



Study into the Sales of Add-on General Insurance Products

Quantitative Consumer Research Report

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Introduction

Background Towards the end of 2012, the then FSA initiated a competition market study looking into general insurance (GI) products which are sold as add-ons. These are classified as insurance products which are sold alongside other larger purchases, for example cars, holidays, insurance products such as motor / home and electronic equipment. The GI add-on products in scope are:

- Home emergency cover
- Guaranteed asset protection (GAP) insurance
- Gadget insurance
- Travel insurance
- Personal accident insurance/accident cash plans

The objective of the study was to analyse the effectiveness of competition in the add-on GI markets and identify reasons why competition might be ineffective.

As part of the overall programme for the study, the FCA commissioned Harris Interactive to undertake quantitative research to investigate consumer behaviours which are important for driving competition in the market, compare the experiences of add-on and standalone purchasers, and to verify the extent to which the findings from an earlier phase of qualitative research held true in the wider population.

Quantitative Research Objectives The overall objective of the quantitative research was to:

Investigate consumer behaviour and experiences which may influence competition and consumer outcomes for the five general insurance products included in the market study, and examine whether consumer behaviours differ between purchases of this insurance as an add-on to other products and cases when insurance is bought on its own (i.e. standalone).

As well as investigating competition-relevant consumer behaviour in general, the research specifically needed to determine whether any significant differences exist between those who bought the product as an add-on and those who bought it as standalone on the metrics listed below:

- Awareness of product ownership
- Awareness of the product prior to purchase
- Familiarity with the product prior to purchase
- Levels of intention to purchase prior to actual purchase

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- Levels of shopping around
- Barriers to shopping around
- Reasons for purchase
- Sales experience e.g. pressure to purchase
- Confidence in understanding of cover
- Knowledge of product features
- Awareness of price paid
- Intentions regarding purchasing a similar type of product in the future

Methodology There were four stages to the quantitative research programme:


Stage 1 - Creation of sample universe	The FCA requested customer data from firms. The data covered new sales of insurance for the period May 2013, plus April 2013 in the case of GAP
Stage 2 - Sample screening	Respondents were screened to ensure that they were aware that they held the product. Those unaware were counted and then completed the demographics section of the survey only
Stage 3 - Interviewing	One thousand and seventy telephone interviews were completed and each interview lasted approximately 15 minutes. Quotas were set by product type and whether the product was purchased as an add-on or standalone
Stage 4 - Analysis and reporting	Data analysis included data tabulations including cross-tabs, significance testing and regression analysis to control for demographics, financial sophistication, purchase channel and price Regression analysis was carried out to ensure that any identified differences between add-on and standalone buyers were attributable to the method of purchase rather than just differences in types of customers or products involved

Introduction *(continued)*

Final interview numbers for those who completed the full survey were as follows:

	Add-on	Standalone
Gadget	-	134
GAP	138	107
Home Emergency	139	134
Personal Accident	144	-
Travel	125	149
TOTAL	546	524

Important points to note about the report that follows are:

- Results will be compared by add-on and standalone purchasers at a total level and for the following products:
 - GAP
 - Home Emergency
 - Travel
- Because of the difficulties with obtaining a reliable sample there is no comparison group for Personal Accident and Gadget
-  highlights significantly higher results between groups at the 95% level of confidence

Regression analysis was conducted to identify whether there was a statistically significant difference between add-on and standalone policy holders after controlling for demographics, perceived financial sophistication, channel and the product price. This enabled increased confidence that the purchase mechanism directly contributes to the differences between add-on and standalone purchasers, rather than just reflecting the fact that different types of people may buy insurance in different ways. Regression was applied to the following metrics:

- Difference in levels of awareness of product ownership
- Difference in levels of awareness of the existence of the add-on product before the day of purchase
- Difference in level of intention to purchase the insurance prior to point of sale
- Difference in levels of shopping around for the insurance

Introduction *(continued)*

- Difference in levels of knowledge of specific key elements of the cover (e.g. exclusions)
- Difference in experiences at time of purchase (e.g. reports of pressure selling)
- Difference in whether the consumer was offered insurance or enquired about it
- Difference in confidence of understanding the level of cover

Full details of the regression analysis can be found in the Technical Appendix at the back of this report.

