to act in their clients’ best interests even when their clients are in no position to check what they are doing.

The work that has been done to produce the CII trust index breaks these complex expectations around competence and ethics down into clearly identifiable themes that, crucially, have been defined by the public, not by experts.

Using these themes, we can pinpoint the areas that hold the greatest potential for insurance professionals to increase trust. This means that the trust index can be far more than an ‘end of term report’ for the profession, but a crucial tool to identify and prioritise opportunities.

The professionals I have spoken to are excited about the potential of this work, and the publication of this research is only the beginning of the process. I look forward to working with everyone who wants to build trust in insurance to put these insights to use.

A handwritten signature in black ink that reads "Sian Fisher". The signature is written in a cursive, flowing style.

Sian Fisher
Chief Executive Officer
Chartered Insurance Institute

Research aims and background

The need to think differently about what trust is, how it works and why it matters.

There are significant problems with public trust across all areas of society. A recent edition of the Edelman Trust Barometer saw the largest wave-on-wave drop in stated trust on record and describes a “total collapse” of trust in the institutions that shape society, driven by chronic and persistent under investment in the “levers of trust across the board”.

Unsurprisingly, trust is therefore a key focus for the full range of public and private institutions. This is particularly true for industry bodies and regulators - for example OFWAT see building public trust as a key aspect of their forthcoming price review and are driving new thinking and approaches in the water industry.

Given the reputational challenges faced by the financial sector in general, renewed focus on the true drivers of trust is needed to better engage with society and reverse the “total collapse” described by Edelman. This is particularly the case for the insurance sector in the light of the increasing commoditisation of general insurance products and the changing nature of the relationship between providers and customers.

This research has been designed to tackle industry assumptions about trust and to do more than provide another set of measures of trust (however well-defined or robust). Instead, its aim is to provide action oriented tools to help different stakeholders in the industry understand the full spectrum of the levers of trust as perceived by their customers, to ensure they can make informed, evidence based decisions about what specifically are the right actions for them to take as a brand.

Methodology

A dynamic, multi-stage and customer-centric research approach designed to challenge established thinking about customers and the industry with robust and comprehensive evidence.

Trust is a nebulous, difficult-to-define topic with different views on what it means and why it matters across the industry, regulators or academics. However, these views do not often engage with consumers to deeply understand what trust really means to them, based on their experiences or the things that influence them.

That is why this research has been designed with a completely open approach to understanding consumers' views without being influenced by industry assumptions or existing data. It explores at a deep level what really matters to customers – whether or not these seem relevant at first sight to the insurance industry – so that it can reveal how insurance fits into their lives. This reveals and defines the levers of trust from the customer perspective, whether or not these aligned with what the industry does – or does not do.

This is achieved by going beyond consumers' stated opinions or top of mind thoughts and focusing instead on customer outcomes. By this we mean the things that make insurance products relevant and important for the consumer, and what really matters to them in the process of buying or claiming. From the customer's point of view, they do not seek a travel insurance policy in itself. What actually matters to them – what they are really trying to buy – is the reassurance that they will be able to get their elderly father home from a family trip to Italy if he is taken ill.

