

Institution: Bournemouth University		
Unit of Assessment: 17		
Title of case study: Restoring consumer trust in the insurance industry		
Period when the underpinning research was undertaken: 2014-2017		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Julie Robson	Associate Professor	October 2001 – January 2021
Juliet Memery	Professor in Marketing	February 2013 - current
Elvira Bolat	Principal Academic in Marketing	February 2011 - current
Samreen Ashraf	Senior Lecturer in Marketing	January 2013 - current
Kok Ho Sit	Senior Lecturer In Retail Management	November 2013 – September 2018
Period when the claimed impact occurred: 2018-2020		
Is this case study continued from a case study submitted in 2014? No		
1. Summary of the impact (indicative maximum 100 words)		
<p>Consumer trust is vital for the insurance industry but is also their biggest ongoing challenge due to mis-selling and other misdeeds. Dr Julie Robson worked with the Chartered Insurance Institute (CII) to develop a new Public Trust Index, which identified that dual pricing (whereby new customers get cheaper insurance than loyal customers) is a key problem in building consumer trust. Dual pricing cost 6,000,000 customers GBP1,200,000,000 in 2018 [FCA, E4]. Based on this finding, the CII worked with the industry regulator to produce new guidelines which prevent this practice, protecting customers from overpayment and repairing industry trust.</p>		
2. Underpinning research (indicative maximum 500 words)		
<p>Dr Robson's research focuses on marketing within the insurance sector. Since 2011 she has been actively involved in identifying and addressing the research needs of the insurance industry [R2]. More recently, and also stemming from her work leading the Trust Repair team at Bournemouth University (members included Professor Memery, Dr Bolat and Ms Ashraf), she has specifically focused on the role of trust [R1 and R3]. Key insights from this work include:</p> <ul style="list-style-type: none"> • Trust is a complex construct, essential to cementing the customer-firm relationship and delivering firm prosperity [R1 and R3]. • Based on a focus group study of customers using a UK financial services firm, it is clear that in this sector stakeholder - including customer - co-creation is crucial in helping to repair trust [R1]. • Context is key in developing an understanding of trust. Consumer trust varies by context, and some trust repair mechanisms will work in some circumstances and not in others [R1, R2 and R3]. 		

- Overall, the literature on trust has focused overwhelmingly on banking, neglecting other important financial services. More research is needed that looks at trust in the context of the insurance sector [R2].

In 2016 and 2017 Dr Robson and her team undertook two funded research projects [G1 and G2] to provide greater understanding of trust, specifically the measurement of trust, trust erosion and trust repair. G1 examined the trust repair process and mechanisms used in traditional and digital media within selected high-profile trust erosion examples. The G2 project investigated trust repair in three very different high-profile contexts, including mis-selling in financial services. This latter study identified the actions that organisations took to repair trust and how these actions influenced consumer attitudes towards and trust in the company and wider industry sector, taking into account different causes of trust damage. The outcome of the projects was a new management trust repair tool to help businesses better understand and respond to trust challenges. Specifically, it helps them to understand the conceptual differences between trust and trust repair.

The trust repair tool draws on existing conceptual research from different theoretical disciplines including psychology, organisational studies, management and marketing. The team developed the tool using mixed methods research. Firstly, qualitative research (group discussions) was conducted with consumers to clarify their understanding of trust and trust repair [R1]. Secondly, the project team empirically tested their findings using a large-scale survey (c. 5,000 respondents) with consumers in order to develop and refine the tool.

The tool centres on a flow chart that identifies the steps organisations need to take to repair consumer trust and comprised 5 stages:

- i) Identify key stakeholders: when trust violations occur, it is important to first address the most important stakeholders.
- ii) Identify current levels of trust for each key stakeholder group: this will demonstrate how easily trust might be lost or retained in the event of trust violation.
- iii) Identify potential sources of trust erosion, i.e., what are the potential threats to the organisation? Map the potential causes of trust damage (a) against current levels of trust, (b) for key stakeholders and (c) to identify the level of trust damage for a given event.
- iv) Select a trust repair mechanism to repair trust from the operationalised trust repair framework.

