General Insurance Pricing Practices

Technical Report

London Economics

YouGov®

kudos research

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1 Introduction to the study

This study for the Financial Conduct Authority (FCA), conducted by London Economics in association with YouGov and Kudos Research, forms part of the evidence base for the FCA's General Insurance Pricing Practices Market Study. The study focuses on motor and home insurance and treats the two markets as distinct, drawing out key points of similarity and differences between them.

The overarching aims were to:

- Understand the consumer journey when searching, switching and selecting insurance providers.
- Determine the characteristics of those consumers more or less likely to search and switch and understand the extent to which they may be vulnerable.
- Explore consumer attitudes to searching and switching.
- Explore understanding and attitudes towards fairness of pricing practices.
- Provide quantitative estimates of consumers' search and switching costs.
- Assess consumers' maximum willingness to pay for insurance.

The study used a mixed methodology: quantitative standardised questionnaires and qualitative depth interviews. The quantitative survey was carried out online and by telephone (Computer Assisted Telephone Interviewing, or CATI). The quantitative survey was tested using 12 cognitive depth telephone interviews (described in more detail in Section 2.3). The breakdown of quantitative survey respondents in the home and insurance market across the online and CATI approach is as follows:

- **Home insurance**: 3,586 (online) and 628 (CATI); and
- **Motor insurance**: 6,866 (online) and 627 (CATI).

The study's design combined both an online and a CATI component in order to ensure that the research captured the behaviours, attitudes and perceptions of consumers who do not have online access or are not confident online. The study's CATI component was also designed to reach individuals who may not be engaged in search and switching behaviour. A comparison between the online and CATI samples is summarised in Section 3.3.

In addition to the quantitative survey, the study also conducted 10 in-depth telephone and face-to-face interviews to explore in further depth consumers' attitudes, experiences, behaviours and perceptions regarding shopping around and switching in the home and insurance markets.

The remainder of the report is structured as follows:

- Design of the quantitative survey (Section 2);
- Implementation of quantitative fieldwork, including an overview of the representativeness of the achieved sample (Section 3);
- Implementation of qualitative fieldwork (Section 4); and
- A discussion of the analytical approach after fieldwork was completed (Section 5).

2 Design of the quantitative survey

The quantitative survey was jointly designed by London Economics and the FCA, with input from YouGov and Kudos Research.

The questionnaire covered the following key areas:

- The customer journey:
  - Consumers' actions when taking out their insurance policy (i.e. whether they were switching, renewing or choosing for the first time),
  - Whether and how they shopped around prior to making their decision;
  - Their reasons for not shopping around, and/or not switching;
  - Their experiences trying to negotiate with their provider
- Consumers' understanding of current insurance market pricing practices, for example whether:
  - Comparable customers are generally charged the same price for the same product;
  - New customers are generally charged the same price for the same product, compared to similar existing customers;
  - Price increases are generally driven by increases in costs
- Consumers' attitudes to the way the insurance market currently works, for example the perceived fairness of insurance company pricing practices.
- Quantitative estimates of:
  - Consumers' valuation of search and switching time and effort, described in more detail in Section 2.2.2; and
  - Consumers' maximum willingness to pay for insurance at their current level of cover (described in more detail in Section 2.2.2).

Prior to full launch of the survey, cognitive testing was carried out with 12 telephone interviews, to check the survey for clarity, comprehensiveness and respondents' ability to engage with the subject matter. The cognitive testing approach is described in further detail in Section 2.3.

2.1 Exploring vulnerability

In addition to socio-demographic indicators e.g. age, region, gender, income etc., the questionnaire collected information on indicators of potential vulnerability, consistent with the Financial Conduct Authority's Financial Lives Survey[1]. The questionnaire examined four key indicators of potential vulnerability[2]:

- Financial resilience, defined as the time that respondents could cover living costs without their main source of income. Respondents were defined as potentially vulnerable along

[1] Financial Conduct Authority (2017), Understanding the financial lives of UK adults: Findings from the FCA's Financial Lives Survey 2017

[2] The study team did not collect information on all components of vulnerability tracked by the FCA in the Financial Lives Survey. **Error! Reference source not found.** provides an overview of how the components of potential vulnerability used in this report relate to the components in the Financial Lives Survey. This is because the study team needed to prioritise specific indicators of vulnerability in order to make room for information on switching behaviour, attitudes to fairness and valuation of search or switching time and effort.

this dimension if they were the least financially resilient i.e. they could only cover living costs without the main source of income for less than a week[3].

- Confidence managing money: respondents were asked to rate their confidence managing their finances on a scale of 0 to 10, with 0 being not at all confident and 10 being extremely confident. Respondents were defined as potentially vulnerable on this measure if they rated themselves at 3 or lower[4].
- Life events that may generate a situation of vulnerability. Respondents were defined as potentially vulnerable on this dimension if they reported they had experienced any of the following life events in the past 12 months, and not vulnerable if they reported they had not experienced any of the events below[5]:
  - loss of job or redundancy;
  - reduction in working hours against wishes;
  - bankruptcy;
  - relationship breakdown or separation;
  - divorce;
  - serious illness or accident (of the respondent, partner or close family member), possibly requiring an insurance claim;
  - death of a parent, partner or child; or,
  - becoming the main carer for a close family member.
- Ill health or disability: respondents were defined as potentially vulnerable on this dimension if they reported they had any condition that affected their day-to-day activities, and excluded from the analysis of ill health or disability if they said they did not know or preferred not to answer.

The study team also defined a composite indicator of vulnerability, where respondents were defined as being at 'higher risk of vulnerability' if they were vulnerable along any two (or more) of the above dimensions[6].

2.2 Valuation of search and switching time and effort, and maximum willingness to pay for insurance

2.2.1 Objectives of valuation questions

The objectives of the valuation questions were to:

- Provide a quantitative estimate of each individual consumer's i) search and ii) switching costs

[3] Respondents who said they did not know, or preferred not to say, were not included in the narrative report analysis when exploring this dimension of vulnerability.

[4] Respondents who said they did not know, or preferred not to say, were not included in the narrative report analysis when discussing this dimension of vulnerability.

[5] Respondents who preferred not to say whether they experienced these life events were excluded from the analysis in the narrative report crossing understanding, attitudes or behaviour with the experience of life events

[6] Respondents for whom the classification of potential vulnerability was missing (i.e. answered 'did not know') for at least three of the dimensions were not included in the analysis when considering whether individuals who were potentially vulnerable along at least two dimensions displayed different behaviour compared to others

- Provide a quantitative estimate of each individual consumers' maximum willingness to pay for insurance (i.e. the price at which they stop purchasing insurance)

The valuation questions were also designed to incorporate the following considerations:

- Flexible design to enable the valuation to be performed in both online and CATI formats; and
- Brief enough to be incorporated into a survey exploring participants' customer journeys, attitudes to fairness, search and switching, as well as demographic and behavioural characteristics
- Testing the impact on valuation of different approaches to framing search/switching time and effort i.e. whether search/switching effort is framed 'negatively' as a hassle to be avoided, or 'positively', as activity undertaken to save money.

2.2.2 Methodology

To meet the objectives described above, the study contained questions into the consumer survey to elicit consumers' valuation of search and switching costs, as well as the price at which they would stop buying insurance.

The study used a category of stated preference tests known as **contingent valuation**, in which respondents are directly asked what their valuation of a good is, as opposed to **discrete choice experiments** (similar to conjoint analysis), which infer respondents' valuation of a good (or attributes of a good) indirectly through a series of choices. Contingent valuation is recommended when estimating consumers' valuation of a good or service as a whole[7] i i.e. valuation of search effort or switching effort[8].

The method used in the study is known in the literature as double-bounded dichotomous choice, which is recommended in the policy literature (e.g. Accent (2010)[9]) when conducting contingent valuation research. A further benefit of the approach is that it is simple, flexible and easily implemented in both online and CATI formats.

LE has used this procedure in a number of studies, including recently to determine consumers' willingness to switch retail electricity tariffs in a study conducted for the European Commission[10].

Components of stated preference research

The stated preference had four components, with questions assessing consumers' valuation of:

1) Search;
2) Switching;

[7] UK Water Industry Research (2011), Carrying out Willingness to pay surveys

[8] Other approaches (e.g. conjoint analysis or choice experiments) are more typically used to value trade-offs between attributes of a product or service.

[9] Accent; RAND Europe. (2010). Review of stated preference and willingness to pay methods. Competition Commission.

[10] LE Europe, Deloitte and Ipsos (2018), Pre-contractual information and billing in the energy market – improved clarity and comparability, prepared for the European Commission.

3) The premium consumers may be willing to pay for a 3-year fixed-price contract (which offers price stability and reduces search and switching costs); and
4) Consumers' maximum willingness to pay for insurance at their current level of cover.

These components are described in turn below.

Outline of approach: search and switching

Briefly, the set-up of the contingent valuation for search and switching time/effort was as follows:

1) Introduction: respondents received a brief introduction where the contingent valuation task was explained to them. In addition, respondents were given a definition of what the study meant by 'searching' and 'switching', so that respondents did not confuse the two activities and saw them as two distinct activities.
   a) Respondents were shown the following text: *We will now ask you three sets of questions to gauge how much you value the time and effort spent searching for and switching insurance.*

   By searching, we mean shopping around for alternative insurance deals to see if better deals are available.

   By switching, we mean the process of actually carrying out the switch to an alternative deal or provider.

   We'll ask you to think about three hypothetical scenarios. We will ask you a mix of "yes"-or-"no" questions about a specific amount, and open answer questions where you can enter an amount. There are no 'right' or 'wrong' answers, so please answer honestly, but try to think of realistic responses. Please think of your own [insert home/motor] [insert home or motor insurance type] insurance policy when responding. The first set of questions will ask about searching for insurance.
2) Initial amount: respondents were asked whether they would be willing to trade off £X (the 'initial amount') against e.g. time and effort spent searching or switching. The text shown to respondents was tailored to the specific home or motor insurance policy the questionnaire was asking respondents about, to make it more realistic for respondents. For example, if respondents in the sample file were recorded as owing a home building and contents insurance, the text reminded them to think of that specific policy.
   a) In the 'searching' task, a respondent holding a home building and contents insurance policy would be asked: "*Thinking of your home building and contents insurance policy, would you be willing to pay £X more per year to avoid spending time and effort searching for a better value insurance deal each year?*"
   b) In the 'switching' task, the respondent would be asked "*Thinking of your home building and contents insurance policy, would you be willing to pay £X more per year to avoid spending time and effort switching to an alternative insurance provider?*"
3) Respondents could say 'Yes' or 'No' to paying the initial amount.
4) If respondents said 'Yes' to paying the initial amount, they were then asked whether they would trade off a higher amount (£X+h) against time and effort spent searching/switching.
5) If respondents said 'No' to paying the initial amount, they were then asked whether they would trade off a lower amount (£X-l) against time and effort spent searching or switching.

6) Respondents were then asked an open-ended question where they indicated the maximum additional amount per year they would be willing to pay to avoid spending time and effort searching or switching[11].
7) After the open-ended answer was recorded, respondents were asked follow-up questions exploring their reasons for giving the responses they did, whether they felt they could answer realistically, or if they objected to the principle of trading off savings/costs against time and effort spent searching/switching. These questions are frequently used in stated preference research (especially contingent valuation) to identify whether respondents understand the concept of the questions. Validation questions are also used to identify whether low (or 0) valuations are individuals' true valuations, or whether they are 'protest' responses, given by people who object to the principle of the question.

Framing valuation of search and switching time/effort

The steps described above frame search/switching effort negatively i.e. respondents were asked their willingness to pay to avoid spending time or effort searching or switching. However, some consumers may also view this effort positively i.e. as leading to savings. Respondents' valuations of effort may be expected to be higher if searching/switching is framed in terms of their willingness to accept savings, rather than willingness to pay to avoid cost or 'hassle'. This is because of a behavioural bias known as the 'endowment effect'[12]: people need more to compensate them for the loss of something they think of as 'theirs', compared to the amount they would be willing to pay to acquire the good in the first place.

Therefore, the study tested the impact of positive versus negative frames on consumers' valuation of search or switching effort. Half of the respondents were shown the 'negative' frame discussed above, whereas half were shown a 'positive' frame. The structure of the questions was similar to the one described above:

1) Respondents were asked whether they would conduct search/switching effort if they saved £X (the initial amount).
    a) For example, in the 'valuation of search' stage, respondents would be shown a question like the following: "*Thinking of your home building and contents insurance policy, would you be willing to spend time and effort searching for a better value insurance deal each year if the expected savings on your insurance premium were more than £X per year?*"
    b) In the 'valuation of switching' stage, respondents would be shown a question like the following: "*Thinking of your home building and contents insurance policy, you find out that you could save £X per year by switching to an alternative insurance provider. Would you be willing to spend time and effort every year to switch to an alternative insurance provider if you could make this saving?*"
2) If respondents said 'yes' to the initial amount, they were then asked if they would conduct search/switching effort if they saved a lower amount (£X-l) i.e. if they would conduct effort if they saved less.
3) If respondents said 'no' to the initial amount, they were asked if they would conduct search/switching effort if they saved a higher amount (£X+h).

[11] The field was restricted to ensure consistency i.e. if a respondent said 'yes' to an amount of e.g. £10, they would need to enter a value of at least £10 in the open-ended answer.

[12] Kahneman, Daniel; Knetsch, Jack L.; Thaler, Richard H. (1990). "Experimental Tests of the Endowment Effect and the Coase Theorem". Journal of Political Economy. 98 (6): 1325–1348

Respondents were asked an open-ended question where they indicated the minimum saving they would be willing to accept to conduct search/switching effort.

Realism of amounts shown to participants

As discussed above, the text of the contingent valuation questions was personalised to participants based on their insurance type e.g. home contents insurance. We also tailored the amounts participants were asked about based on the prices they paid for insurance. Doing this was important in order to ensure that participants were dealing with amounts that made sense to them, given the amount they paid for insurance.

However, tailoring the amounts to respondents' contexts ran the risk of biasing respondents' valuation of search/switching time and effort. Double-bounded dichotomous choice questions run the risk of 'starting point bias' i.e. valuations are biased by the initial amount respondents are shown[13]. For example, respondents who are shown an initial amount of £10 may have a lower valuation than otherwise similar respondents who are shown an initial amount of £20.