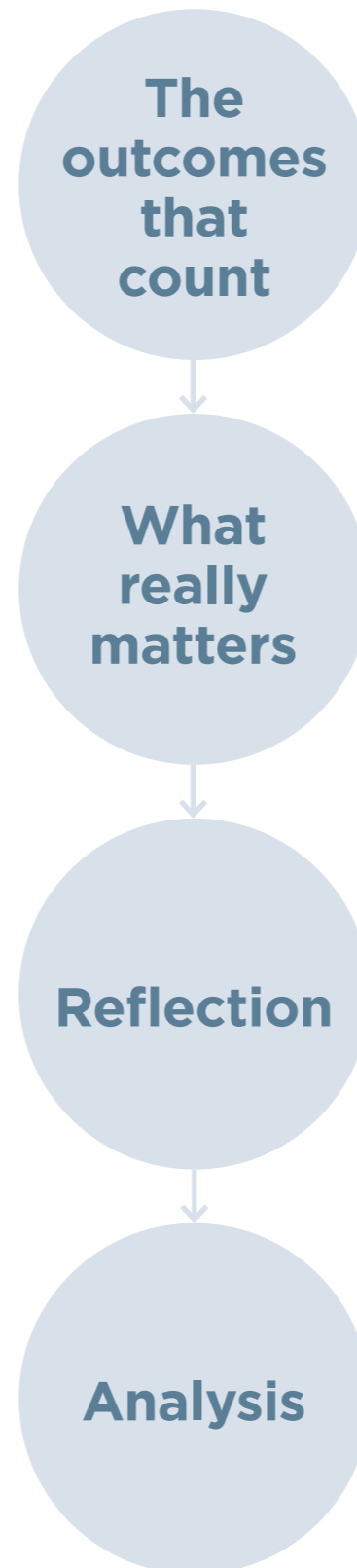
To do this the research uses a mixture of techniques to probe much more deeply into the true emotional, situational or psychological drivers of behaviour and choices, and to understand the outcomes that matter in the context of consumers' lives. It started from the customer's motivations for buying different policy types rather than taking a more general view of 'insurance' or the industry as a whole – the policy types included were buildings and contents, motor, travel and employers' liability insurance.

The research was carried out in two parts with consumer and small to medium-sized enterprises (SME) customers:

- **Exploratory research** including ethnographic interviews, customer videos and in-depth analysis
- **Validation and measurement** in a small quantitative test followed by a large scale quantitative survey.

The qualitative stage

Research combining ethnographic observation, projective techniques and design thinking to help participants explore and uncover what really matters to them even where this may not be obvious, rational and easy to understand.



Initial telephone interviews with 20 consumers and 20 SMEs who either held or were buying one of the target policy types, designed to understand their lives and/or businesses and the outcomes that they were trying to achieve. Only once we had a complete picture of them as individuals did we start to explore their experiences with insurance, by focusing our questions on how these experiences had helped or hindered them in achieving their desired outcomes.

Following the interviews, respondents were set media-based tasks (e.g. taking pictures, shooting videos or writing blogs) over the course of a week to help us further understand what really mattered in their lives within the context of insurance. Tasks included taking pictures and describing their most treasured possessions, talking about having to go without their car for a week and sharing holiday memories.

After a week-long immersion we worked with participants to think through their insurance experiences, revisiting the question of how they had been helped or hindered in achieving their desired outcomes and asking them to reflect on what the insurance industry could do differently to better support their lives.

Analysis of the interviews and tasks then allowed us to identify 9 individual themes which were important in helping customers achieve the outcomes they wanted. Within these 9 themes a total of 55 opportunity statements were developed – in essence the markers of customer success (e.g. “I am able to go to my insurer for advice”, or “I understand any discounts or no claims bonus I receive”) – providing practical ways that insurers currently or could in future deliver the 9 key themes.

Key themes

The qualitative phase identified 9 key themes important to both consumers and SMEs. All these themes offer the industry ways to nurture customer trust – the challenge for brands is to decide which theme and which opportunity statements are right for it.