Glossary of Terms

Add-on	Insurance products which are sold alongside other larger purchases, for example cars, holidays, insurance products such as motor / home and electronic equipment. Abbreviated to AO in tables
Standalone	Insurance products that are bought independently of another product. Abbreviated to SA in tables
Purchase-mechanism	Refers to how the product is bought either as an add-on or standalone
Respondents	A collective term to describe participants in research projects
Policyholder / holder	Holds one of the products in scope either as an add-on or standalone
Financial sophistication*	This is a self-reported measure of how confident respondents perceive themselves when dealing with personal finance issues

Introduction *(continued)*

* In terms of financial sophistication, respondents were classified as financially sophisticated or not financially sophisticated based on their answer to the following question:

Which of the following statements best describes your attitude towards personal finance?

1. **I am extremely knowledgeable and interested – something of an expert**
2. **I am interested and knowledgeable, but don't consider myself an expert**
3. I am interested but not that knowledgeable
4. I do what I have to out of necessity, but am not particularly interested
5. I am not interested in personal finance matters

Those selecting codes 1 and 2 were classified as financially sophisticated and those selecting codes 3 to 5 were classified as not financially sophisticated.

Summary

All differences noted between add-on buyers and standalone purchasers referenced in the summary are statistically significant at the 95% level of confidence.

Demographic Profile of Add-on and Standalone Policy Holders At the total sample level there were differences in the demographic profile of policy holders who held their product as an add-on compared with those who held it as a standalone. Add-on buyers were more likely to be aged over 65 years (11% vs. 7% of standalone purchasers) and more likely to be retired (14% vs. 9% of standalone purchasers). In addition, they were more likely to hold no formal educational qualifications (12% vs. 6% of standalone purchasers) and less likely to report being financially sophisticated (33% of add-on buyers classified themselves as financially sophisticated compared with 42% of standalone purchasers).

There were important differences at product level which explain the figures for the overall sample.

The comparatively young profile of standalone purchasers overall was driven by Gadget standalone policy holders (73% of these were aged 18 to 35 years).

The difference between the level of educational attainment of add-on and standalone policy holders was largely driven by the difference between Travel add-on buyers and Travel standalone purchasers. The latter were more likely to be educated to at least degree level than Travel add-on buyers (42% vs. 23%), who were more likely than Travel standalone purchasers to have no formal qualifications (13% vs. 5%).

GAP standalone purchasers were more likely to be financially sophisticated than GAP add-on buyers (59% vs. 29%) and were the most financially sophisticated group overall, whereas GAP add-on buyers were amongst the least financially sophisticated.

Purchase Channel There were differences in this sample between add-on and standalone policy holders in terms of the purchase channel used, with those buying their product as an add-on more likely to have bought face-to-face or over the phone than those buying their product as a standalone – 37% of add-on buyers bought over the phone compared with 30% of standalone purchasers and 39% of add-on buyers purchased face-to-face compared with 4% of standalone purchasers. The latter, on the other hand, were more likely to have bought their product online, with 65% of standalone purchasers using online compared with 23% of add-on buyers.

There were differences by product, with both GAP and Travel add-on policy holders much more likely to have bought their product face-to-face (85% of GAP add-on buyers and 52% of Travel add-on buyers had bought face-to-face compared with 4% of GAP standalone purchasers and 8% of Travel standalone purchasers). GAP and Travel standalone purchasers were much more likely to have bought online (69% of GAP standalone purchasers and 83%

Summary *(continued)*

of Travel standalone purchasers had bought online compared with 3% of GAP add-on buyers and 35% of Travel add-on buyers).

Awareness of Product Holding Those who purchased their insurance as an add-on were more likely to be unaware that they held the product that firms' records showed they had purchased compared to those who purchased it as a standalone product – 19% of add-on buyers were unaware compared with 9% of standalone purchasers. This significant difference remains when controlling for demographics, financial sophistication, purchase channel and price paid.

Familiarity and Intention For a significantly higher proportion of standalone than add-on policy holders, their recent purchase was the first time they had purchased this insurance – 51% of standalone purchasers were purchasing for the first time compared with 42% of add-on buyers. In particular, Home Emergency standalone purchasers were much more likely than Home Emergency add-on buyers to be purchasing for the first time (60% vs. 35%).