We addressed this potential bias by randomly allocating respondents across different percentage increments over respondents' current annual insurance price. For one-third of respondents, the percentage increment was 5% (i.e. the initial amount was 5% of their insurance price); one-third of respondents were shown an increment of 10%; and the remaining were shown an initial amount equal to 15% of their insurance price[14]. In other words, some respondents' valuations would be biased downwards, and some respondents' valuations would be biased upwards, so that, on average, valuation (in terms of percentage increment over their insurance price) was unbiased across all respondents.

Note that respondents were not shown percentage increments, but pound values in order to make it easier for them to grasp the amounts they were asked about. For example, if a respondent was paying £100 per annum for insurance, and was allocated to the group where the initial amount was 10% of the insurance price, they would be shown a question similar to the following: "*Thinking of your home building and contents insurance policy, would you be willing to pay £10 more per year to avoid spending time and effort searching for a better value insurance deal each year?*[15]"

For more details on the values shown to respondents, see A2.3.

Random allocation of respondents across experiment conditions

The study randomly allocated respondents across experiment conditions (i.e. positive vs. negative frames; percentage increments over insurance price). The figure below provides an illustration of

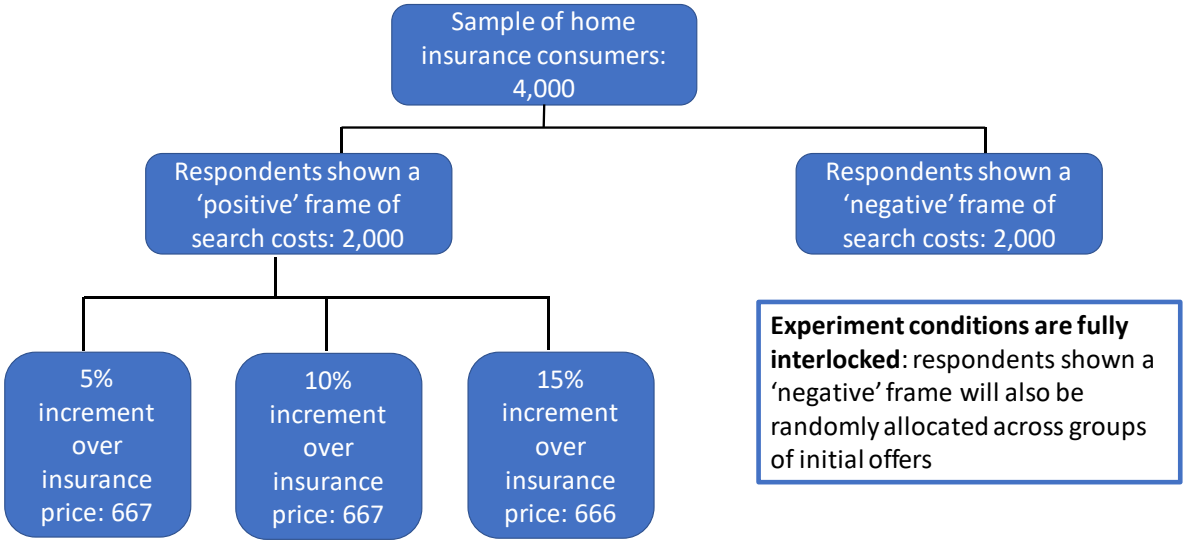
[13] Boyle, K., Bishop, R. and Welsh, M. (1985), Starting point bias in contingent valuation bidding games, Land Economics, 61(2), pp. 188 – 194.

[14] These amounts were calibrated with desk-based research into the distribution of insurance prices carried out by LE, and further refined based on feedback in the cognitive testing.

[15] The insurance price was taken from the questionnaire, which asked respondents to indicate their annual insurance price. Respondents' answers lay in the following bands: Below £100; £100 - £200; £200 - £300; £300 - £500; £500 - £750; £750 - £1,000; Over £1,000. To compute the values shown to respondents, we used the following procedure: 1. Identify the mid-point of the band, 2. Calculate the percentage increment of the increment = percentage increment * mid-point. For example, for a respondent paying between £100 and £200 per annum, allocated to the 10% increment band, the amount shown = 10% * £150 = £15.

how the sample was split for home insurance customers[16]. An identical splitting procedure was used for motor insurance customers.

Figure 1 Allocation of respondents over experiment conditions



Note: The survey and experiment had 4,214 home insurance customers and 7,493 motor insurance customers.

Source: London Economics

Outline of approach: price stability and reducing search and switching costs

The stated preference research also assessed respondents' valuation of services to help them search for and switch insurance providers, or products keeping prices stable. Respondents were split randomly and equally between two different options[17]:

- A service offered by a reputable consumer organisation that would compare between alternative insurance deals to find the best value, and take care of switching suppliers; and
- An insurance product that would keep insurance prices stable for three years, provided the consumer's circumstances remained unchanged.

Respondents entered their valuation in an open-ended question[18].

Outline of approach: consumer's maximum willingness to pay for insurance

Contingent valuation was used to assess consumers' maximum willingness to pay for insurance. The approach was similar to the one used to value search or switching time and effort, that is:

[16] The survey and experiment had 4,214 home insurance customers and 7,493 motor insurance customers. The illustration in the figure rounds down the figure of 4,214 to the nearest 1,000 for ease of illustration.

[17] The two options are not intended to be directly comparable, but rather to elicit consumers' valuation of the two options without asking two sets of questions and extending the length of the survey.

[18] Initially, respondents' valuation was elicited through double-bounded dichotomous choice questions with a similar structure to that described above. However, feedback from cognitive testing suggested that respondents were getting fatigued at this point, so the questions were replaced with a single open-ended question to minimise the strain on respondents and prevent fatigue and drop-out.

- Respondents were asked whether they would be willing to pay an initial amount for the same level of cover, assuming they had already tried shopping around and negotiating with their provider and this was the best deal they could find.
- If respondents said 'yes' to the initial amount, they were asked if they would pay a higher amount.
- If respondents said 'no' to the initial amount, they were asked if they would pay a lower amount.
- Respondents then answered an open-answer question where they indicated the maximum amount they would be willing to pay for the same level of cover.
- Respondents were also asked follow-up questions exploring what they would do if prices rose above their maximum willingness to pay. For example, whether respondents would reduce their level of cover, or go without insurance altogether[19].

As with the valuation of search and switching time/effort, respondents were allocated to one of six percentage increments over their reported annual insurance price, shown in the table below. As in the search and switching task, respondents were not shown percentage increments, but pound values. Percentage increments were calculated based on the upper bound of their insurance price band[20]. For example, if a respondent was paying £100 per annum for insurance, and was allocated to the group where the initial amount was the insurance price plus a percentage increment of 20%, they would be shown a question similar to the following: '*Thinking of your home insurance combined building and contents insurance policy, would you be willing to pay £120 per year for the same level of cover? Imagine you've already tried shopping around and negotiating with your current provider and this is the best deal you can find*.'

For more details on the values shown to respondents, see Section A2.3.

2.3 Cognitive depth interviews

2.3.1 Objectives and approach

Before launching the survey, qualitative cognitive testing of the telephone questionnaire was carried out. This consisted of 12 in-depth telephone interviews of 45 – 60 minutes. The purpose was to test whether consumers were able to provide meaningful answers to the questionnaire.

The cognitive depths explored:

- Respondents' understanding of survey questions: clarity and comprehension.
- Routing and coverage e.g. missing answer options
- Length and engagement: respondent fatigue which can impact data quality.
- Any 'red flags', e.g. insensitive language or tone: this is especially relevant when communicating with vulnerable consumers.

[19] In the case of motor insurance, going without insurance would mean stopping using their vehicle, since it is compulsory to have insurance to operate your vehicle. In the case of home insurance, individuals with mortgages frequently have to have insurance as a condition of the mortgage.

[20] The percentage increments were calibrated on desk-based research. The upper bound of the highest price band (>£1,000) was suggested by the FCA based on internal review.

Shortly before the telephone call, the respondent was sent a draft survey script (as an online link). The respondents then completed the survey online whilst on the phone to the researcher. They talked though their reactions to the questions and thought process in answering them. The researcher probed their understanding. After the survey was completed, a few follow-up/summary questions were asked regarding the survey experience, relevance, length and any suggestions for improvement.

2.3.2 Sample frame and recruitment

The respondents were recruited from YouGov's online research panel, via a short online recruitment screener. All respondents were incentivised for their time in line with the MRS Code of Conduct[21].

It is best practice for cognitive depths to mirror the sample frame of the survey that is being tested; this is to ensure it is understood by the full range of possible respondents. As there are two versions of the survey (motor and home), 6 depths per insurance type were recruited.

The following sample frame was used:

- Financial decision-makers for the household (either fully or along with other family member(s))
- Mix of insurance type:
  - Motor: Mix of third-party, third-party fire and theft and fully comprehensive.
  - Home: Mix of contents only, buildings only and combined
- Mix of price of annual premiums - using house and car value as a proxy.
- Mix of buying / renewing insurance online and over the phone
- Mix of buying direct or using a price comparison website
- Mix of digital confidence (not just for buying financial products)
- Mix of insurance providers
- Mix of history / frequency of switching and attitudes to switching
- Mix of gender, location, marital status, social grade, ethnicity, region, age, income, working status, education level
- Mix of financial capability
- 1- 2 to be renting (do not own a house) per insurance type
- Inclusion of potentially vulnerable people[22] (3-4 per insurance type) –Those who have 2 or more of the following characteristics will be identified as being potentially vulnerable:
  - Unemployed
  - Over 75 years
  - Long term health condition
  - Zero hour contracts
  - Income in the event of a shock lasting
    - Less than a week.

[21] https://www.mrs.org.uk/standards/code-of-conduct

[22] The definition of vulnerability mirrored the vulnerability questions used in the FCA's Financial Lives study. https://www.fca.org.uk/publication/research/financial-lives-survey-2017.pdf

  - More than a week, but less than 1 month
- Life events that may create a situation of vulnerability e.g. divorce, illness etc.

3 Implementation of quantitative fieldwork

3.1 Sample

The sample of respondents was drawn from customer lists obtained from insurance providers. The FCA provided YouGov with customer lists from 18 insurance companies. The lists comprised of customers that held a motor or home insurance policy on 1st July 2018.

Customer lists supplied included the following key information:

- Name (First name and surname);
- Email address; and/or
- Telephone number

All customers for which an email address was provided were allocated to the online fieldwork sample, all for which only a telephone number was provided were allocated to the CATI fieldwork.

The following steps were undertaken to clean the sample:

- De-duped to ensure respondents would not receive invitations to both home and motor;
- The online fieldwork sample was cleaned to removed invalid email addresses;
- The CATI sample was run through a Telephone Preference Service (TPS) to remove those that had call barring activated

The targets were 8,000 online completes and 2,000 CATI completes, split equally between home and motor insurance for both methodologies. These targets were revised during fieldwork due to the survey length and sample quality, as described below.

All respondents had to currently hold a home or motor insurance policy.

3.2 Fieldwork Approach

YouGov had responsibility for managing the sample and the process of inviting respondents to the survey.

- Invitations to the online survey were sent out from YouGov's systems. The content of the email was branded with the YouGov logo but referenced the FCA and London Economics.
- The survey was soft launched on the 1st April and sent out to a small subset of respondents – 2,000 respondents in total. Results from the soft launch were reviewed to determine: the expected response rate, whether the survey was working as predicted and to test the design of the questions through sense checking the answers.
- Following a satisfactory review, fieldwork was full launched on the 3rd April with emails sent out in batches of 200,000 (100,000 for Motor and 100,000 for Home insurance) on specific days throughout April.
- During fieldwork: response rates, survey length and the distribution of insurance firms were monitored.
- Reminder email invitations were sent out to all respondents that had not clicked on the survey in the last allocated week of fieldwork to help boost completion numbers.

As described above, the original targets were 8,000 online completes and 2,000 CATI completes, split equally between home and motor insurance. Following soft launch targets were revised as follows:

- Home insurance: 3,000 online, 623 CATI; and
- Motor insurance: 4,000 online, 622 CATI.

The targets were revised for the following reasons:

- Longer-than-expected CATI survey length: CATI soft launch showed an interview length of 26 minutes compared with the expected 15 minutes;
- Lower-than-expected online fieldwork response rates (less than 1%); combined with
- Low online home insurance sample size and lower-than-expected quality: The study team received approximately 470,000 online home insurance records, 30% of which was lost after cleaning. Therefore, combined with low response rates, it was difficult to reach the required original target.
- For the CATI sample, more than two-thirds of the sample was lost following cleaning and TPS screening.

The study team boosted online response rates by sending out reminders and follow-up e-mails, finally achieving completes of:

- Home insurance: 3,586 online, 628 CATI; and
- Motor insurance: 6,866 online, 627 CATI.

The table below summarises the number of responses and number of e-mails/telephone approaches for the online and CATI methodology.

Table 1 Summary of fieldwork: online and CATI

	Online	CATI
Average interview length	15 minutes	26 minutes
Number of customer contacts received	Home insurance: 469,470 Motor insurance: 1,105,920	Home insurance: 232,583 Motor insurance: 114,519
Number of customer contacts remaining after cleaning[1]	Home insurance: 330,376 Motor insurance: 817,155	Home insurance: 77,951 Motor insurance: 42,623
Number of e-mails sent/telephone calls made	E-mails were sent to 879,450 contacts (245,314 home insurance; 626,136 motor insurance)	82,429 calls made (47,799 home insurance; 34,630 motor insurance[23])
Number of respondents reached	10,452 (3,586 home insurance; 6,866 motor insurance)	1,255 (628 home insurance; 627 motor insurance)

Note: [1]: The CATI fieldwork team undertook two stages of cleaning: 1) erasing incorrect telephone numbers, invalid details etc., 2) TPS screening. The numbers in the table above indicate customer contacts remaining after cleaning and TPS screening.

[23] These figures are estimates based on the study team's sample usage statistics

3.3 Representativeness of the achieved sample

In general, the distribution of responses covered a range of consumers across income bands, employment status and region. A majority of survey respondents were male, and most were over the age of 55: approximately three-quarters of respondents were 55 years and over. Motor insurance holders in the sample were, on average, younger (Table 2). This age distribution is as expected since motor insurance holders in the population are typically younger than home insurance holders, as observed in research conducted by the FCA (Table 3). Also as expected, CATI respondents were on average somewhat older than online respondents, with double the proportion of respondents over the age of 75 in CATI compared to online. CATI respondents were also less likely to be comfortable buying financial products online compared to online respondents: 37% of CATI respondents reported they were not comfortable buying financial products online (or had no online access), compared to 9% of online respondents.