Protection

Looking after what matters most to me



Confidence

Knowing my insurer will look after me



Ease

It's easy to get the protection I need



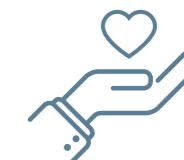
Price

I get the best value for my situation



Relationship

My insurer cares for me, not my policy



Loyalty

Loyalty recognised in my terms, not theirs

Buying and holding

Claiming



Control

I have a meaningful say claim settlement



Speed

Getting me back on my feet quickly

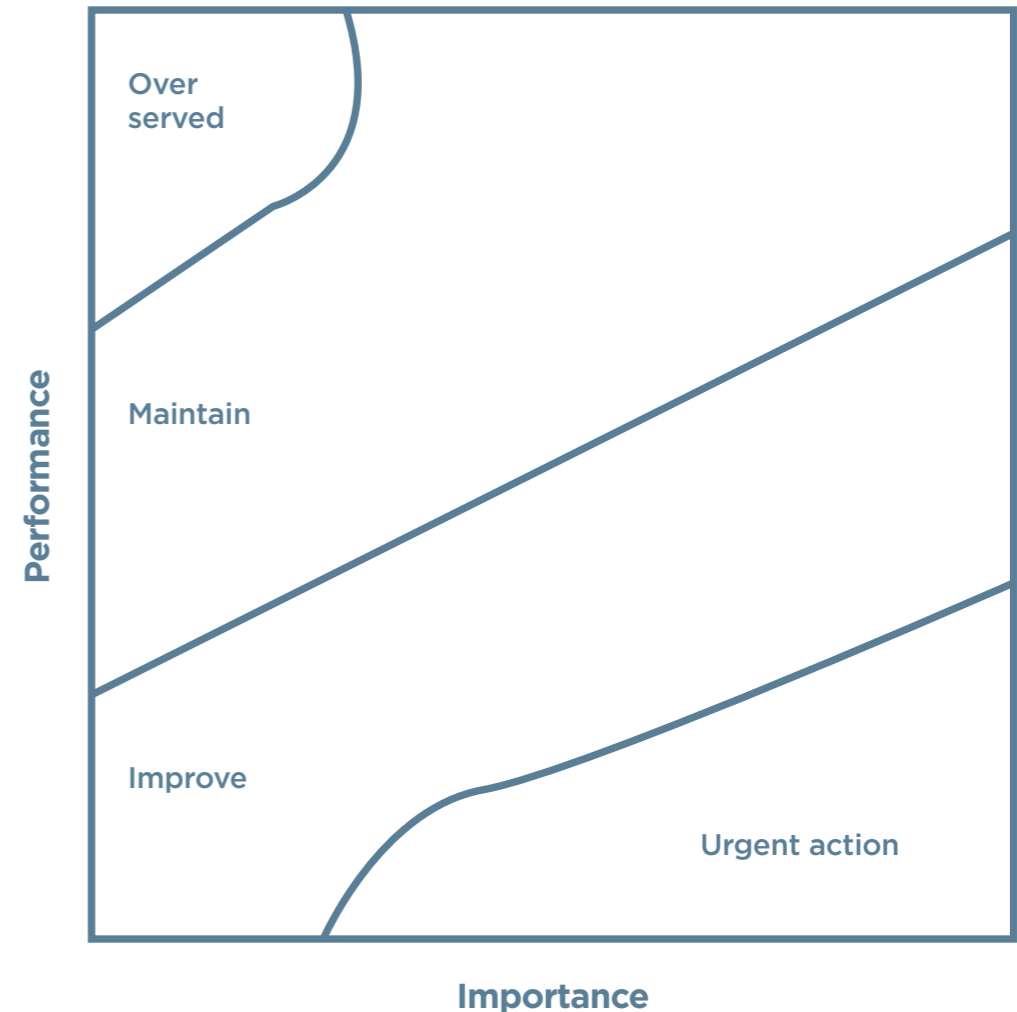


Respect

Trust me and treat me in a human way

The quantitative stages

Providing specific guidance on the areas for investment or cost reduction to align more closely around customer value and trust.



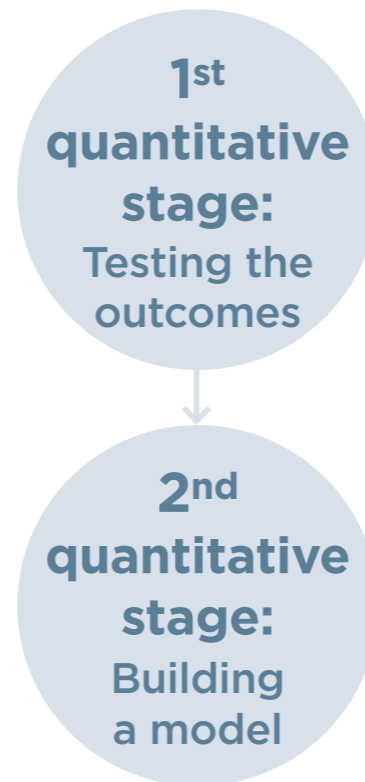
In the quantitative phase we tested and quantified both the 9 themes and 55 opportunity statements across the general population (consumer and SME), seeking to understand both how important each one is to a given individual, and also how 'well met' it is by the providers they deal with currently or their perception of what the industry offers them.

This approach allows us to map the areas where customers currently feel 'under-served' - i.e. things which are important to them but which are not currently delivered, as well as where customers are 'over-served' - areas where providers are performing strongly, but which don't contribute value or trust to the customer.