In spite of a higher proportion of add-on policy holders having held the product before, add-on policy holders were more likely than standalone purchasers to have been unaware of the insurance before it was offered by the seller – 13% of add-on buyers were unaware of the insurance before it was offered by the seller compared with 7% of standalone purchasers.

In addition, add-on buyers were more likely than standalone purchasers to have not thought about buying the product until the day they did so (38% vs. 15%). Conversely, standalone purchasers were more likely than add-on buyers to have been intending to buy the product (77% vs. 54%). These significant differences in intention to purchase at the total sample level remain when controlling for financial sophistication, demographics and channel, demonstrating that it is the purchase mechanism, (add-on or standalone), that is driving this difference rather than other factors.

At a product level, GAP and Home Emergency add-on buyers were less likely than their standalone purchaser counterparts to have been intending to buy and GAP add-on buyers were the policy holders least likely to have been intending to buy until the day they did so – 33% of GAP add-on buyers and 60% of Home Emergency add-on buyers were intending to buy compared with 63% of GAP and 74% of Home Emergency standalone purchasers.

Awareness around how the insurance could be purchased, i.e. at the same time as the primary product or separately from a different company, varied by whether policy holders had bought the named insurance as an add-on or standalone.

75% of add-on buyers compared to 97% of standalone purchasers were aware they could buy the insurance separately from a different company.

Summary *(continued)*

Shopping Around Standalone policy holders were almost twice as likely to have shopped around for their insurance as add-on policy holders – 78% of standalone purchasers shopped around compared with 42% of add-on buyers.

Regression analysis shows that difference between add-on and standalone policy holders in terms of their propensity to shop around is not simply attributable to differences in financial sophistication, demographics, channel or price.

By product, the group most likely to have shopped around was GAP standalone purchasers (91%) and the group least likely to shop around was GAP add-on buyers (17%). For both GAP and Travel, the difference in shopping around behaviour between add-on buyers and standalone purchasers remains when controlling for financial sophistication, demographics, channel and price.

Amongst those who did not shop around, the main reason for both sets of policy holders was that they were satisfied with what they were offered in terms of cover and price. This was followed by the cheapness of the offer, the fact that it was part of a deal / special offer and a lack of time. Add-on buyers were more likely than standalone purchasers to give the insurance was part of a special deal which discouraged them from shopping around as a reason (40% vs. 20%), that they had to make a decision there and then (30% vs. 19%) or that they weren't sure where to look (26% vs. 15%).

Purchase Experience Add-on policy holders were less likely than standalone policy holders to consider whether they already had insurance which offered a similar cover – 36% of add-on buyers considered whether they already had other insurance policies which may have provided similar cover compared with 51% of standalone purchasers.

In addition, add-on buyers were more likely to have been offered the insurance and standalone purchasers were more likely to have enquired about it themselves – 72% of add-on buyers were offered the policy by the salesperson compared with 18% of standalone purchasers and 82% of the latter enquired about the product themselves compared with 28% of the former. Eighty nine per cent of GAP add-on buyers were offered their insurance by the sales person and this is the highest overall.

The vast majority (over 90%) of policy holders stated that they did not feel pressured into buying the insurance, although add-on policy holders were significantly more likely than standalone purchasers to say they felt 'a little pressure' – 8% vs. 5%.

The main reason for buying the insurance amongst both add-on buyers and standalone purchasers was to negate the feeling of regret if something were to happen and they were not insured, although this was more important for standalone purchasers than add-on buyers – 65% vs. 52%. Secondary reasons were that the insurance was cheap and was with a company they trusted.

Summary *(continued)*

Add-on policy holders were significantly more likely than standalone purchasers to give as a reason that they felt helped by the sales person and trusted them that this was an insurance they should buy (58% vs. 29%), the insurance was with a company they trusted (83% vs. 72%), it was part of a special deal / offer (39% vs. 12%), they didn't have much time to think about it (25% vs. 17%), there was a free trial period (36% vs. 26%) and they felt pressured by the salesperson (5% vs. 2%).