Table 2 Summary of responses for home and motor insurance

	Home insurance	Motor insurance	Online	CATI
Age				
18-44	11%	16%	15%	12%
45-54	18%	21%	20%	15%
55-64	27%	27%	28%	21%
65-74	30%	26%	28%	29%
75+	14%	10%	10%	23%
Gender				
Male	61%	66%	66%	55%
Female	38%	33%	34%	44%
Other/prefer not to say	1%	1%	1%	0%
Region				
North East	10%	9%	9%	9%
North West	12%	14%	13%	12%
East Midlands	8%	9%	8%	9%
West Midlands	8%	8%	8%	10%
East of England	7%	8%	8%	4%
London	8%	8%	8%	8%
South East	21%	19%	19%	21%
South West	12%	12%	11%	13%
Wales	4%	5%	5%	4%
Scotland	9%	8%	8%	8%
Northern Ireland	1%	1%	1%	4%
Non-UK	< 0.5%	< 0.5%	< 0.5%	1%
Employment status				
Self-employed	7%	8%	8%	7%
Have paid job – full time (30+ hours per week)	31%	37%	36%	26%
Have paid job – part-time (up to 29 hours per week)	6%	6%	6%	7%
Full time student	< 0.5%	< 0.5%	< 0.5%	< 0.5%
Unemployed and seeking work	1%	1%	1%	1%
Semi-retired	5%	5%	5%	5%
Retired	47%	39%	41%	51%
Not in paid work due to other reasons	3%	3%	3%	4%

Gross annual household income					
	Under £10,000	5%	3%	3%	12%
	£10,000 - £14,999	7%	6%	6%	15%
	£15,000 - £19,999	8%	8%	8%	11%
	£20,000 - £29,999	16%	17%	17%	17%
	£30,000 - £39,999	13%	15%	15%	11%
	£40,000 - £49,999	10%	10%	11%	6%
	£50,000 - £74,999	13%	13%	14%	7%
	£75,000 - £99,999	7%	6%	7%	4%
	£100,000 - £149,999	4%	4%	4%	2%
	£150,000 or more	2%	2%	3%	1%
	Would rather not state	15%	14%	14%	16%
How comfortable are you buying financial products on-line?					
	Very comfortable	66%	62%	70%	25%
	Comfortable but prefer other channel	22%	24%	21%	37%
	Not comfortable	10%	11%	9%	20%
	No online access	1%	3%	0%	17%
What did you do when you took out your insurance policy?					
	Switched provider	35%	35%	37%	20%
	New policy/first time needed insurance	5%	4%	4%	7%
	Renewed policy	54%	54%	53%	63%
	Changed policy/feature but stayed with provider	6%	6%	6%	8%
	Don't know	1%	1%	1%	2%
Total		4,214	7,493	10,386	1,320

The study's CATI component was explicitly designed to reach potentially vulnerable individuals, including those who may not be confident online. In general, the CATI element was successful in reaching these individuals. For example, CATI respondents were, on average:

- Somewhat older than online respondents, with double the proportion of respondents over the age of 75 in CATI compared to online;
- More likely to have low incomes compared to online respondents: 27% of CATI respondents had incomes below £15,000 p.a. compared to 9% of online respondents;
- More likely to be uncomfortable buying financial products online, compared to online respondents: 37% of CATI respondents said they didn't have online access, or were not comfortable buying financial products online, compared to 9% of online respondents; and
- Less likely to be engaged in switching insurance providers: 20% of CATI respondents reported they had switched providers when they took out their insurance policy, compared to 37% of online respondents.

Therefore, while the achieved sample was broadly similar to the sample of UK insurance holders in the Financial Lives Survey in terms of income and region[24], the study's sample over-represents individuals over the age of 55 and who are retired or semi-retired (Table 3). This over-representation

[24] The achieved sample was compared to the sample of the FCA's Financial Lives Survey. Data can be accessed via this link: https://www.fca.org.uk/publications/research/understanding-financial-lives-uk-adults. The Financial Lives Survey provides a benchmark for the representativeness of the sample used in this report against the population.

is as expected, since CATI participants, on average, tended to be older than respondents online, and more likely to be retired (Table 2).

Table 3 Summary of responses for home and motor insurance – benchmarked against the FCA Financial Lives Survey sample

	Home insurance (This report)	Motor insurance (This report)	Home insurance (Financial lives)[1]	Motor insurance (Financial lives)
Age				
18-44	11%	16%	36%	41%
45-54	18%	21%	23%	19%
55-64	27%	27%	16%	17%
65-74	30%	26%	13%	11%
75+	14%	10%	12%	11%
Gender				
Male	61%	66%	42%	51%
Female	38%	33%	58%	49%
Other/prefer not to say	1%	1%	0%	< 0.5%
Region				
North East[2]	10%	9%	11%	11%
North West	12%	14%	8%	13%
East Midlands	8%	9%	10%	10%
West Midlands	8%	8%	8%	7%
East of England	7%	8%	8%	10%
London	8%	8%	13%	5%
South East	21%	19%	16%	14%
South West	12%	12%	75	13%
Wales	4%	5%	6%	4%
Scotland	9%	8%	13%	7%
Northern Ireland	1%	1%	1%	5%
Non-UK	< 0.5%	< 0.5%	N/A	N/A
Employment status				
Self-employed	7%	8%	7%	10%
Employed[3]	37%	43%	57%	58%
Unemployed	1%	1%	2%	3%
Retired[4]	52%	44%	30%	22%
Other[5]	3%	3%	4%	8%
Gross annual household income				
Under £15,000	12%	10%	9%	10%
£15,000 - £29,999	25%	24%	20%	24%
£30,000 - £49,999	24%	26%	23%	20%
£50,000 - £69,999/£74,999[6]	13%	13%	13%	16%
£70,000/£75,000 - £99,999[6]	7%	6%	4%	7%
£100,000 or more	6%	7%	9%	2%
Would rather not state	15%	14%	23%	22%
Total	4,214	7,493	5,934	5,277

[1] The Financial Lives Survey reports data on home insurance separately for home & content, and content only insurance separately. This data has been aggregated into a single category for the purpose of this table.

[2] Includes Yorkshire and Humber for the purpose of this report.

[3] Includes both fulltime (30 hours or more) and part-time (29 hours of fewer) employment

[4] Includes semi-retired

[5] Includes full-time students

[6] £69,999/£70,000 for summary statistics of the sample used in the Financial Lives Survey; £74,999/£75,000 for summary statistics of the sample used in this report

Another check carried out by the study team was to compare average margins[25] paid by a subsample of survey respondents with average margins paid by the complete sample of consumers in data supplied by insurance firms to the FCA. This check was carried out to ensure that the team obtained a representative sample of those paying the highest and lowest margins. The study team found that sample margins in both markets were similar to those appearing in firm data, which provides reassurance that the sample's proportion of engaged consumers is broadly representative of the population of interest.

3.3.1 Weighting by number of firm contacts

Data was collected across 18 insurance companies in the UK. Responses for both home insurance and motor insurance have been weighted to ensure that the distribution of insurance companies is representative of the sample of customer contacts that were delivered to the study team by each provider.

RIM (Random Iterative Method) weighting is used when there are a number of different standard weights that all need to be applied together. YouGov uses the RIM (Random Iterative Method) detailed below. This weighting method calculates weights for each individual respondent from the targets and achieved sample sizes for all of the quota variables.

The weighting factor for each firm, for each market (home or motor insurance) is defined as follows:

$$w_i = \frac{\%\ of\ contact\ details\ from\ firm\ i}{\%\ of\ responses\ from\ firm\ i} = \frac{c_i / \sum_{i=1}^{N} c_i}{r_i / \sum_{i=1}^{N} r_i}$$

Where

- w_i is the weighting factor for the firm i
- r_i is the number of consumer survey responses from firm i
- $\sum_{i=1}^{N} r_i$ is the total number of consumer survey responses (N firms in total)
- c_i is the number of contact details from firm i
- $\sum_{i=1}^{N} c_i$ is the total number of contact details (N firms in total)

If $w_i > 1$ the percentage of contact details received from firm i in the dataset is higher than the percentage of responses from the firm. In other words, firm i is under-represented. Conversely, if $w_i < 1$ the firm is over-represented in the achieved sample.

[25] Defined as follows: (Price excluding insurance premium tax – expected claims cost)/ Price excluding insurance premium tax.

4 Implementation of qualitative fieldwork

10 in-depth qualitative interviews were conducted by YouGov whilst the survey was live: 5 on the telephone and 5 face to face. The interviews explored the survey topics in greater depth, exploring people's attitudes and experiences in more detail than the quantitative survey could. The depth interviews focussed specifically on people's experiences and attitudes towards searching and switching providers, auto-renewals and price walking (i.e. the practice of insurance prices increasing for existing customers over time). The interviews were also designed to produce quotes for the final report; to help articulate and bring the quantitative research to life in the final narrative report. A selection of anonymous visual case studies was also drawn together from the interviews, which display the range of attitudes people have towards switching. The case studies have been provided as an Annex to the narrative report.

YouGov recruited the respondents for the case study depths from YouGov's panel to ensure high response rates. The recruitment screener for the cognitive depths was used again for this stage for consistency purposes (see Section 2.3.2).

5 Post-fieldwork analysis

5.1 Trimming outliers

As described in section 2.2.2, the valuation of search, switch, maximum willingness to pay for insurance and insurance market products/services contained open-ended, directly elicited, valuation components. Such open-ended valuations are sensitive to some respondents providing extreme answers, or outliers, which are either much higher or lower than the majority of the sample. Such outliers can exert unduly large influence on the results of an analysis, skewing these results either upward or downward. Therefore, outliers are routinely trimmed.

This analytical approach trimmed outliers for the variables capturing directly elicited valuations (see section 5.3.1) using the interquartile range method, which identifies outliers as follows.

The interquartile range, defined as the difference between the third (Q3) and first (Q1) quartile[26], is calculated for the full sample. Outliers are then defined as any observation for which the relevant value is more than 1.5 times the interquartile range below Q1 or above Q3. In mathematical notation, outliers are defined as follows:

$$x = outlier\ if \begin{cases} x < Q1 - 1.5(Q3 - Q1) \\ x > Q3 + 1.5(Q3 - Q1) \end{cases}$$

The analytical approach only trimmed outliers for directly elicited valuations, not for valuations obtained from the double-bounded dichotomous choice.

5.2 Statistical tests used

Statistical tests were used to draw conclusions on the population of UK residents holding home or motor insurance. Tests account for the fact that samples cannot be expected to perfectly reflect the population from which they are drawn, and therefore some judgement on the sample results is needed. Statistical tests provide evidence for these judgements.

The analytical approach employed two types of statistical tests:

- Two sample Z-test for proportions; and,
- χ^2 (or chi-square) test

5.2.1 Two-sample Z-test for proportions

The two-sample Z-test for proportions can be used to test whether proportion, drawn from two different populations, are equal to each other based on sample results.[27] In the context of the study, it could be used to understand whether the proportion of people who believe that saving money by

[26] The first quartile (Q1) of a sample is a value such that the 25% lowest values in a sample are smaller than or equal to Q1 and the 75% highest values are larger than or equal to Q1. The third quartile similarly splits the sample but is calculated in reference to the 75% lowest values and 25% highest values. As such, Q3 is always larger than or equal to Q1.

[27] In statistics, "population" refers to the entire group of people who are of interest to the researcher. "Sample" refers to the subset of the population that is observed.

shopping is fair, is the same across genders. In mathematical notation, the two-sample Z-test investigates the following:

$$H_0: p_1 = p_2$$
$$H_1: p_1 \neq p_2$$

where p_1 and p_2 are population proportions, H_0 is the hypothesis tested and H_1 is the appropriate alternative to the tested hypothesis.

The test provides a Z-statistic (hence the name) which can be converted into a probability, or p-value. This probability provides an answer to the following question:

*If the **population proportions** were equal in reality, what is the chance that we would observe the known difference in the **sample proportions**?*

Conventionally, a p-value of 5% or less is thought of as evidence that population proportions are different, since the probability obtaining the sample results are otherwise very small. In that case, the difference in proportions is said to be "statistically significant".

The test requires a number of conditions to be satisfied to be valid, chief among them is "asymptotic normality". This effectively means that the sample should be sufficiently large. Although the rules of thumb around what constitutes a "sufficiently large" sample vary, they generally require 50 observations in each of the two samples tested. Given the sample size obtained in the fieldwork (see section 2), this is assumption was satisfied.

5.2.2 χ^2 test (chi-square test)

The χ^2 (or chi-square) test can be seen as an extension of the two-sample Z-test for proportions. It can be used to compare proportions across two or more populations, e.g. the proportion of respondents who think that a particular statement is fair across age cohorts. It can also be used to test whether the distribution (i.e. variation of choices or behaviour) of people across two or more categories within the same variable is different for different populations, e.g. the distribution of people switching, renewing or otherwise changing their insurance across genders.

The test produces a χ^2-statistic which, as the Z-statistic, can be converted into a probability, or p-value. This probability provides an answer to the following question:

*If the distribution of people across categories was, in reality, the same in all **populations**, what is the chance that we would observe the known distributions in the **samples**?*

A p-value of 5% or less is, again, conventionally seen as evidence that distributions in the various populations are likely to be different.

An important feature of the χ^2 test is that it can only provide evidence that distributions differ across populations; it cannot provide evidence on how these distributions differ. For instance, if the test were to show that perceptions of fairness differ across age cohorts, it would not provide insight into how these age cohorts differ, only that there are differences.

As the Z-test, the χ^2 test also requires a number of conditions to be satisfied to be valid; the main one being sample size. Generally, the test is considered valid if there are at least five observations for each combination of category and population (e.g. people who switched policies *and* are

between 45 and 54 years old, or people who renewed their policy *and* are older than 75 years old). Given the size of the obtained sample, this assumption was generally satisfied.

5.3 Derived variables

This section provides details on some derived variables that were used in the analytical approach. More precisely, it contains details on variables pertaining to:

- the contingent valuation;
- vulnerability; and,
- knowledge of insurance products.

5.3.1 Variables for the contingent valuation

The contingent valuation looked at valuations for:

- cost of searching for and switching insurance policies;
- maximum willingness to pay for insurance; and,
- services reducing search and switching costs and keeping prices stable.

Section 2.2.2 provides more detail on the contingent valuation methodology. The derived variables stemming from this methodology are outlined below.

Search and switch costs

As noted in section 2.2.2, respondents were asked to value the cost of searching for and switching insurance policies using two methodologies. Firstly, respondents went through a double-bounded dichotomous choice experiment. Secondly, they were asked to directly specify their value of search and switching costs. The two methodologies were applied similarly for both search and switching costs.