This 'Performance vs Importance' mapping provides specific guidance on where opportunities exist to do more of what customers care about - thus boosting trust - but also to do less of what doesn't add true value from the customer's point of view or may even actively diminish trust. This allows business to align themselves much more closely around customers by focusing efforts and investment on improving the experience in the areas where it matters to customers, while also reducing the time, effort and money spent doing things that are ineffective or even counter-productive things.

Quantitative research in two phases

Testing the outcomes and opportunity statements with a smaller sample before refining and measuring across the wider population for both consumers and SMEs.



An online survey of 500 consumers and 500 SMEs who either held or were buying motor, travel, buildings and contents or employers' liability insurance policies to measure the importance of the 55 opportunity statements as well as how well their insurer currently performed at them. This data was used to develop an initial view of the relative scale of the themes and opportunity statements and to calculate the size and priority of each opportunity statement.

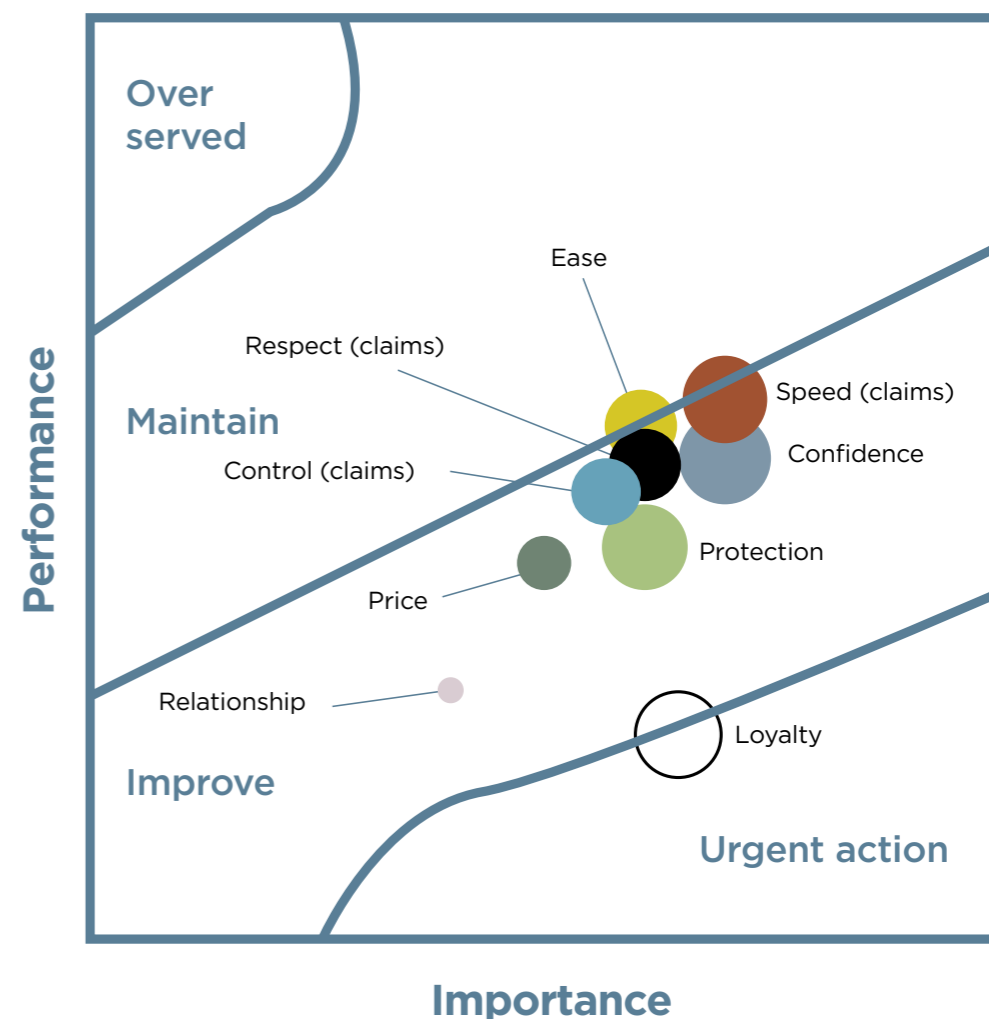
Measuring importance and performance of the refined themes and opportunity statements in an online survey of 2,000 consumers and 1,000 SMEs who either held or were buying a target policy. Additional questions also looked at respondents' attitudes to risk, perceived likelihood to claim and whether decision-making was biased toward functional, social or emotional drivers, allowing us to analyse how these attributes affected opportunities in different customer groups.