Standalone customers, on the other hand, were more likely than add-on buyers to say that the price of the insurance was cheap (73% vs. 66%), they were recommended the insurance by family/friends (26% vs. 19%) and that they had no choice, it was a requirement (12% vs. 7%).

Product Understanding

Approximately three-quarters of add-on and standalone policy holders recalled being provided with information, either verbally or in writing, about the product at the time of purchase. Both sets of respondents who recalled receiving information were satisfied with its helpfulness, comprehensiveness and ease of taking in the information. There were no significant differences between add-on and standalone policy holders in terms of information provision.

Whilst standalone policy holders were more likely to express high levels of confidence in their understanding of their cover, both sets of policy holders were confident – 82% of add-on buyers were very confident / confident together with 88% of standalone purchasers.

However, these high levels of confidence did not translate into actual understanding. This was demonstrated when policy holders were asked factual questions about their cover. In order to test actual understanding as opposed to perceived levels of confidence in their understanding, respondents were asked to say if certain circumstances were or were not covered by their policy or if they were unsure. Their responses were then compared to the facts about the relevant cover. Using the facts about the relevant cover served as a cross check and helped to determine whether policy holders were able to correctly identify which circumstances they were covered for or whether they were incorrect or not sure. It is important to note that the facts were specific to the policies held and therefore may not apply to all policies of that type.

When the responses were analysed it was clear that high levels of confidence were not necessarily matched by high levels of knowledge, with both sets of policy holders often wrong or unsure about key features of their policy. However, the very confident, the financially sophisticated and, in the case of Home Emergency and Travel, those who had previously claimed on a similar policy, were most likely to give correct answers.

At a total level, there was a significant difference in the percentage of errors made by add-on and standalone policy holders, with add-on policy holders giving on average 54% wrong answers and standalone policy holders giving an average of 52% wrong answers. The difference remained statistically significant after controlling for channel, which suggests that the add-on mechanism had some direct effect on understanding.

Summary *(continued)*

At product level GAP and Home Emergency add-on policy holders were significantly more likely to give incorrect answers than standalone policy holders. GAP add-on policy holders gave an average of 40% wrong answers compared with 31% for GAP standalone policy holders. Commensurate figures for Home Emergency were 67% and 57%. This significant difference held true when controlling for financial sophistication and demographics for GAP and for Home Emergency, when controlling for all factors, meaning the purchase mechanism had a direct influence. No significant differences were found between Travel add-on buyers and Travel standalone purchasers.

We also tested policy holders' awareness of the price they paid for their product. Respondents were defined as correctly aware of the price of their product if they gave an answer within plus or minus 10% of the exact price. Respondents who purchased their insurance as a standalone product were more likely to give the correct answer than those who purchased as an add-on (59% vs. 31%) and, within all products for which we have comparable data, standalone policy holders were always significantly more likely to give the correct answer than add-on buyers – 55% of GAP standalone purchasers gave the correct answer compared to 14% of GAP add-on buyers, 52% of Home Emergency standalone purchasers gave the correct answer compared with 38% of Home Emergency add-on buyers and 71% of Travel standalone purchasers gave the correct answer compared with 39% of Travel add-on buyers.

Future Behaviour Add-on and standalone policy holders both expressed high levels of propensity to purchase the insurance in the future should the need arise – 84% of add-on buyers and 87% of standalone purchasers said they were very likely or likely to buy the product in the future should the need arise. There were no significant differences between add-on and standalone policy holders at either total sample level or within product.

The main reasons cited for likelihood to buy in the future reflected the reasons for buying initially i.e. peace of mind and reassurance in case an unforeseen event occurs. This is the case for both add-on and standalone policy holders.

In Summary The data demonstrates that on virtually every measure, add-on policy holders perform significantly worse than standalone policy holders and that, in most cases, the difference between add-on and standalone policy holders is due to the purchase mechanism – add-on or standalone - rather than other factors.