Furthermore, respondents were subjected to different framings of the valuation questions. Some respondents were asked about their willingness to pay a higher premium to avoid searching or switching (**negative framing**) whereas other respondents were asked about their willingness to accept more savings on their premium by searching and switching (**positive framing**). These two framings also provide identically derived variables.

Therefore, each description in this section underlies four different derived variables:

- valuation of search costs in the positive frame;
- valuation of search costs in the negative frame;
- valuation of switch costs in the positive frame; and,
- valuation of switch costs in the negative frame.

Double-bounded dichotomous choice experiment

In the double-bounded dichotomous choice experiment, respondents were asked two consecutive yes or no questions, the answers to which grouped all respondents into four mutually exclusive groups. These groups represented their valuation for search and switch costs as percentage of their current insurance premium. Furthermore, respondents were randomly allocated into three possible

starting points for the dichotomous choice experiment; "low", "medium" and "high". The table below shows the mapping of the outcome of the choice experiment to the implied valuation, for the different starting points.

Table 4 Mapping of double-bounded dichotomous choices to implied valuation for search and switch costs

Answers to question[a]	Low starting point	Medium starting point	High starting point
No/No	**0-3%**	**0-5%**	**0-10%**
No/Yes	**3-5%**	**5-10%**	10-15%
Yes/No	**5-10%**	10-15%	15-20%
Yes/Yes	> 10%	> 15%	> 20%

[a] The answers here are provided in order, e.g. if a respondent is in the Yes/No group, then they answered yes in the first of two questions and no in the second.

This mapping was used when analysing the results of the dichotomous choice experiment separately for each starting point. It was, however, not appropriate when the full sample was analysed because the implied valuation differed based on the starting point. A second derived variable was generated to allow the sample as a whole to be analysed.

The second derived variable recognised that, across all starting points, the implied valuation of "0-10%" and "> 10%" could be established. More specifically, the "0-10%" could be defined by grouping the first three groups in the low starting point, the first two in the medium starting point and the first in the high starting point. These have been highlighted in bold in the table above.

Directly elicited valuation

Two derived variables were created based on directly elicited valuations; a level and a proportional valuation of search or switch costs. Respondents were asked to directly specify their valuation for search or switch costs in Pound Sterling in the form of an additional payment on top of their insurance premium.

The direct responses to these questions formed the basis for the level valuation provided in Pound Sterling. Extreme responses, or outliers, were identified using the interquartile range method (see section 5.1) and outliers were not included in the analysis.

The second derived variable, the proportional valuation, expressed the level valuation as a proportion of the insurance premium paid by the respondent. To achieve this, the original (i.e. non-trimmed) level of direct valuation was divided by the annual premium paid as reported by the respondent. Respondents reported premiums in bands, which cannot be used in a division. The bands were operationalised for division by taking the midpoints of the bands. These midpoints were used to calculate the proportional valuation. The table below shows the mapping of reported insurance premium band to their midpoint.

Table 5 Mapping of reported insurance premium band to premium used in division, search and switch

Insurance premium band	Operationalised premium
< £100	£100
£100 - £200	£150
£200 - £300	£250
£300 - £500	£400
£500 - £750	£625

£750 - £1,000	£875
> £1,000	£1,000
Prefer not to say	(Not included in derived variable)

Respondents who preferred not to report their annual insurance premium were not included in the proportional valuation. Furthermore, the proportional valuation itself was trimmed of outliers using the interquartile range method. The level and proportional valuations were trimmed of outliers separately since an observation that was identified as an outlier in one derived variable may not have be considered an outlier in another.

Maximum willingness to pay for insurance

Respondents were also asked to value their maximum willingness to pay for insurance at their current level of cover in both a double-bounded dichotomous choice experiment and in a directly elicited valuation. In contrast to the search and switch cost valuations, there was only one framing of the questions.

Double-bounded dichotomous choice experiment

As for the search and switch cost valuation, respondents were asked two yes or no questions from which a valuation could be inferred. More specifically, the valuation provided a percentage that respondents were willing to pay **on top of their current insurance premium** to be able to access insurance products. As before, respondents were allocated to one of six starting values, these being 10%, 20%, 30%, 40%, 50% or 60% above their current insurance premium. The table below provides the mapping of respondents' choices to the implied valuation from the choice experiment.

Table 6 Mapping of double-bounded dichotomous choices to implied maximum willingness to pay for insurance

Respondents' choices[a]	Starting value					
	+ 10%	+ 20%	+ 30%	+ 40%	+ 50%	+ 60%
No/No	0-5%	0-10%	0-20%	0-30%	0-40%	0-50%
No/Yes	5-10%	10-20%	20-30%	30-40%	40-50%	50-60%
Yes/No	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%
Yes/No	> 20%	> 30%	> 40%	> 50%	> 60%	> 70%

[a] The answers here are provided in order, e.g. if a respondent is in the Yes/No group, then they answered yes in the first of two questions and no in the second.

Directly elicited valuation

Three derived variables were created based on the directly elicited maximum willingness to pay for insurance; one level and two proportional valuations. Respondents were asked to directly specify the maximum premium they would be willing to pay for insurance with the same level of cover they already had.

The responses to this question formed the basis for the level valuation. Outliers were identified using the interquartile range method described above and not included in estimates of average willingness to pay as a proportion of their insurance price.

Two derived variables expressed the level of valuation as a proportion of the insurance premium paid. As for search and switch costs, the non-trimmed level of valuation was divided by the insurance premium paid, as reported by the respondents in bands. The premium bands were operationalised in two separate ways; one used the midpoint of the bands and one used the upper bound of the

bands. Since the highest insurance premium band did not have an upper bound, an artificial bound was constructed for home and motor insurance[28]. The table below shows the mapping of insurance premium bands to the operationalised premiums.

Table 7 Mapping of reported insurance premium band to premiums used in division, maximum willingness to pay for insurance

Insurance premium band	Midpoint	Upper bound (home)	Upper bound (motor)
< £100	£100	£100	£100
£100 - £200	£150	£200	£200
£200 - £300	£250	£300	£300
£300 - £500	£400	£500	£500
£500 - £750	£625	£750	£750
£750 - £1,000	£875	£1,000	£1,000
> £1,000	£1,000	£1,136.36	£1,590.91
Prefer not to say	(Not included)	(Not included)	(Not included)

Respondents who preferred not to report their annual insurance premium were not included in the proportional valuations. Both derived proportional valuations were trimmed of outliers using the interquartile range method.

Valuation of price stability and services to help consumers search for and switch insurance providers

Two services were tested in the survey; the existence of a watchdog that compares prices and the existence of an alternative product that fixes the premium for 3 years. In both cases, only a direct valuation method was used.

Watchdog service

Two variables were derived for the watchdog service; a level and a proportional valuation. Respondents were asked to report the maximum they would be willing to pay per year (in Pound Sterling) for a watchdog service that compares alternative deals.

The responses to this question formed the basis for the level valuation. Outliers were identified using the interquartile range method and not included in the analysis.

The proportional valuation was derived by dividing the non-trimmed level of valuation with the insurance premium paid by respondents. The midpoints of the reported premium band were used in the calculation. Table 5 shows the mapping of the reported premium band to the premium used in the division. Respondents who preferred not to report their annual insurance premium were not included in the variable and outliers were trimmed using the interquartile range method.

Price stability product

Four variables were derived for the "new product"; one level and three proportional valuations. Respondents were asked to specify the maximum they would be willing to pay per year (in Pound

[28] The artificial bound was provided by the FCA based on their own research into insurance premia in motor and home insurance.

Sterling) for an insurance product that guarantees a fixed premium for three years as long as circumstances remain the same.

The responses to this question formed the basis for the level valuation. Outliers were identified using the interquartile range method and outliers were not included in the analysis.

Three proportional valuation variables were derived based on the same principle. These variables expressed the level of the valuation as a proportion of the insurance premium paid. As before, the non-trimmed level was divided by the insurance premium as reported by respondents in bands. These bands were operationalised for division in three different ways; either by taking the lower bound, the midpoint or the upper bound of the reported band. Since the lower bound of the lowest band could not be used in division (it is zero), this lower bound was defined as 50. Furthermore, the upper bound for the highest band was not defined. Therefore, an artificial upper bound was constructed for home and motor insurance. The mapping of the insurance premium bands to the operationalised premiums was the same used when valuing maximum willingness to pay for access to insurance (Table 7).Respondents who preferred not to report their annual insurance premium were not included in the proportional valuations. All three derived proportional valuations were trimmed of outliers using the interquartile range method.

5.3.2 Knowledge of insurance products

The last derived variable relates to knowledge of insurance products. Respondents were asked to self-report their knowledge of insurance products on a scale from 0 (not at all knowledgeable) to 10 (very knowledgeable). Respondents who ranked their knowledge as 4 or lower were classified as not knowledgeable. Respondents who ranked their knowledge as 6 or higher were classified as knowledgeable. As the centre of the ranking, respondents who classified their knowledge as 5 were not included in the analysis crossing consumer behaviour with knowledge of insurance products.

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ANNEXES

Annex 1 Materials for qualitative research

A1.1 Recruitment screener for qualitative research

Method:

- **12 x cognitive depth interviews (telephone) – 50/50 split across home and motor insurance (45-60mins)**
- **10 x follow up depths (f2f and telephone, 45mins)**

Sample frame for the 12 x cognitive depths

Across all interviews we will ensure a mix of participants are included across:

- All to be financial decision maker – fully or partly
- Mix of those who have motor inc. motorcyle and cars (6) and home insurance (6)
    - Motor: Mix of 3rd party, 3rd party Fire and Theft AND fully comp
    - Home: Mix of contents only, buildings only and combined
- Mix of price of annual premiums - using house and car value as a proxy.
- Mix of buying / renewing insurance online and over the phone
- Mix of buying direct or using a price comparison website
- 0-1 ONLY using a insurance broker
- Mix of digital confidence (not just for buying financial products)
- Mix of financial capability
- Mix of insurance providers
- Mix of history / frequency of switching and attitudes to switching
- Mix of gender, marital status, social grade, *ethnicity,* region, age, income, working status, education level
- 1- 2 to be renting (do not own a house) per insurance type
- Inclusion of potentially 'vulnerable' people (3-4 per insurance type) –*Those who have 2 or more of the following characteristics will be identified as being potentially vulnerable:*
    - Unemployed
    - Over 75 years
    - Long term health condition
    - 0 hour contracts
    - Life event
    - *FL Question income*: Income lasting <1> Less than a week. <2> More than a week, but less than 1 month

Screener questions

Demographic profile

Responses to the following profile questions are already stored on the YouGov panel and updated on a regular basis (where appropriate) so will not be asked to participants.

[profile_gender_pdl if 0] {pdl-update profile_gender}

#Recruit a mix

[Marital_pdl]

[profile_GOR_pdl if 0] {pdl-update profile_GOR}

#Which region do you live in?

<1> North East

<2> North West

<3> Yorkshire and the Humber

<4> East Midlands

<5> West Midlands

<6> East of England

<7> London

<8> South East

<9> South West

<10> Wales

<11> Scotland

<12> Northern Ireland

<13> Non UK & Invalid

#Recruit a mix across UK

#Exclude 13

[profile_socialgrade_cie_pdl if 0] {pdl-update profile_socialgrade_cie}

#Recruit a mix of social grade

[ethnicity_new_pdl if pdl.ethnicity_new.last > months(6)] {pdl-update ethnicity_new}

#{single varlabel = "Ethnicity"} To which of these groups do you consider you belong? Please select one option only.

#<1> English / Welsh / Scottish / Northern Irish / British

#<2> Irish

#<3> Gypsy or Irish Traveller

#<4> Any other White background

#<5> White and Black Caribbean

#<6> White and Black African

#<7> White and Asian

#<8> Any other Mixed / Multiple ethnic background

#<9> Indian

#<10> Pakistani

#<11> Bangladeshi

#<12> Chinese

#<13> Any other Asian background

#<14> African

#<15> Caribbean

#<16> Any other Black / African / Caribbean background

#<17> Arab

#<18 fixed> Any other ethnic group

#<19 fixed> Prefer not to say

#Recruit a mix - Include 2 – 3 whose ethnicity is not white British

[profile_work_stat_pdl if 0] {pdl-update profile_work_stat}

#[profile_work_stat_pdl if pdl.profile_work_stat.last > months(6)] {pdl-update profile_work_stat}

#{single varlabel="Employment Status Main"} Which of these applies to you?

<1> Working full time (30 or more hours per week)

<2> Working part time (8-29 hours a week)

<3> Working part time (Less than 8 hours a week)

<4> Full time student

<5> Retired

<6> Unemployed

#Recruit a mix of those in and out of work; include 1 – 2 who are retired

If coded 1-3 in profile_work_stat_pdl

[workhours] {single} How many hours a week are you _contracted_ to work for your primary employer?

<1> I have no set hours as they vary from week to week depending on the level of work available i.e. a zero-hours contract

<2> 1-8 hours

<3> 9-16 hours

<4> 17-24 hours

<5> 25-32 hours

<6> 33-40 hours

<7> 41-48 hours

<8> 49-56 hours

<9> More than 56 hours

<10> Don't know

[profile_gross_household] {single varlabel="Income - gross household"} Gross HOUSEHOLD income is the combined income of all those earners in a household from all sources, including wages, salaries, pension income, or rents and before tax deductions. What is your gross household income?

<1> under £5,000 per year

<2> £5,000 to £9,999 per year

<3> £10,000 to £14,999 per year

<4> £15,000 to £19,999 per year

<5> £20,000 to £24,999 per year

<6> £25,000 to £29,999 per year

<7> £30,000 to £34,999 per year

<8> £35,000 to £39,999 per year

<9> £40,000 to £44,999 per year

<10> £45,000 to £49,999 per year

<11> £50,000 to £59,999 per year

<12> £60,000 to £69,999 per year

<13> £70,000 to £99,999 per year

<14> £100,000 to £149,999 per year

<15> £150,000 and over

<16> Don't know

<17> Prefer not to answer

#Recruit a mix of income level

[profile_education_age] {single varlabel="Age finished education"} At what age did you finish full-time education?

<1> 15 or under

<2> 16

<3> 17-18

<4> 19

<5> 20+

<6> Still at school/Full time student

<7> Can't remember

#Recruit a mix of 1-6

[Health_FL] Is your ability to carry-out day to day activities reduced a lot through a health condition or illness lasting or expecting to last for more than 12 months?