Overall consumer themes

Genuine relationships are vital for trust – insurers must recognise and reciprocate customers' loyalty for this to be possible.

Being “friendly” is not enough and is often seen as disingenuous in the light of the industry's real behaviour, which significantly erodes trust.

* The size of each theme marker denotes the relative opportunity score in each case.

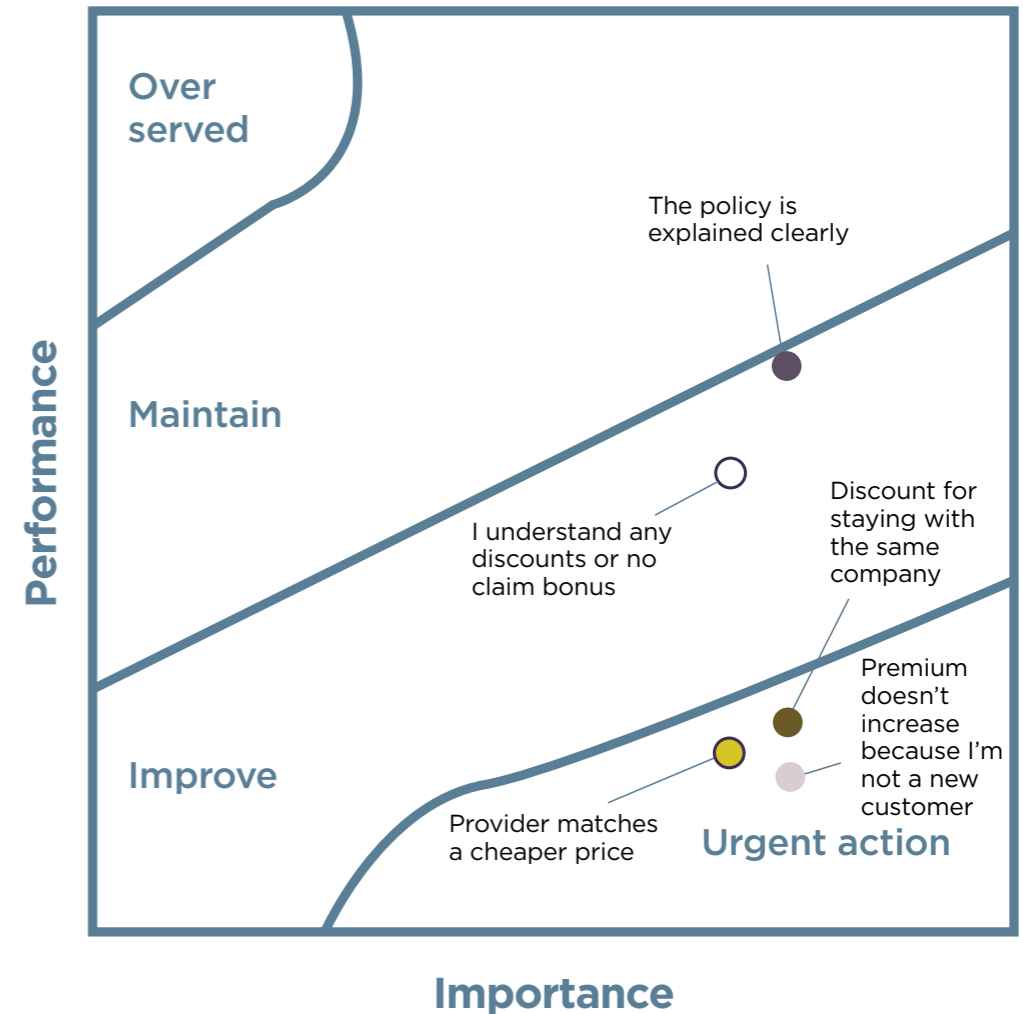


Loyalty is the key opportunity, with customers feeling that they are forced to switch providers every year or face being exploited. There are also significant opportunities around confidence and protection which points to a feeling amongst consumers that they are worried they may not have the cover they thought, or do not believe that their insurer will act in their best interests if they have to claim.