The tool identified the need to clearly understand conceptual differences between trust, trust erosion and trust repair and, importantly, the context specific nature of trust. The latter is particularly important as trust varies for each industry or organisation, according to the nature of their stakeholders and the cause of the trust erosion. This tool is also the first to operationalise a framework offering a choice of mechanisms with which to repair trust. Details of the tool, and the step-by-step process to follow to restore trust, has featured in an online guide for practitioners [R4].

3. References to the research (indicative maximum of six references)

Publications

All outputs below have been published in peer reviewed journals:

R1. Bolat, E., Robson, J., Sit, K., Birch-Chapman, S., Ashraf, S., Memery, J. and Jackson, C. (2020). Service brand rehab: Diagnosing trust repair mechanisms. *Qualitative Market Research* DOI: [10.1108/QMR-12-2017-0187](https://doi.org/10.1108/QMR-12-2017-0187)

R2. Robson, J. (2015). General insurance marketing: a review and future research agenda. *Journal of Financial Services Marketing*, 20(4), pp.282-291 DOI: [10.1057/fsm.2015.20](https://doi.org/10.1057/fsm.2015.20)

R3. Ashraf, S., Robson, J. and Sekhon, Y. (2015). Consumer trust and confidence in the compliance of Islamic banks. *Journal of Financial Services Marketing*, 20(2), pp.133-144. [Cited by 21, Google Scholar] DOI: [10.1057/fsm.2015.8](https://doi.org/10.1057/fsm.2015.8)

Blog and Trust Repair Tool

R4. Bolat, E., 2019. *Digital Marketing in 2019 – The Importance of Trust*. Report Central Blog. Available from: <https://reportcentral.co.uk/digital-marketing-importance-of-trust>

Grants

G1. Academy of Marketing. (2017) *From Compassion to Defence: Exploring Service Brands' Trust Repair Mechanisms across Traditional and Digital Media*. [GBP 5,000]

G2. QR. (2016) *Trust repair in the Service Sector*. [GBP 45,000]

4. Details of the impact (indicative maximum 750 words)

Insurance is a promise of help when things go wrong. Without trust, this promise is worthless and insurance markets cannot operate. This essential need for trust has long been recognised by the industry and led to the insurance industry's professional body, the Chartered Insurance Institute (CII), instilling in its 1912 charter the need to 'secure and justify the confidence of the public'.

By 2017, trust in the insurance industry had reached an all-time low; a range of damaging practices such as mis-selling and other misdeeds were assumed to be the cause. Work was however required to accurately identify the specific causes and establish how to effectively repair consumer trust. Dr Julie Robson's expertise in insurance and work on trust had led to her being invited to join the CII's Professional Standards Board (PSB) in 2016 [E1]. In 2017, the CII - looking for a meaningful way to measure trust in the insurance profession that would result in practical steps towards building trust – asked Dr Robson to assist them with this [E2].

At a CII trust briefing meeting in June 2017, Dr Robson presented the BU trust repair tool [R4] as an exemplar of how to measure and help repair trust [E2]. This directly helped to define and shape the CII's own Public Trust Index, which is survey designed to measure and track changes in consumer confidence in insurance [E3]. The Index comprises two separate surveys, each tailored for its specific market i.e. consumers or businesses. The surveys are distributed on a quarterly basis to track changes in public trust (to provide an index or baseline measure of trust) and identify causes behind any changes. Specifically, the experiences of the BU project team were used to help the CII to understand:

- i) How trust differs conceptually from trust damage and trust repair, and the need for any tool to distinguish between these concepts. Following Dr Robson's recommendation, the CII clarified that the focus of their Index needed to be trust, as opposed to trust repair [E2].
- ii) Ways to identify the object of trust. BU research examined trust at both an industry and organisational level and showed that consumer confusion between the two was evident, particularly within financial services where the lines between different providers are blurred. It was important for the CII to clarify that the object of their Index was the general insurance industry and not individual insurers. This informed the structure and wording of the survey questions used in the Index [E2].
- iii) How best to measure trust within the insurance industry. The experience gained from developing the survey for the BU trust repair tool showed that it was necessary to tailor the Index questions to the experiences of different consumer audiences. For the CII, this meant formulating questions and producing separate surveys which addressed the experiences of their two key audiences: individual consumers and businesses (SMEs) [E2].