<1> Yes

<2> No

<3> Don't know

<99> Prefer not to answer

#recruit a mix

#1 is a sign of potential vulnerability

[Lifeevent_FL] Have you or your partner experienced any of these "life events" over the previous 12 months?

<1>Loss of job/redundancy

<2> Reduction in working hours against wishes

<3> Bankruptcy

<4> Relationship breakdown/separation

<5> Divorce

<6> Serious illness or accident (of you, partner, or close family member)

<7> Death of a parent, partner or child

<8> Becoming the main carer for a close family member

<9> None of these

<99> Prefer not to answer

#1-8 is a sign of potential vulnerability

Insurance purchases – Key screener questions

Q1 [decisions] Are you responsible for making financial decisions in your household, either solely or jointly with a spouse / partner?

<1> Yes, solely

<2> Yes, Jointly

<3> No

#Must be solely or jointly responsible – screen out if has no responsibility

[insurance_held] {multiple varlabel = "Insurance policies held" columns=2} Which of the following insurance policies do you currently hold? Please select all that apply.

<1> Standalone home contents insurance policy (ie. policy does not have buildings insurance)

<2> Standalone home buildings insurance policy (ie. policy does not have contents insurance)

<3> Joint home/building and contents insurance

<4> Motor insurance (fully comprehensive)

<5> Motor insurance (third party only)

<6> Motor insurance (third party fire and theft)

<7> Travel insurance (single trip – in this case please select this option if you have had cover at any point in the last 12 months)

<8> Travel insurance (annual cover)

<97> Other

<96 xor> Don't know

<99 xor> None of these

#Must have 1-6. **Screen out if don't have any of these**

#Mix of 1-2 for Home and 4-6 for Motor

[profile_house_tenure_pdl if pdl.profile_house_tenure.last > months(6)] {pdl-update profile_house_tenure}

#{single varlabel="House Tenure"} Do you own or rent the home in which you live?

#<1>Own – outright

#<2>Own – with a mortgage

#<3>Own (part-own) – through shared ownership scheme (i.e. pay part mortgage, part rent)

#<4>Rent – from a private landlord

#<5>Rent – from my local authority

#<6>Rent – from a housing association

#<7>Neither – I live with my parents, family or friends but pay some rent to them

#<8>Neither – I live rent-free with my parents, family or friends

#<9>Other

#Home insurance qualifiers must code 1-6

#Screen out if code 7,8,9 IF they don't have motor insurance

#1-2 renters per insurance type

Opt-in page for cognitive depths

Before completing your survey we would like to invite you to complete a few short questions to determine if you are eligible and willing to take part in an upcoming **telephone interview (duration of 60 minutes) for a financial organisation.** During the interview, you will be asked to review a draft YouGov survey to make sure that all the questions make sense and can be answered in a way that is true for each individual. YouGov will be **offering an incentive to say thank you** for your time if you are selected and take part in an interview

These questions will take you 3-4 minutes to complete and will determine your eligibility for a future interview. Please note that completion of this survey will not guarantee your selection, however it will ensure you are shortlisted as a possible participant.

You will be automatically redirected onto your survey after completing these questions. >

[screener_opt]{single} Would you be interested in finding out more about our upcoming telephone interviews?

<1> Yes - I want to find out more

<2> No - I want to begin my survey

{exit status=screenout if screener_opt==2}

{end page intro}

Insurance profile / behaviour

Ask if have home insurance:

[home_value] {single varlabel = 'home value'} Approximately what is the value of your main home? If you have more than one, please refer to the one you live in the most.

<1> Up to £124,999

<2> £125,000 to £249,999

<3> £250,000 to £499,999

<4> £500,000 to £749,999

<5> £750,000 to £999,999

<6> £1,000,000 - £1,499,999

<7> £1,500,000 - £1,999,999

<8> £2,000,000 - £2,499,999

<9> £2,500,000+

<98> Don't know

<99> Prefer not to say

#Recruit a mix

[insurance_home] {multiple columns=2 varlabel="Contents / building insurance - Company"} {randomise} Which firm(s) provide your **contents and/or building insurance for your main home?**

[Firm names redacted for the report]

[home_insurance_renew] Thinking about the last time you purchased / renewed your ** contents and/or building insurance **, which of the following sources of information did you use to help you decide which provider to use? Please select all that apply.

<1> Price comparison websites (e.g. moneysupermarket.com, Go Compare, etc.)

<2> The websites of insurance providers (e.g. [insert example provider names here – firm names redacted].)

<3> Friends and family

<4> The websites of banks or building societies

<5> Phoning insurance providers to get a quote

<6> Phoning my local bank or building society and seeing what they can offer

<7> Going into my local bank or building society and seeing what they can offer

<8> Contacting an insurance broker

<9> Leaflets in my local supermarket

<10> The Post Office

<11> Consumer financial advice websites (e.g. Money Advice Service, MoneySavingExpert)

<95> Other_ please state…….

<99 xor> None of these

<96 fixed xor> Don't know

#Record – recruit a mix, where possible

[home_renew] And which of the following best describes how you finally purchased your contents and/or building insurance policy?

<1> I purchased it online, direct from the insurer

<2> I purchased it via the telephone, direct from the insurer

<3> I purchased it via post, direct from the insurer

<4> I purchased it face-to-face, direct from the insurer

<5> I purchased it online, via a third party website (e.g. comparison website, Post Office, insurance broker)

<6>I purchased it via the telephone, via a third party (e.g. Post Office, insurance broker)

<7> I purchased it via post, via a third party (e.g. Post Office, insurance broker)

<8> I purchased it face-to-face, via a third party (e.g. Post Office, insurance broker)

#Recruit a mix

Ask if have motor insurance

[Motor_type] Which, if any, of the following vehicles do you have an insurance product for? Please select all that apply

<1> Car

<2> Motorcycle / scooter

<3> Other

#Recruit a mix

[Motor_value] {single varlabel = 'motor value'} We'd now like you to think about any car(s) or motorcycles that you own and have an insurance product for (if any). Approximately, what is the

current value of your car or motorcycle? If you have more than one, please refer to the most expensive that you drive.

<2> Up to £2,000

<3> £2,001-£4,000

<4> £4,001-£6,000

<5> £6,001-£8,000

<6> £8,001-£10,000

<7> £10,001-£12,000

<8> £12,001-£15,000

<9> £15,001-£20,000

<10> £20,001-£25,000

<11> £25,001-£30,000

<12> £30,001-£50,000

<13> £50,001 or more

[insurance_motor_supplier] {single columns=2 varlabel="Motor insurance company"} {multiple} Which, if any, of the following insurance companies do you currently use for your **motor insurance (motorcycle or car)?**

[Firm names redacted]

[motor_insurance_renew] Thinking about the last time you purchased / renewed your **motor insurance, which of the following sources of information did you use to in the purchase process? Please select all that apply.**

<1> Price comparison websites (e.g. moneysupermarket.com, Go Compare, etc.)

<2> The websites of insurance providers (e.g. Aviva, Direct Line, AA, etc.)

<3> Friends and family

<4> The websites of banks or building societies

<5> Phoning insurance providers to get a quote

<6> Phoning my local bank or building society and seeing what they can offer

<7> Going into my local bank or building society and seeing what they can offer

<8> Contacting an insurance broker

<9> Leaflets in my local supermarket

<10> The Post Office

<11> Consumer financial advice websites (e.g. Money Advice Service, MoneySavingExpert)

<95> Other_ please state…….

<99 xor> None of these

<96 fixed xor> Don't know

#Record – recruit a mix, where possible

[motor_renew] And which of the following best describes how you finally purchased your motor insurance policy?

<1> I purchased it online, direct from the insurer

<2> I purchased it via the telephone, direct from the insurer

<3> I purchased it via post, direct from the insurer

<4> I purchased it face-to-face, direct from the insurer

<5> I purchased in online, via a third party website (e.g. comparison website, Post Office, insurance broker)

<6>I purchased it via the telephone, via a third party (e.g. Post Office, insurance broker)

<7> I purchased it via post, via a third party (e.g. Post Office, insurance broker)

<8> I purchased it face-to-face, via a third party (e.g. Post Office, insurance broker)

#Recruit a mix

Ask all

[Broker] Do you use an insurance broker to help you purchase personal (home or motor) insurance products?

<1> I always use an insurance broker to help me purchase personal insurance products

<2> I sometimes use an insurance broker to help me purchase personal insurance products
<3> I never use an insurance broker to help me purchase personal insurance products
<4> Don’t know

#Max 1-2 who do use a broker (1 and 2)

[ins_switch_activeness] Generally speaking, when you're home or motor policies comes up for renewal, how active or inactive are you in searching for a better deal?

<1> Very active - I always shop around to see if I can get a better deal

<2> Active - I try to shop around to look for better deals

<3> Neither active or inactive

<4> Inactive - I sometimes check a few sources of deals

<5> Very inactive - I stick with my existing insurer and accept the renewal quote

<96 fixed xor> Don't know

#Recruit a mix of active and inactive switchers

[open] When it comes to choosing home or motor insurance, what challenges if any do you face in choosing / finding a provider? What are you looking for to help you decide which provider to go with?

#Recruit those with an opinion

Financial capability / vulnerability questions

[lost_income] If the main source of income in your household was lost how long could your household continue to cover living expenses for without having to borrow any money or ask for help from friends or family?

<1> Less than a week

<2> More than a week, but less than 1 month

<3> More than 1 month

<4> Don't know

<5> Refused (do not wish to answer)

#1-2 is a potential sign of vulnerability

[financialconfidence_FL] How confident are you about managing your money?

0 = not at all confident

.

.

10 = highly confident

<99> Refused / do not wish to answer

#Recruit a mix

[technology] When it comes to technology, please rate yourself on a scale of 1-7 (where 7 = strongly agree and 1 = strongly disagree) against the following statements

<A> I enjoy keeping up with the latest developments in technology

1 2 3 4 5 6 7

<B> I do all my shopping online

1 2 3 4 5 6 7

<C> I am confident doing my financial admin online e.g. online banking, switching providers

1 2 3 4 5 6 7

<D> I do everything on my computer / tablet / smartphone

1 2 3 4 5 6 7

#Recruit a mix

Page Invite: cognitive telephone interviews

YouGov is conducting some research to help develop a survey on the topic of insurance, before the survey is sent to a larger group of people. **YouGov is conducting some telephone interviews with people who have home and / or car insurance** to make sure that all the questions make sense and can be answered in a way that true for each individual.

Telephone interviews will take place between the **xxxxxxxx March, and will last up to 60 minutes.** The interview will be arranged at a time most convenient for you (Monday – Friday between the hours of 9.30am and 7pm).

We will record the interview for note taking purposes, and on completion of the research, we will share anonymous insights and the audio recording with our client. Any identifiable information will not be shared with our client without your consent.

If you are selected to take part we are pleased to offer you a **£xxx Amazon voucher** as a thank you for your participation in the telephone interviews.

[available_1] Are you interested and available to take part in a telephone interview to help us develop a survey between the xxxxxxx in March?

<1> Yes I'm interested and available to take part in a telephone interview

<2> No, I'm not interested in taking part

#screen out if answer no

[**telephone_dates] {multiple columns=3} Which of the following dates would you be available to take part in a telephone interview? Please select all that apply.**

Xxxxxx

xxxxxxx

[**telephone_times] {multiple columns=2} Which of the following times would be generally best to conduct the interview? Please select all that apply.**

<1> 09.30 – 11.00

<2> 11.00 – 12.00

<3> 12.00 – 13.00

<4> 13.00 – 14.00

<5> 14.00 – 15.00

<6> 15.00 – 16.00

<7> 16.00 – 17.00

<8> 17.00 – 18.00

<9> 18.00 – 19.00

<99 xor> None of these

[phonenumber] {open} What is the best number to contact you on? *Please note that your telephone number will be used for the purposes of this project only, and will not be kept for longer than necessary.*

Page follow up-depths opt in

In addition to the telephone interviews we're conducting to help develop a survey, YouGov are conducting some **depth interviews looking at peoples' experiences of researching and purchasing motor and home insurance.**

These interviews will take place **in April 2019 and will last for up to 45 minutes.** The interview will be arranged at a time most convenient for you (Monday – Friday between the hours of 9.30am and 7pm). Interviews will be conducted either via **telephone or face-to-face at a location of your choice**, depending on your preference.

We will record the interview for note taking purposes, and on completion of the research, we will share anonymous insights with our client. The recording and other identifiable information will not be shared with our client without your consent.

If you are selected to take part we are pleased to offer you **a £xxx Amazon voucher (telephone interview) or £xxxx in cash (face to face interview)** as a thank you for your participation.

[available_2] Are you interested and available to take part in an interview to help us develop a survey in April? Please tick all that apply.

<1> Yes I'm interested and available to take part in a telephone interview

<2> Yes I'm interested and available to take part in a face-to-face interview

<3xor> No, I'm not interested in taking part

[phonenumber] {open} What is the best number to contact you on? *Please note that your telephone number will be used for the purposes of this project only, and will not be kept for longer than necessary.*

A1.2 Interview guide – follow-up depth interviews

Introductions (3 minutes)

Thank participant for taking part in the interview today. Reassure of participant confidentiality – we will not be sharing any identifying details with any third parties.

The interview will be audio recorded for research purposes but they will not be personally identified in any reporting. We will ask you at the end if you are happy for us to share the recording with our client – they will not make it public.

We will be discussing financial decision making, particularly focusing on the area of insurance. However, you do not need to reveal any personal information about your personal financial situation or bank accounts, it is the general topic of decision making that we are most interested in talking about today.

To start with could you all please briefly introduce yourselves – could you share you first name, age, what you do for a living.

Financial and insurance attitudes (3- 5 mins)

- What comes to mind when you think about your personal finances? Do you feel confident about your finances? Why / why not?

- Do you think there is much difference between insurance providers? Why do you say this? In what way, if so? E.g. quality, price, offer, service, coverage
    - Would you be willing to just go with the cheapest insurance company – why / why not?

Insurance purchase journey and relationship with providers (10 – 15 minutes)

- We are going to be discussing home / motor insurance for the rest of the interview. Who is your current provider?
    - Have you made a claim before with this provider? If so, when?

- **Insurance journey**: When your home / motor insurance last came up for renewal - what did you do? Please talk me through all the steps inc. if you got a letter or not, did you read it, did you call the provider etc, visit any price comparison websites or alternative provider websites etc
    - Do you remember being asked by the provider if you wanted to renew your policy? Or was it just renewed automatically? If so, how was this done – letter, email, call, text etc?
        - If it was automatically renewed – how did this make you feel?
    - Did you face any challenges? How did this make you feel?
    - *(PROBES FOR MODERATORS IF NEEDED: explore role of any 3rd party e.g. broker, marketing material, online research, recommendations / word of mouth, role of cash back websites, price comparison websites, role of phone / email / written communication with existing and potential providers*

- Leading on from above question. Did you switch provider or not when your home / insurance last came up for renewal?