Speed of claims is also an important opportunity. But this is not just about doing things faster – customers want their insurer to take the appropriate amount of time to provide advice and support specific to the situation, rather than focus on the speed with which a claim is processed.

Top 5 consumer opportunity statements

The very clear opportunity for insurers is to ensure the customers are recognised or even rewarded for their loyalty and can trust providers to give them clear and consistent guidance and information about their policies to ensure they are really covered for what they care about.



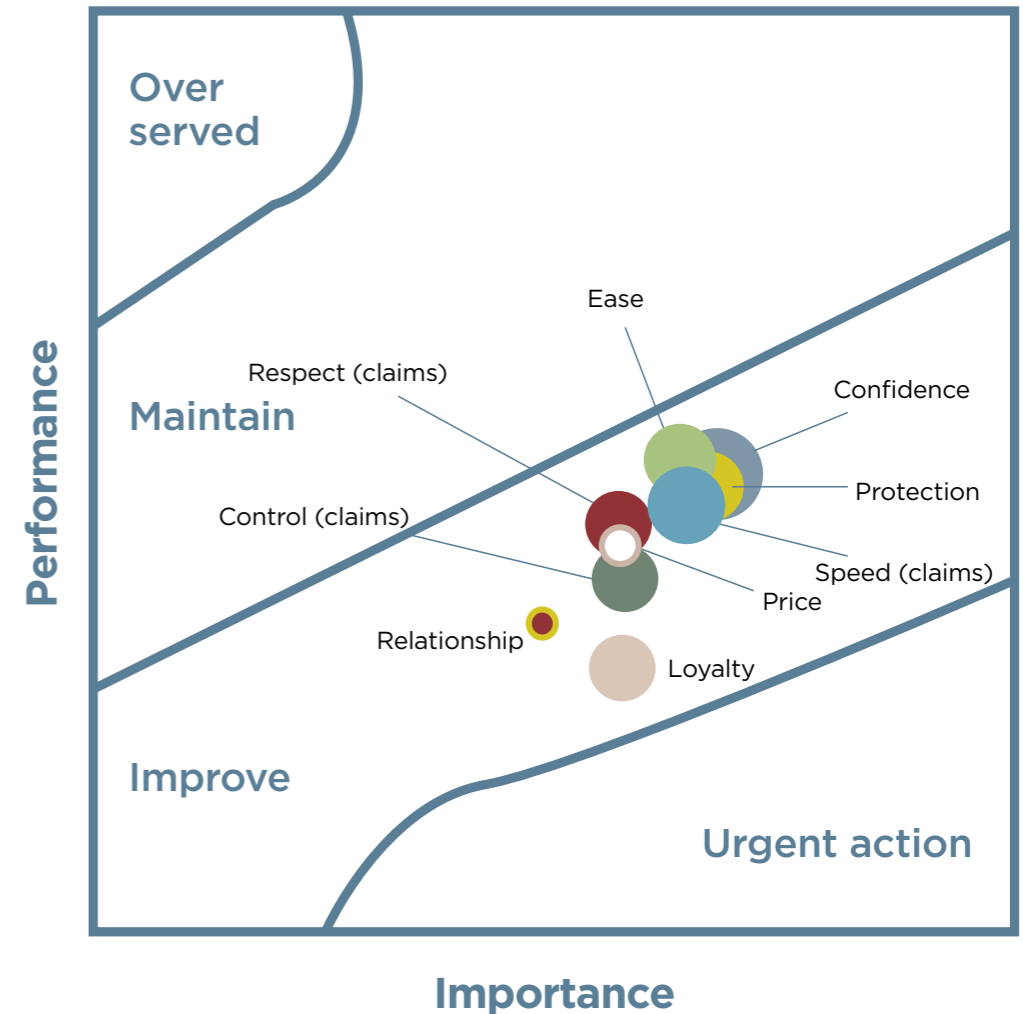
The biggest opportunity for consumers is the removal of “Dual Pricing”, offering new customers better deals. This practice significantly erodes trust as consumers feel it shows that insurers do not value their loyalty and instead see them as an opportunity to profit. On the other hand, activities like offering discounts for loyalty or matching competitors’ pricing present the opportunity to actively build trust.

