



# Press release

**Monday 2 July 2018**

## **CII: BETTER REWARDS FOR LOYALTY WILL BUILD PUBLIC TRUST IN INSURANCE**

- CII launches new Public Trust Index to show how the profession is performing
- Consumers are most frustrated by new customers being offered cheaper premiums than existing customers
- Those who have claimed on their insurance have been pleased with their insurer's performance
- The research focusses on staple insurance products for retail consumers and small businesses, including: home, motor, travel, commercial property and liability insurance.

The CII is launching its new 'Public Trust Index' (Index), which has been designed to measure consumer confidence in insurance. The Index reveals where people are confident in the insurance profession and areas for improvement, and is based on detailed research with consumers, SME's, insurers, regulators and public bodies. The researchers looked at what those buying insurance consider to be important and compared this with how those same individuals perceived insurers' performance. The research included in-depth interviews with consumers, SMEs and those working in the profession.

This first Index indicates that the number one issue for consumers is the perceived lack of loyalty from their insurer, this is where researchers found the biggest gap between consumers' expectations and insurer performance<sup>ii</sup>. Consumers are fed up with retail insurers offering cheaper premiums to new customers than they are offered at renewal. This marketing technique, known in the profession as 'dual pricing', has come under fire in recent years as the growth of comparison websites has made it easier for people to shop around for insurance and see that they could get a better price with their insurer if they were a new customer.

When it comes to buying insurance, consumers want to feel confident in their insurer, that they will provide good cover and settle claims quickly. Across all areas of the research, confidence was ranked as most important by those buying insurance (74%), followed by an easy buying process (70%) and good protection in the insurance product (68%). Yet on each of these points there was a sizeable gap between the customers' expectations and the perceived performance of insurers, rewarding customer loyalty had the



biggest gap at 13%, followed by protection (level of cover in the product) 7% and confidence in the insurer (7%).

Surprisingly, the research revealed that price is relatively unimportant when buying insurance, despite the fact that being rewarded for loyalty is a key issue for many. Instead having a claim settled quickly was ranked most important (76%) along with having a claim handled in a respectful manner (71%) and having control over the way a claim is settled (69%). This shows that the way in which claims are handled is still a key area for consumers, however the fact that a new customer can get a cheaper price than an existing customer is a key concern.

The Index highlighted that where insurers are doing well is in settling claims. In fact, those who have had to claim from their insurer tend to feel more positively towards insurers than those that have not. Almost three quarters (74%) of claimants felt their claim was dealt with quickly, that it was handled respectfully (70%) and 68% that they had control over how their claim was processed. This shows that the insurance profession is delivering at the point where consumers really need them to.

The research revealed that insurers have also made it easier than ever for consumers to get the right protection for their needs. Many (69%) people say they find it easy to buy from insurers and 67% are confident in the products that they are buying. Thanks to developments in technology, most policies can be purchased in minutes online or renewed automatically, which helps people stay protected and reduces the risk of driving without insurance.

Sian Fisher, CEO of the CII, comments on the research: "This first Index highlights how the insurance profession is performing and areas for improvement. Insurers are doing an excellent job when it comes to settling claims and keeping people protected, which flies in the face of some of the popular cynicism towards insurance. However, the disparity between the pricing for new and existing customers in the personal lines market is eroding trust and we as a profession must work together to address this. The research underlines the importance of the ABI<sup>iii</sup> and BIBA<sup>iv</sup> principles on maintaining fairness between new and existing customers when setting renewal premiums published in May, and we call on all insurers to implement these principles fully and wholeheartedly.

"We also believe there is a real opportunity for insurers to help their customers mitigate the risks they face. Telematics has been successful at helping people improve their driving by providing instant feedback on each car journey and we want to work with insurers to do more like this with other products. One area is home insurance, where 'irreplaceable' family photos could be protected against destruction through electronic storage. Insurers need to think creatively to help consumers get the most from their insurance and build trust."

**ENDS**



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Press release

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**Notes to Editors:**

**About the research:**

The research making up the Public Trust Index was commissioned on behalf of the Chartered Insurance Institute. It involved:

- Identifying and recruiting insurance customers who have gone through the buying and claims process to learn about their experiences in detail, using video diaries and in-depth interviews.
- Surveys with 2000 consumers and 1000 small businesses.
- The research was supported by separate, in-depth analysis and the identification of trends and forecasts through interviews with industry leaders.

The report can be downloaded at [www/cii/co.uk](http://www/cii/co.uk)

The full ABI and BIBA Guiding Principles and Action Points for General Insurance Pricing are at <https://www.abi.org.uk/news/news-articles/2018/05/insurance-industry-takes-action-on-excessive-differences-between-new-customer-premiums-and-renewals/>

**The Chartered Insurance Institute (CII)**

The Chartered Insurance Institute is the professional body dedicated to building trust in the insurance and financial planning profession. Our strapline *Standards. Professionalism. Trust.* embodies our commitment to driving confidence in the power of professional standards: competence, integrity and care for the customer. We deliver that commitment through relevant learning, insightful leadership and an engaged membership. Our 125,000 members commit to high professional standards by maintaining continuous professional development and abiding by our Code of Ethics.

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<sup>i</sup> Small to Medium Enterprises (SMEs)

<sup>ii</sup> The research shows that the largest gap between what customers rank as important and how customers rank insurers' performance is with loyalty at 13.01%.

<sup>iii</sup> Association of British Insurers (ABI)

<sup>iv</sup> British Insurance Brokers Association (BIBA)