The CII's Public Trust Index was launched in June 2018, based on a survey of 2,000 customers and 1,000 small businesses [E2]. The Index findings were disseminated to the CII's 126,000 members, and to the wider insurance and financial services sectors [E2]. The Index enabled the CII to assess areas where the public are confident in the insurance profession, and areas where it is underperforming [E3]. It was so successful that in 2019 the CII utilised the Index again, in order to gauge progress; a Director at the CII, says that it has become "a key measure in the CII's business planning cycle" [E2].

Overall, the Director states that the Index findings: "have identified the areas where insurers can do most to build trust and it provides a rigorous system for prioritising them. The data has been made available to professionals across the insurance sector and... allow[s] professionals to... identify what kind of services, communications and policies are needed to secure an increase in trust" [E2].

One key finding from the first Index in 2018 was the importance of dual pricing to consumer trust [E3]. Dual pricing is where insurers offer a lower price to new customers and a higher price for loyal customers. In the motor insurance market alone, dual pricing cost 6,000,000 customers an additional GBP1,200,000,000 in increased premiums in 2018 [E6] and one-third of customers over-paying for their insurance have at least one characteristic of vulnerability. This issue had been raised elsewhere within the industry, but the CII's Index was one of the first to provide empirical evidence from a consumer perspective of the damage this practice has on consumer trust [E4].

As a direct result, the CII called on its members to implement new industry principles to ensure fairness between new and existing loyal customers [E3]. In addition, the CII worked with the industry regulator (the Financial Conduct Authority) to develop new guidelines to tackle dual pricing [E5, E6]. In response, several major insurers – including Saga and MORETH>N - introduced new pricing policies to reward loyal customers [E7, E8]. Saga reported that in the first six months of introducing the policy, over half of their existing customers had opted to take up the new three-year fixed price policy [E9]. Such actions not only help to protect loyal and vulnerable consumers – for example, Saga's target market is older consumers who, compared to their younger counterparts, are more likely to be unable to use, or do not have access to, online comparison tools to 'shop around' when their policy comes up for renewal - but also serves to help the UK insurance industry repair consumer trust which is vital to the success of the industry.

Findings from the Public Trust Index conducted in October 2019 and January/February 2020 confirmed that trust was being restored in the insurance industry [E10]; loyalty is highlighted as one area of improvement. Going forward, the Index will continue to be used by the CII to track levels of public trust and identify the impact of new challenges such as Coronavirus on trust in the insurance industry and provide valuable information to enable them to take the necessary steps to help restore trust in this important industry sector.

5. Sources to corroborate the impact (indicative maximum of 10 references)

E1. Chartered Insurance Institute (2015) *CII Professional Standards Board*. [online]. Available at: <https://bit.ly/3i9j4JO>.

E2. Chartered Insurance Institute (2019) *Testimonial letter*.

E3. Cii.co.uk (2018) *CII launches new Public Trust Index*. [online] Chartered Insurance Institute. Available at: <https://bit.ly/39sFbqH>

E4. Cii.co.uk (2019) *Professional Focus: Dual pricing*. [online] Chartered Insurance Institute. Available at: <https://bit.ly/39kNowY>

Impact case study (REF3)

E5. Cii.co.uk (2019) *CII reacts to paper by FCA on GI pricing*. [online] Chartered Insurance Institute. Available at: <https://bit.ly/39qy7Lf>

E6. Fca.org.uk (2020) *Sector Views 2020*. [online] Available at: <https://bit.ly/3qfhVDh>

E7. Saga.co.uk (2018) *3-Year Fixed Price Cover For Over 50s* [online] Available at: <https://bit.ly/2LpwVQu>

E8. Rsagroup.com (2019) *More Than Rewards Loyal Customers With New Cashback Scheme*. [online] Available at: <https://bit.ly/3nG2S44>

E9. Insurancetimes.co.uk (2019) *Saga Ups Promotion Of Three-Year-Fixed Price Promise After Strong Take-Up*. [online] Available at: <https://bit.ly/35B4yFC> 14 May 2019

E10. Cii.co.uk (2020) *CII Press Release: Trust in insurance was improving before coronavirus*: [online] Available at: <https://bit.ly/3oJihlw>