  - If so, why?
    - What was the main criteria that you were comparing providers on?
    - How easy or not was it to make comparisons?
  - If not, why not?

- What were the main reasons for choosing your current provider? Probe: awareness and perceptions of the brand, role of price, ease of staying with current provider, wanting a better deal etc
  - Do you trust your current provider? Do you have confidence in them? Why / why not?
  - How would you describe the service they offer you overall? E.g. fair, unfair, poor, good, high or low quality

Searching and switching behaviour in general, and views on auto renews (20 mins)

Now thinking more generally over the last 5 years, not just the last time you renewed / purchased motor or home insurance……

Auto renews:

- Some insurance providers automatically renew customers' insurance product each year. Do you think this is a good idea or not? Why? Probe: does it offer peace of mind or not (as always insured)?
  - Can you imagine any benefits to insurance products being automatically renewed each year? If so, what are they?
  - Can you imagine any downsides to insurance products being automatically renewed each year? If so, what are they?
  - If you were given a free choice would you prefer to auto renew your insurance with your provider or not? Why is this?

Searching:

- How do you typically find the process of searching for a new provider? What sources of information do you use and why?
  - What challenges if any do you face in searching for a new provider? E.g. time consuming, complicated, confusing, lack of info

- Do you ever use price comparison websites when looking for home / motor insurance – why or why not?
  - If so, which ones and why? At what stage do you typically use them? e.g. start of search, after getting a quote directly, to research only or to also purchase from etc
  - If so, what do you like to compare products on e.g. price, brand, reviews, cover, excess, other insurance details? Why?

Switching:

- Do you typically switch insurance providers when your insurance product is ending / up for renewal?
    - If so, Why? How does it make you feel? E.g. excited, fun challenge, happy, unhappy etc
    - If so, how often? E.g. ever year or every now and then
    - What triggers / motivates you to look around / switch? Probe. Role of price increases, changes in cover, looking for a better deal, like to switch
    - If no- why not? E.g. don't believe in switching, confidence, understanding, loyalty , no time

- *If they ever switch:*
    - What challenges, if any, do you face in switching to a new provider? E.g. time consuming, complicated, confusing, lack of info, hard to get through to providers

- ASK TO ALL: Thinking in general – are you happy or not to shop around in order to potentially get a good deal, or would you prefer not to have to go through the process of shopping around each year? Why do you say this?
    - Are the benefits of searching worth the costs (in regards to time, energy, how it makes you feel)? Why do you say this?
    - Should customers have to feel that they need to shop around in order to find a good deal? How does this make you feel?

- Do you think insurance providers reward customers who are loyal to them (e.g. provide better quality service, discounts, prices, treat them better when they make a claim)? Why / why not? How does this make you feel?
    - Should loyalty be rewarded by insurance companies? If so, how? Why? Probe: price
    - Would this change your behaviour e.g. switch less? Why or why not?

Price walking:

- What do you think if you ever see a small increase in your insurance policy? How does this make you feel? (Please imagine it if you haven't experienced this before)
    - Do you think this is because the costs have gone up for the provider to manage / offer the policy? Or have they just put the price up?

- **Show definition:**

Some (but not all) insurance firms have a strategy of charging very low prices for new customers, but then increasing prices gradually over time, so that loyal customers can pay substantially more than those who switch more frequently.

- What are your reactions to this? How does it make you feel? Is it fair or not – why?
- Were you aware of this? If so, how?
- Is this fair or not? Why do you say this?
- Should pricing by personalised based on consumers history and personal characteristics (e.g. marital status, postcode, employment history)? Why / why not? In what way if so?
- Does / would this encourage you or not to shop around each year? Why / why not?

Conclusions (5 mins)

- Overall, do you believe that switching to a new insurance provider annually is beneficial or not to you personally? Why? If so, in what ways?

- Overall, do you believe you are being treated fairly or not by home / motor insurance companies? Why do you say this and how does it make you feel?
  - What do you mean by fairness in this context?
  - How would you like to be treated by your insurance provider?

Any other comments?

Annex 2 Materials for quantitative research

A2.1 Interview guide – cognitive depth interviews

Tele-depths: 45- 60 mins in length

Respondents and researcher to have the online survey in front of them

1. **Introduction (3 mins)**
   - Moderator to introduce themselves and the content and aims of the interview
   - Explain the process of them doing the online survey on the phone and voicing their gut reactions and thoughts processes at the same time as completing the survey.
   - Explain anonymity, confidentiality, and audio recording – the audio will be shared with the client but will not be made public.
   - Respondents to introduce themselves: first name, age, region, who is their home / motor insurance provider(s)

2. Questionnaire review (45-50 mins)

Researcher to:

- *Gain overall impressions of understanding, relevancy and clarity*
- *Probe specifically on any definitions provided*
- *Probe on 'unsure' and 'don't know' answers wherever relevant - to check it is not due to them being confused by the question*

General probes:

- What is this question asking you? Is it clear or not? (Are they having to keep re-reading it or not)
- Is the wording clear? Is there any ambiguity / confusion, if so where?
- Are there any terms you're unfamiliar with / unable to define?
- How do feel about the length of individual questions – are there any that are too long?
- Were any answer options missing?
- Is the terminology used correct or not? Please provide examples
- Were any questions too personal/ insensitive etc.? Was the tone appropriate? Why/why not?
    - How could these be improved?
- Did you ever feel that any questions were repetitive/ too similar? If so, which ones?
- **Probe around the routing**: Are any of the questions irrelevant to you? Do you feel that you shouldn't have been shown any particular questions based on previous answers? Which ones if so?

Specific probes:

DRAFT Survey question	Probe
WSE1a. Thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to pay £$initial_CS more per year to avoid spending time and effort each year searching for a better value insurance deal?	Would they respond differently if the words were 'searching for THE BEST value insurance deal' rather than 'searching for A BETTER value insurance deal'?

WR1a. Thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, imagine that a reputable consumer organisation has launched a new service where they will compare between alternative deals to make sure you get the best value, and take care of switching suppliers for you. Would you be willing to pay £$initial_CS per year for this service?	Explore why respondents gave the response they gave. Did they feel they could give answers in a realistic way and why?
WSW1a. Thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, after shopping around for deals, you find out that lower-priced deals are available with another provider. Would you be willing to pay £$initial_CS more per year to avoid ever spending time and effort switching to an alternative insurance provider?	Could you probe on what respondents understand by this question? Do they understand this to mean searching between alternative deals AND switching? Or do they understand this to mean switching having already found the best value deal?
WSW3a. And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy what is the most additional insurance price annually you would be willing to pay to avoid ever spending time and effort switching to an alternative insurance provider?< >As a reminder, you have found out after shopping around for deals that lower-priced deals are available with another provider.	Explore why respondents gave the response they gave. Did they feel they could give answers in a realistic way and why?
WA1. Thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to pay £$initial_VA per year for _the same level of cover_? Imagine you've already tried shopping around and negotiating with your current provider and this is the best deal you can find.	Explore why respondents gave the response they gave. Did they feel they could give answers in a realistic way and why? What about the insurance price they were asked about first? Was this realistic? Too high? Too low?

4. **Conclusions (5 mins)**
    - **Overall,** how did you find the survey experience? E.g. Positive or negative, too personal, too long, confusing, engaging, boring, interesting, relevant, irrelevant, insensitive etc.
    - How easy or demanding was it to complete this survey? Why do you say this?
    - Did you ever feel that you wanted to go back and change some of your answers? If so, where / why? Would that have made you answer the questionnaire differently?
    - Overall, how could the survey be improved?
    - Any other comments. Thanks and close

A2.2 Consumer questionnaire and stated preference research

[s_type if 0] {single} CATI/CAWI

<1> CATI

<2> CAWI

[[yn_list]]

<1> Yes

<2> No

[[resp_insurance_policy]]

<1> home

<2> motor

[[resp_insurance_type]]

<1> combined

<2> buildings

<3> contents

<4> comprehensive

<5> third party

[[resp_insurance_firm]]

[Names of insurance firms redacted]

Screening questions

[S1] {single} Can you confirm you hold a <$resp_insurance_type> <$resp_insurance_policy> insurance policy?

<1> Yes

<2> No, I do not have this policy

Screen out if S1=2 or 3

{page s1_exit_page if S1==2}

Thank you for your interest in this survey. However, on this occasion, you do not meet the criteria.

{end page s1_exit_page}

{exit status=screenout if S1==2}

**[S2] And can you confirm you currently hold a <$resp_insurance_policy>** <$resp_insurance_type> policy with <$resp_insurance_firm>? $s2_extra_text.raw

<1> Yes

<2> No longer – I switched to another insurance provider

<3> No, I never held the policy with this provider

<99> Not sure

{end page S2_page}

[S3 if show_S3] Do you hold a <$resp_insurance_type> <$resp_insurance_policy> policy with any of the brands below?

[Names of insurance firms redacted for this report]

[S4] {single} Thinking of your $resp_insurance_policy $resp_insurance_type, how much is your annual insurance premium for this policy? If you're not sure, please give your best estimate.

<1> <£100

<2> £100-£200

<3> £200-£300

<4> £300-£500

<5> £500-£750

<6> £750-£1,000

<7> >£1,000

<99> Prefer not to say

**[S3a]{single} When did you most recently use the internet? <
PROMPT TIME-PERIODS IF NECESSARY>**

<1> In the past day

<2> In the past week

<3> In the past month

<4> In the past two months

<5> In the past three months

<6> More than three months ago

<7> You never use the internet

Customer characteristics

[Q1] {single} What is your age?

<1> 18-24

<2> 25-34

<3> 35-44

<4> 45-54

<5> 55-64

<6> 65-74

<7> 75+

[Q2] {single} Which part of the UK do you live in?

<1> North East

<2> North West

<3> East Midlands

<4> West Midlands

<5> East of England

<6> London

<7> South East

<8> South West

<9> Wales

<10> Scotland

<11> Northern Ireland

<12> Non-UK (Channel Islands/Isle of Man)

<13> Non-UK (other)

[Q3] {single} What is your gender?

<1> Male

<2> Female

<3> Other

<99> Prefer not to say

Customer journey

[Q4] {single order=randomize} When you took out your current $resp_insurance_policy insurance policy, which of the following best applies?

<1> Switched from another provider

<2> It was a new policy that I didn't already hold

<3> I renewed my policy with my existing provider

<4> I changed my policy or features of my existing policy, but stayed with my existing provider

<6> First time I have needed this type of insurance

<5 fixed> Don't know #fixed

{

q5sw_text=""

if Q4==1: q5sw_text="switching"

elif Q4 in [2,5]: q5sw_text="choosing"

elif Q4 in [3,4]: q5sw_text="renewing"

else: q5sw_text="choosing"

}

[Q5] {multiple order=randomize} Which of the following did you do before $q5sw_text your $resp_insurance_policy $resp_insurance_type insurance policy? Please select all that apply.

<1> I compared the price quoted with the price I paid last year

<2> I used one or more price comparison websites to compare prices

<3> I used a price comparison website to compare the level of insurance cover offered and quality of service reviews

<4> I looked at insurance firms' websites

<5> I examined on-line reviews (including social media), blogs etc.

<6> I carried out other research, including newspaper and magazine articles, word of mouth, friend recommendations, responding to an advert etc.

<7> I contacted my insurance firms and sought to negotiate a lower price

<10> I used a broker or intermediary (other than a price comparison website)

<11> I got a quote through a scheme (e.g. through my employer or trade union)

<12> I visited cash back websites

<13 fixed xor> I don't remember #fixed

<8 fixed xor (if Q4==1) > I switched without doing research #[if specified "switch" (q4 = 1) in the previous question]

<9 fixed xor (if Q4==3) > I allowed it to automatically renew, without doing any research #[If specified "renewed policy" (q4 = 3) in previous question]

[action_before_switching if is_test] {multiple} action_before_switching

<1> Search

<2> Negotiate

<3> Switch

#Attitudes towards search and switching

**[Q15 if not Q5.has_any([8,9])] {multiple order=randomize} And still thinking about your $resp_insurance_policy $resp_insurance_type what prompted you to shop around, research or contact your insurance provider. <
>Please select all that apply.**

<1> They increased the price

<2> My insurance needs changed e.g. new house, new car, other members of family added to policy etc.

<3> My insurance provider was taken over by someone else

<4> Poor claims experience

<5> I had not checked for some time

<6> I was made aware by family/friends/colleagues/something I read that better deals may be available elsewhere

<7> I could not afford insurance at previous price

<8> I wanted to purchase additional insurance

<9> I was unhappy with customer service

<10> I was prompted by advertisement, special offer or discount

<11> I shop around every year

<12> I wanted to see if I could get a cheaper price

<99 fixed> Other, please specify [Q15_other] {open prompt=""}

If Q4 = 3 or 4, go to Q16, else skip Q16.

[Q16 if Q4 in [3,4]] {multiple order=randomize} Why did you choose to remain with your existing provider? Please select all that apply

<1> They were able to reduce the price

<2> I thought I was getting a good deal

<3> I like the company/brand

<4> I was unable to get a lower price elsewhere

<5> I was able to get a lower price elsewhere, but my current provider offered better value for money

<6> I was not sure how to switch providers

<7> I was concerned about switching to a brand I did not know

<8> The switching process was difficult to understand and frustrating

<9> There were better deals elsewhere, but the gains were too small to worry about

<10> I did not have the time to look elsewhere

<11> I trust my current provider to treat me fairly if I need to make a claim

<12> I have had a good experience with my current brand

<13> I have been a customer with my insurance provider for a number of years

<99 fixed> Other, please specify [Q16_other] {open prompt=""}

If Q5 NOT 1,2,3,4,5,6,10, go to Q17, else go to Q18.

[Q17 if Q5.has_any([8,9])] {multiple order=randomize} What were the main reasons that you did not search to see if you could get a better deal? Please select all that apply.

<1> The price fell

<2> I was offered a similar price to last year

<3> I thought my current deal was competitive.