The other key area of opportunity in the top five is in ensuring consumers clearly understand the policy and any policy extras, reassuring them that they are covered for what they really seek and know extras will really provide a benefit rather than simply acting as a ‘selling point’.

Overall SME themes

Unlike consumers who are more often buying direct, relationships with insurance companies are less of an outlier for SMEs because for them it is the broker or advisor relationship that matters most. However as with consumers, dual pricing is a big frustration for SMEs which erodes loyalty and makes trust difficult to win. Confidence, protection and speed of claims are also important opportunities for SMEs.

* The size of each theme marker denotes the relative opportunity score in each case.



Loyalty is again the key opportunity with SMEs. Trust must grow reciprocally for it to be genuine and SMEs see loyalty currently shown to an insurer being abused through having to pay higher premiums.

As with consumers, relationship is again the lowest opportunity. Customers don't want to "be friends" with their insurer nor do they want over-communication. For relationships to be successful they need to be two way and genuine.

Big opportunities also exist again for confidence and protection. Given the need for continuity in their businesses, SMEs want certainty about what they are covered for and to know that their insurer will support them if needed.

Top 5 SME opportunity statements

As with consumers the biggest opportunities lie in tackling dual pricing. Cost effectiveness and certainty around cover and complaints also feature highly.



Stopping dual pricing is again the biggest opportunity for SMEs but there are clear differences from the consumer opportunities, with loyalty discounts for staying with the same company also featuring highly.

The concept of getting the cover they need for their business at a reasonable cost is very important to SMEs as they see insurance as a required business expense (like business rates or VAT) and are therefore looking to get the best value they can for something they feel they are unlikely to actually ever use.

Other opportunities for SMEs are around better explaining policy extras or no claims bonuses and providing reassurance about complaint handling.

Conclusions

Adding value and building trust by reconsidering the role of insurance in the customer's life to deliver what customers really care about.

This research strongly echoes the findings of the academic analysis commissioned by the Chartered Insurance Institute: trust must grow organically as a function of how two parties engage each other mutually and reciprocally.

In the light of this analysis the problem is clear. While insurers have worked hard to try and get their customers to trust them, they have failed to reciprocate by demonstrating that they trust their customers or value them as people rather than simply a source of income.

Looking at the question of trust in this way reveals new and significant opportunities to improve trust between customers and insurers and this research is designed to offer tangible guidance to show insurance providers where these opportunities lie and point to practical steps they must take to achieve this.

By far the biggest of these opportunities is in bringing to an end the practice of dual pricing and showing customers that their loyalty is valued. Customers need to know that they can trust their insurer not to try and charge higher premiums without proper explanation, especially on an automatic renewal basis.

The other opportunities around confidence and protection point to a deeper set of challenges around the promise that an insurance policy represents. Customers currently lack certainty that what they are buying will actually help them achieve the outcome they seek. To combat this insurers need to take practical steps to explain policies, be more up front about exclusions and give their customers confidence that they will be there to support them should the need arise.

But more importantly, they need to consider how to reposition themselves and their offer from the provider of insurance policy products to being partners in the shared endeavour of managing customers' risk. Doing this will establish a deeper emotional connection with customers by making them feel that insurers care about their lives personally, not just about the policy they hold as a commercial transaction. Furthermore, it will offer the industry new ways to add value and become more important to customers, while also achieving the efficiency benefits of being better aligned around what customers really want.

Introducing Deliberata

The insight consultancy arm of The Institute of Customer Service.

Deliberata was founded in 2016 by The Institute of Customer Service as a team of highly experienced insight consultants and researchers, driven by a passion for making a positive difference to our clients and their customers. Like our parent organisation, we offer high quality and genuinely independent advice and support to organisations of all kinds across the public and private sectors.

Whatever your sector or service and product mix, we help turn insight into action with a design-led approach to customer experience that tells you exactly the priorities that should inform business decisions by revealing what customers really want to achieve - and how they want you to help them get there.

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