<4> I like the company/brand

<5> When I searched previously I was unable to get a lower price elsewhere

<6> I was not sure how to switch providers

<7> I was concerned about switching to a brand I did not know

<8> The switching process is difficult to understand and frustrating

<9> There may be better deals elsewhere, but the gains are not likely to be worth the hassle of shopping around

<99 fixed> Other, please specify [Q17_other] {open prompt=""}

#IF Q5 = 7 go to Q7 and Q8, else go to Q9a.

[Q7 if 7 in Q5] {single} You mentioned earlier that you contacted your insurance firm and sought to negotiate a lower price. Was the insurance provider able to offer you a lower quote upon negotiating?

<1> Yes, for the same level of cover and excess

<2> Yes, but for a higher excess or lower cover

<3> Yes, but for a different payment method (e.g. all upfront rather than monthly payments)

<4> No

[Q8 if 7 in Q5] {single order=randomize} What did you do after you contacted your insurance provider?

<1> Accepted the quote immediately

<2> Did some more research, and later accepted the quote

<3> Did some more research and switched to another insurance firm

<99 fixed> Cannot remember #fixed

Display Q18 to all respondents:

[Q18] {grid roworder=randomize} To what extent do you agree with the following statements?

-[Q18a] There are big savings to be made by shopping around for the best insurance deal

-[Q18b] There is not enough information for me to make decisions on the quality of different insurance policies

-[Q18c] I feel good when I find a lower price insurance deal

-[Q18d] My financial situation means I have to shop around for the lowest price deal

-[Q18e] A lower priced insurance provider is more likely to offer a lower quality product or a poorer quality service

-[Q18f] I don’t have the time or energy to shop around for the best deal

-[Q18g] I am satisfied with my provider of $resp_insurance_policy insurance

<1> Strongly agree

<2> Agree

<3> Neither agree nor disagree

<4> Disagree

<5> Strongly disagree

{

exp1_intro_pipe="consider that you spend between £300-£500 for your insurance premium."

if S4 in [1,2,3,4,5,6,7]: exp1_intro_pipe="bear in mind that you previously estimated your insurance premium to be "+S4.response_text+"."

}

{page exp_page_intro}

We will now ask you three sets of questions to gauge how much you value the time and effort spent searching for and switching insurance.

By **searching**, we mean shopping around for alternative insurance deals to see if better deals are available.

By **switching**, we mean the process of actually carrying out the switch to an alternative deal or provider.

We'll ask you to think about three hypothetical scenarios. We will ask you a mix of "yes"-or-"no" questions about a specific amount, and open answer questions where you can enter an amount. There are no 'right' or 'wrong' answers, so please answer honestly, but try to think of realistic responses. Please think of your own $resp_insurance_policy $resp_insurance_type insurance policy when responding. The first set of questions will ask about searching for insurance.

full_list1 = random_shuffle([1,2,3,4,5,6])

full_list_counts1 = int[]

for code in full_list1:

full_list_counts1.append(counter_value(counter_name1, code))

groupingCS.set(full_list1[bottom_n(full_list_counts1, 1)[0]])

}

[groupingCS if is_test] GROUP

<1> Negative - Low

<2> Negative - Medium

<3> Negative - High

<4> Positive - Low

<5> Positive - Medium

<6> Positive - High

[initial_CS if 0] {open} HIDDEN VAR - Initial offer

[higher_CS if 0] {open} HIDDEN VAR - Higher offer

[lower_CS if 0] {open} HIDDEN VAR - Lower offer

#If respondent in groups1-3

[WSE1a:yn_list if groupingCS in [1,2,3]] {single} Thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to pay £$initial_CS more per year to avoid spending time and effort searching for a better value insurance deal each year?

<1> Yes

<2> No

<9> NA

#If respondent in groups4-6

[WSE1b:yn_list if groupingCS in [4,5,6]] {single} Thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to spend time and effort searching for a better value insurance deal each year if the expected savings on your insurance premium were more than £$initial_CS per year?

<1> Yes

<2> No

<9> NA

#If WSE1a=1

[WSE2a:yn_list if WSE1a==1] {single} And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to pay £$higher_CS more per year to avoid spending time and effort searching for a better value insurance deal each year?

<1> Yes

<2> No

<9> NA

#If WSE1b=1

[WSE2b:yn_list if WSE1b==1] {single} And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to spend time and effort searching for a better value insurance deal each year if the expected savings on your insurance premium were more than £$lower_CS per year?

<1> Yes

<2> No

<9> NA

#If WSE1a=2

[WSE2c:yn_list if WSE1a==2] {single} And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to pay £$lower_CS more per year to avoid spending time and effort searching for a better value insurance deal each year?

<1> Yes

<2> No

<9> NA

#If WSE1b=2

[WSE2d:yn_list if WSE1b==2] {single} And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to spend time and effort searching for a better value insurance deal each year if the expected savings on your insurance premium were more than £$higher_CS per year?

<1> Yes

<2> No

<9> NA

#If respondent in groups1-3

[WSE3a] {open-int} And thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, what is the maximum additional insurance price annually you would be willing to pay to avoid spending time and effort searching for a better value insurance deal each year? As a reminder, try to think of a realistic figure for your own $resp_insurance_type $resp_insurance_policy insurance policy.

#If respondent in groups4-6

[WSE3b] {open-int} And thinking of your $resp_insurance_policy $resp_insurance_type insurance policy what is the smallest annual saving you would accept to make it worth spending time and effort searching for a better value insurance deal each year? As a reminder, try to think of a realistic figure for your own $resp_insurance_type $resp_insurance_policy insurance policy.

#If respondent in groups1-3

[WR3a] {open-int} And, still thinking of your $resp_insurance_policy insurance policy, imagine that a reputable consumer organisation has launched a new service where they will compare alternative deals to make sure you get the best value, and take care of switching suppliers for you. What is the most you would be willing to pay per year for this service?

#If respondent in groups4-6

[WR3b] {open-int} And, still thinking of your $resp_insurance_type insurance policy, imagine that a reputable insurance company launches a new competitively-priced product with a guarantee that the price of your insurance will not go up for 3 years, provided your circumstances remain the same. What is the most you would be willing to pay per year for this product?

{page beforeWSW_intro}

The next set of questions will now focus on switching insurance. As a reminder, by switching, we mean the process of actually carrying out the switch to an alternative deal or provider once you have found one you want.

{end page beforeWSW_intro}

#If respondent in groups1-3

[WSW1a:yn_list if groupingCS in [1,2,3]] Thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to pay £$initial_CS more per year to avoid ever spending time and effort switching to an alternative insurance provider?

<1> Yes

<2> No

<9> NA

#If respondent in groups4-6

[WSW1b:yn_list if groupingCS in [4,5,6]] Thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, you find out that you could save £$initial_CS per year by switching to an alternative insurance provider. Would you be willing to spend time and effort every year to switch to an alternative insurance provider if you could make this saving?

<1> Yes

<2> No

<9> NA

#If WSW1a=1

[WSW2a:yn_list if WSW1a==1] And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to pay £ $higher_CS more per year to avoid ever spending time and effort switching to an alternative insurance provider?

<1> Yes

<2> No

<9> NA

#If WSW1b=1

[WSW2b:yn_list if WSW1b==1] And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to spend time and effort every year switching to an alternative insurance provider if you could save £$lower_CS per year?

<1> Yes

<2> No

<9> NA

#If WSW1a=2

[WSW2c:yn_list if WSW1a==2] And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to pay £$lower_CS more per year to avoid spending time and effort in the future switching to an alternative insurance provider?

<1> Yes

<2> No

<9> NA

#If WSW1b=2

[WSW2d:yn_list if WSW1b==2] And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to spend time and effort every year switching to an alternative insurance provider if you could save £$higher_CS per year?

<1> Yes

<2> No

<9> NA

#If respondent in groups1-3

[WSW3a] {open-int} And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, what is the maximum additional insurance price annually you would be willing to pay to avoid spending time and effort switching to an alternative insurance provider?

<1> Yes

<2> No

<9> NA

#If respondent in groups4-6

**[WSW3b] {open-int} And still thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, what is the smallest annual saving you would accept to spend time and effort every year switching to an alternative insurance provider?<

>Remember, try to think of a realistic figure for your own $resp_insurance_type $resp_insurance_policy insurance policy.**

#OPEN TEXT BOX ALLOWING NUMBER ONLY – NUMBER ENTERED TO BE CHECKED TO SEE IF NO

#Follow-up questions

#Display to all:

[cv_val1] {single order=randomize} Thinking about the questions you just answered about how much you value time and effort spent searching for and switching insurance, why did you give the answers that you did? Please tick the reason that applies most.

<1> My answers reflected my value of time and effort spent searching/switching

<2> Searching/switching time and effort are not valuable to me

<3> My answers reflect how much I can afford

<4 if groupingCS in [1,2,3]> I shouldn't have to pay more to avoid searching/switching #[If respondent in groups 1 - 3]

<5 if groupingCS in [4,5,6]> I shouldn't have to search/switch in order to save money #[if respondent in groups 4 - 6]

<6> I could not decide/did not understand the questions

<7 fixed> Other #fixed

<8 fixed> Don't know/prefer not to say #fixed

[cv_val2a] {scale 1 5 dk=1} Did you feel that you were able to answer these questions in a realistic way?

-[cv_val2a_1] Could not give realistic answers at all|Could give fully realistic answers

[cv_val3 if cv_val2a_1 in [1,2]] {multiple order=randomize} Why did you feel unable to answer these questions in a realistic way? Please tick all that apply

<1> I could not imagine the scenarios used in these choices

<2> I did not understand the questions

<3> It just made no sense to me

<4> I don't know how much I would value time/effort spent searching/switching

<5> I don't know how much time/effort I spend searching/switching

<6 fixed> Other #fixed

<99 fixed xor> Don't know #fixed

{page Followup_intro}

Thank you very much for your responses. We will now ask you some questions about your experiences and attitudes towards insurance.

{end page Followup_intro}

[Q9a] {single} Thinking of your $resp_insurance_policy $resp_insurance_type which statement most closely reflects your preferences?

<1> I prefer the reassurance of being covered for all insurance risks and am happy to pay a higher price to do so

<2> I am happy to be covered only for the most essential insurance risks and to pay a lower price.

[Q9b] {single} Which statement most closely reflects your preferences?

<1> I prefer the comfort of being with a brand I know and trust

<2> I am happy to change insurance firms regularly to get the best deal

[Q9c] {single order=randomize} Thinking of your $resp_insurance_policy $resp_insurance_type, how good would you say your current deal is? Please select the option that best describes your opinion.

<1> Amongst the lowest priced on the market for the same level of cover and excess

<2> Perhaps not the lowest, but a fair price

<3> As good as anyone else from this supplier

<4> I am aware that I could get a better deal, but the savings are not worth the hassle of shopping around

<5> Difficult to know as I have not checked for some time

<99 fixed> Don’t know #fixed

#If Q4=3 display the following text to respondents, else skip Q11 – Q14.

[Q11] {single} Did you experience a large unexplained increase in your insurance premium last year?

<1> Yes

<2> No

<3> I experienced an increase, but received an explanation

<4> Don’t know / cannot remember

[Q12] {grid displaymax=3} Do you believe the following statements are true or false?

-[q12_1] An insurance company will generally offer me the same price quote as they will offer another individual, for the same insurance product, if we are both equally likely to make a claim.

-[q12_2] Typically, first time customers receive a lower price for an insurance product than existing customers (assuming both customers are equally likely to make a claim.)

-[q12_3] If you succeed in finding the cheapest price, it will remain the cheapest price for 2 – 3 years, if you stay with that same insurer.

-[q12_4] If prices rise, I assume that this is because there has been an increase in insurance costs.

-[q12_5] If I don't search regularly, the price I pay for insurance will become less competitive over time.

-[q12_6] It is not possible to receive a more competitive price through directly negotiating with your insurer.

<1> True

<2> False

<99> Don't know

Fairness

[Q19] {grid displaymax=2} Do you think that the following are fair or unfair?

-[Q19_1 if 1 in q19_masking] Alex gets her $resp_insurance_policy insurance renewal letter. She shops around using a price comparison website and gets an offer from a different insurer and saves £75.

-[Q19_2 if 2 in q19_masking] Sam is too busy with an exciting new job to pay much attention to the renewal letter for his $resp_insurance_policy insurance, and he renews automatically. Had he had more time, he could've switched to a different provider and saved £75.

-[Q19_3 if 3 in q19_masking] Sarah gets her $resp_insurance_policy insurance renewal letter. She did not shop around because she had more important things on her mind after having a new baby. Had she had more time and energy she could've switched to a different provider and saved £75

-[Q19_4 if 4 in q19_masking] Mr Smith has been with the same insurance firm for 5 years and pays £500 for his buildings insurance. Mr Jones, whose house is identical, asks Mr Smith's insurer for a quotation, and is quoted £300 for the same policy.

-[Q19_5 if 5 in q19_masking] Tom is 18 and has just taken out his first motor insurance policy. He is quoted a price of £1,500, which he cannot afford. However, the insurance company thinks it will

cost them £2,000 to provide Tom with insurance in the first year, and so they expect to make a loss initially.

-[Q19_6 if 6 in q19_masking] Anna and Beth are neighbours and have a lot in common. They drive identical cars, have identical driving records, and have been insured by the same firm for the same length of time. Anna books her annual cruise with her credit card, which she also uses for her subscription to a premium wine club. Her motor insurance renewal cost £200 more thanBeth's.

-[Q19_7 if 7 in q19_masking] Anna and Beth are neighbours and have a lot in common. They drive identical cars, have identical driving records, and have been insured by the same firm for the same length of time. Anna has just switched both her energy supplier and internet provider. Her motor insurance renewal was for £200 less than Beth's.

-[Q19_8 if 8 in q19_masking] Anna and Beth are neighbours and have a lot in common. They live in identical houses, have never made a home insurance claim, and have both been insured by the same firm for the same length of time. Anna books her annual cruise with her credit card, which she also uses for her subscription to a premium wine club. Her home insurance renewal cost £100 more than Beth's.

-[Q19_9 if 9 in q19_masking] Anna and Beth are neighbours and have a lot in common. They live in identical houses, have never made a home insurance claim, and have both been insured by the same firm for the same length of time. Anna has just switched both her energy supplier and internet provider. Her motor insurance renewal cost £200 less than Beth's.

<1> Fair

<2> Unfair

<3> Don't know

{page second_exp_page}

We will now ask you a series of questions about how much you might pay in <<u>total</u>> for your $resp_insurance_type $resp_insurance_policy insurance policy. The questions have a similar structure to the ones you answered before i.e. two 'yes'/'no' questions and one open answer. There are no 'right' or 'wrong' answers, so please answer honestly, but try to think of realistic responses. As a reminder, please think of your own $resp_insurance_type $resp_insurance_policy insurance policy when responding.

{end page second_exp_page}

[groupingVA if is_test] HIDDEN VAR - Price willing to pay over price

<1> 10%

<2> 20%

<3> 30%

<4> 40%

<5> 50%

<6> 60%

s4_list=[1,2,3,4,5,6,7,99]

cursor_list=[0,1,2,3,4,5,6,7]

[initial_VA if 0] {open} HIDDEN VAR - Initial offer

[higher_VA if 0] {open} HIDDEN VAR - Higher offer

[lower_VA if 0] {open} HIDDEN VAR - Lower offer

[WA1:yn_list] Thinking of your $resp_insurance_policy $resp_insurance_type insurance policy, would you be willing to pay £$initial_VA per year for _the same level of cover_? Imagine you've already tried shopping around and negotiating with your current provider and this is the best deal you can find.

<1> Yes

<2> No

<9> NA

#If WA1=1

[WA2a:yn_list if WA1==1] And thinking of your $resp_insurance_type $resp_insurance_policy insurance policy, would you be willing to pay £$higher_VA per year for _the same level of cover_? Imagine you've already tried shopping around and negotiating with your current provider and this is the best deal you can find.

<1> Yes

<2> No

<9> NA

#If WA1=2

[**WA2b:yn_list if WA1==2] And thinking of your $resp_insurance_type $resp_insurance_policy insurance policy, would you be willing to pay £$lower_VA per year for _the same level of cover_? Imagine you've already tried shopping around and negotiating with your current provider and this is the best deal you can find.**

<1> Yes

<2> No

<9> NA

[WA3] {open-int} And thinking of your $resp_insurance_policy $resp_insurance_type insurance policy what is the most you would be willing to pay per year for _the same level of cover_? Imagine you've already tried shopping around and negotiating with your current provider and this is the best deal you can find. As a reminder, try to think of a realistic figure for your own $resp_insurance_type $resp_insurance_policy insurance policy.

#If Insurance policy = home & type= Combined

[**WA4a if resp_insurance_type==1] {single} Thinking of your combined building and contents home insurance policy, what would you be most likely to do if the price of your policy rose to more than £$WA3?**

<1> Continue to buy both buildings and contents insurance since they're essential, but try and make savings elsewhere

<2> Continue to buy both buildings and contents insurance, but to try and make savings by reducing the level of insurance cover

<3> Keep my buildings insurance policy, but stop purchasing contents insurance

<4> Keep my contents insurance policy, but stop purchasing buildings insurance

<5> Give up both my buildings and contents insurance policy

#If Insurance policy = home & type= Contents

[WA4b if resp_insurance_type==3] {single} Thinking of your home contents insurance policy, what would you be most likely to do if the price of your policy rose to more than £$WA3?

<1> Continue to buy contents insurance as it's essential, but try to make savings elsewhere

<2> Continue to buy contents insurance, but to try and make savings by reducing the level of insurance cover

<3> Give up my contents insurance policy

#If Insurance policy = home

[WA4c if resp_insurance_type==2] {single} Thinking of your home building insurance policy, what would you be most likely to do if the price of your policy rose to more than £$WA3?

<1> Continue to buy building insurance as it's essential, but try to make savings elsewhere

<2> Continue to buy building insurance, but to try and make savings by reducing the level of insurance cover

<3> Give up my building insurance policy

#If Insurance policy = motor & type= Comprehensive

[WA4d if resp_insurance_type==4] {single} Thinking of your comprehensive motor insurance policy, what would you be most likely to do if the price of your policy rose to more than £$WA3?

<1> Continue to buy comprehensive insurance, but to try and make savings elsewhere

<2> Continue to buy comprehensive insurance, but to try and make savings by reducing the level of insurance cover

<3> Only buy third-party insurance

<4> Stop driving the vehicle

#If Insurance policy = motor & type= 3rd party

[WA4e if resp_insurance_type==5] {single} Thinking of your third-party, fire and theft motor insurance policy, what would you be most likely to do if the price of your policy rose to more than £$WA3?

<1> Continue to buy third-party insurance as I need to operate my vehicle, but to try and make savings elsewhere

<2> Continue to buy third-party insurance, but to try and make savings by reducing the level of insurance cover

<3> Stop driving the vehicle

{page followup_2}

To ensure we have a wide profile of participants, we now would like to ask you a few more questions. Your answers are completely confidential, as they are throughout the survey .

{end page followup_2}

Consumer characteristics

[Q20] {single} How knowledgeable would you say you are about insurance products?

<1> 0 – not at all knowledgeable

<2> 1

<3> 2

<4> 3

<5> 4

<6> 5

<7> 6

<8> 7

<9> 8

<10> 9

<11> 10 - very knowledgeable

[Q21] {single order=randomize} How comfortable are you buying financial products on-line?

<1> I am very comfortable searching for and buying financial products on-line

<2> I am very comfortable searching for financial products on-line, but prefer purchasing them face to face or over the telephone

<3> I have on-line access, but am not particularly comfortable in using it to search for or buy products

<4 if s_type==1> I do not have on-line access # [only to CATI respondents]

[Q22] {single} Which of these applies to you?

<1> Self-employed

<2> Have paid job – full time (30+ hours per week)

<3> Have paid job – part-time (up to 29 hours per week)

<4> Full time student

<5> Unemployed and seeking work

<6> Semi-retired (i.e. you are drawing some pension but are also have some paid work)

<7> Retired

<8> Not in paid work due to other reason

**[Q23] {single} In which of the following income bands would you place your total, gross annual household income? <
>Please remember all the answers you provide are confidential.**

<1> Under £10,000

<2> £10,000 - £14,999

<3> £15,000 - £19,999

<4> £20,000 - £29,999

<5> £30,000 - £39,999

<6> £40,000 - £49,999

<7> £50,000 - £74,999

<8> £75,000 - £99,999

<9> £100,000 - £149,999

<10 > £150,000 or more

<99> Would rather not state

Vulnerability

[Q24] {single} If the main source of income in your household was lost, for how long could your household continue to cover living expenses without having to borrow any money or ask for help from friends or family?

<1> Less than a week

<2> More than a week, but less than 1 month

<3> More than 1 month

<4> Don't know

<99> Prefer not to say

[Q25] {multiple order= randomize} Have you or your partner experienced any of these "life events" over the previous 12 months? Please select all that apply

<1> Loss of job/redundancy

<2> Reduction in working hours against wishes

<3> Bankruptcy

<4> Relationship breakdown/separation

<5> Divorce

<6> Serious illness or accident (of you, partner, or close family member), possibly needing you to make an insurance claim

<7> Death of a parent, partner or child

<8> Becoming the main carer for a close family member

<99 fixed xor> Prefer not to say

<100 fixed xor> None of the above

#Randomise response options, fix position of 'Prefer not to say'

[Q26] {single} How confident are you about managing your money?

<1> 0 – not at all confident

<2> 1

<3> 2

<4> 3

<5> 4

<6> 5

<7> 6

<8> 7

<9> 8

<10> 9

<11> 10 – very confident

<12> Prefer not to say

[Q27] {single} Is your ability to carry-out day to day activities limited by a long-term health condition or illness?

<1> Yes

<2> No

<3> Don't know

<4> Prefer not to say

[Q28] {single order=randomize} What ethnic group best describes you? Please select one option only.

<1> White British/Any other White background

<2> Mixed race/ multiple ethnic background

<3> Asian (Indian/Pakistani/Bangladeshi/Chinese/any other Asian background)

<4> Black/African/Caribbean

<5> Arab

<6 fixed> Any other ethnic group

<7 fixed> Prefer not to say

Randomise order, fix options 6 and 7

Create variable w_bame =

W if Q28 = 1

BAME if Q18 = 2,3,4,5,6

{

if Q28==1: w_bame.set(1)

elif Q28 in [2,3,4,5,6]: w_bame.set(2)

}

[w_bame if is_test] {single} w_bame

<1> W

<2> BAME

[Q29] {single} What is your marital status?

<1> Married

<2> Living as married

<3> Separated (after being married)

<4> Divorced

<5> Widowed

<6> Never married

<7> Civil Partnership

<8> Prefer not to say

[comments] {open rows=6 cols=120 required=0} Do you have any comments on your experience of taking this survey (optional)? In the case that you would like a response to your comment please contact us at <InsuranceMarketStudy@yougov.com>

Thank you for your time. Please click the arrow below to complete the survey.

{end page end_page}

A2.3 Parameters of contingent valuation

Table 8 Percentage increments and values shown to respondents in search/switching task

Percentage increment group	Initial percentage increment	Higher increment – if respondent says 'yes' to initial increment	Lower increment – if respondent says 'no' to initial increment	Insurance price band reported by respondent	Selected point in price band	Initial amount	Higher amount	Lower amount
L	5	10	3	<£100	£100	£5	£10	£3
L	5	10	3	£100 - £200	£150	£8	£15	£5
L	5	10	3	£200 - £300	£250	£13	£25	£8
L	5	10	3	£300 - £500	£400	£20	£40	£12
L	5	10	3	£500 - £750	£625	£31	£63	£19
L	5	10	3	£750 - £1,000	£875	£44	£88	£26
L	5	10	3	>£1,000	£1,000	£50	£100	£30
M	10	15	5	<£100	£100	£10	£15	£5
M	10	15	5	£100 - £200	£150	£15	£23	£8
M	10	15	5	£200 - £300	£250	£25	£38	£13
M	10	15	5	£300 - £500	£400	£40	£60	£20
M	10	15	5	£500 - £750	£625	£63	£94	£31
M	10	15	5	£750 - £1,000	£875	£88	£131	£44
M	10	15	5	>£1,000	£1,000	£100	£150	£50
H	15	20	10	<£100	£100	£15	£20	£10
H	15	20	10	£100 - £200	£150	£23	£30	£15
H	15	20	10	£200 - £300	£250	£38	£50	£25
H	15	20	10	£300 - £500	£400	£60	£80	£40
H	15	20	10	£500 - £750	£625	£94	£125	£63
H	15	20	10	£750 - £1,000	£875	£131	£175	£88
H	15	20	10	>£1,000	£1,000	£150	£200	£100

Note: Values were calibrated based on desk-based research and revised after cognitive testing based on participant feedback

Source: London Economics

Table 9 Percentage increments and values shown to respondents in valuing access task

Percentage increment group	Initial percentage increment	Higher increment – if respondent says 'yes' to initial increment	Lower increment – if respondent says 'no' to initial increment	Insurance price band reported by respondent	Selected point in price band	Initial amount	Higher amount	Lower amount
P1	10	20	5	<£100	£100	£110	£120	£105
P1	10	20	5	£100 - £200	£200	£220	£240	£210
P1	10	20	5	£200 - £300	£300	£330	£360	£320
P1	10	20	5	£300 - £500	£500	£550	£600	£530
P1	10	20	5	£500 - £750	£750	£830	£900	£790
P1	10	20	5	£750 - £1000	£1,000	£1,100	£1,200	£1,050
P1	10	20	5	>£1000	£1136 (home); £1,591 (motor)	£1250 (home); £1,750 (motor)	£1360 (home); £1,910 (motor)	£1190 (home); £1,670 (motor)
P2	20	30	10	<£100	£100	£120	£130	£110
P2	20	30	10	£100 - £200	£200	£240	£260	£220
P2	20	30	10	£200 - £300	£300	£360	£390	£330
P2	20	30	10	£300 - £500	£500	£600	£650	£550
P2	20	30	10	£500 - £750	£750	£900	£980	£830
P2	20	30	10	£750 - £1000	£1,000	£1,200	£1,300	£1,100
P2	20	30	10	>£1000	£1136 (home); £1,591 (motor)	£1360 (home); £1,910 (motor)	£1480 (home); £2,070 (motor)	£1250 (home); £1,750 (motor)
P3	30	40	20	<£100	£100	£130	£140	£120
P3	30	40	20	£100 - £200	£200	£260	£280	£240
P3	30	40	20	£200 - £300	£300	£390	£420	£360
P3	30	40	20	£300 - £500	£500	£650	£700	£600
P3	30	40	20	£500 - £750	£750	£980	£1,050	£900
P3	30	40	20	£750 - £1000	£1,000	£1,300	£1,400	£1,200
P3	30	40	20	>£1000	£1136 (home); £1,591 (motor)	£1480 (home); £2,070 (motor)	£1590 (home); £2,230 (motor)	£1360 (home); £1,910 (motor)
P4	40	50	30	<£100	£100	£140	£150	£130
P4	40	50	30	£100 - £200	£200	£280	£300	£260

P4	40	50	30	£200 - £300	£300	£420	£450	£390
P4	40	50	30	£300 - £500	£500	£700	£750	£650
P4	40	50	30	£500 - £750	£750	£1,050	£1,130	£980
P4	40	50	30	£750 - £1000	£1,000	£1,400	£1,500	£1,300
P4	40	50	30	>£1000	£1136 (home); £1,591 (motor)	£1590 (home); £2,230 (motor)	£1700 (home); £2,390 (motor)	£1480 (home); £2,070 (motor)
P5	50	60	40	<£100	£100	£150	£160	£140
P5	50	60	40	£100 - £200	£200	£300	£320	£280
P5	50	60	40	£200 - £300	£300	£450	£480	£420
P5	50	60	40	£300 - £500	£500	£750	£800	£700
P5	50	60	40	£500 - £750	£750	£1,130	£1,200	£1,050
P5	50	60	40	£750 - £1000	£1,000	£1,500	£1,600	£1,400
P5	50	60	40	>£1000	£1136 (home); £1,591 (motor)	£1700 (home); £2,390 (motor)	£1820 (home); £2,550 (motor)	£1590 (home); £2,230 (motor)
P6	60	70	50	<£100	£100	£160	£170	£150
P6	60	70	50	£100 - £200	£200	£320	£340	£300
P6	60	70	50	£200 - £300	£300	£480	£510	£450
P6	60	70	50	£300 - £500	£500	£800	£850	£750
P6	60	70	50	£500 - £750	£750	£1,200	£1,280	£1,130
P6	60	70	50	£750 - £1000	£1,000	£1,600	£1,700	£1,500
P6	60	70	50	>£1000	£1136 (home); £1,591 (motor)	£1820 (home); £2,550 (motor)	£1930 (home); £2,700 (motor)	£1700 (home); £2,390 (motor)

Note: Values were calibrated based on desk-based research. The upper bound for home and motor insurance was calibrated by the FCA based on internal review.

Source: London Economics

LE
London
Economics

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