Add-on policy holders were:

- Significantly less likely to be aware they held the product at all
- Significantly more likely to have not heard of the product before it was mentioned by the seller, in spite of the fact that a higher proportion of this group had held the product before

Summary *(continued)*

- Significantly less likely to have intended to buy the product prior to the day they bought it
- Significantly less likely to shop around for the product and to check whether they already held insurance that might provide similar cover
- More likely to cite having to make a decision there and then, not being sure where to look and not knowing they could buy it from another company as reasons for not shopping around
- More likely to have felt 'a little' pressure to buy, although reports of pressure selling were low for both groups
- More likely to be wrong or unsure about details of their cover, although standalone policy holders did not perform much better on this measure
- More likely to be wrong or unsure about the price of their policy

Of the different products included, GAP add-on appeared the most vulnerable across these measures.

Main Findings

Demographic Profile - Add-on versus Standalone Table 1 compares the gender, age, educational attainment and marital status profile of add-on buyers and standalone purchasers. Add-on buyers were significantly more likely to be older (27% were aged fifty-five years and over compared with 17% of standalone purchasers). Add-on policy holders were also significantly more likely to hold no formal qualifications (twelve per cent of add-on buyers held no formal qualifications compared with 6% of standalone purchasers), whilst standalone policy holders were more likely to be educated to at least A-level. These differences are largely driven by the profile of policy holders at a product level (see Table 3 and Table 4).

Main Findings *(continued)*

Table 1 – Demographic Profile of Add-on and Standalone Policy Holders – Gender, Age, Education and Marital Status

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
<u>Gender</u>		
Male	53	51
Female	47	49
<u>Age</u>		
18 to 35 years	29	42
36 to 54 years	39	36
55 to 64 years	16	10
65 years plus	11	7
Refused	5	5
<u>Education</u>		
Vocational qualification	14	12
GCSE	19	17
A-level	12	17
Degree	25	29
Masters	8	11
Other / no formal qualifications	12	6
Refused	10	8
<u>Marital status</u>		
Single	33	37
Married / co-habiting	62	57
Refused	5	6
	Significant at 95% level	

Main Findings *(continued)*

As shown in Table 2 below, and reflecting their older age profile, add-on policy holders were significantly more likely to be retired and to have household income in the range of £17,500 to £29,999 - a quarter of add-on buyers had a household income of under £30,000 compared with 17% of standalone purchasers.

Standalone policy holders, on the other hand, were significantly more likely to be self-employed and students, and to have a household income of £50,000 or more per annum.

Standalone policy holders were also significantly more likely to be classified as financially sophisticated, with 42% of standalone purchasers falling into this category compared with a third of add-on buyers. However, it is important to note that the majority of both add-on and standalone policy holders were classified as not being financially sophisticated.

Main Findings *(continued)*

Table 2 – Demographic Profile of Add-on and Standalone Policy Holders – Employment Status, Household Income, Financial Sophistication

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
<u>Employment Status</u>		
Employed full / part-time	67	63
Self-employed	6	11
Not employed	5	5
Retired	14	9
Student	1	4
Stay-at-home spouse	2	3
Refused	5	6
<u>Household Income</u>		
Up to £17,499	10	7
£17,500 to £29,999	15	10
£30,000 to £49,999	13	10
£50,000 plus	11	16
Refused	51	58
<u>Financial Sophistication</u>		
Financially sophisticated	33	42
Not financially sophisticated	67	58
	Significant at 95% level	

In order to understand fully the difference between add-on and standalone policy holders at the total sample level, it is important to examine differences between the profile of add-on and standalone policy holders at product level.

Table 3 shows the demographic profile of add-on and standalone policy holders within product. The younger profile of standalone policy holders at total sample level is driven by the profile of Gadget standalone policy holders – almost three-quarters of these were aged 18 to 35 years.

Main Findings *(continued)*

The difference between the profile of add-on and standalone policy holders in terms of educational level is largely driven by the difference between Travel add-on and Travel standalone – 42% of Travel standalone purchasers were educated to a least degree level compared with less than a quarter of Travel add-on buyers, and 13% of Travel add-on buyers had no formal qualifications compared with just 5% of Travel standalone policy holders.

Main Findings (continued)

Table 3 – Demographic Profile of Add-on and Standalone Policy Holders – Gender, Age, Education and Marital Status by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
	All policy holders aware they hold the product							
Base:	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
<u>Gender</u>								
Male	51	64	67	47	49	52	47	40
Female	49	36	33	53	51	48	53	60
<u>Age</u>								
18 to 35 years	73	38	23	22	29	26	31	40
36 to 54 years	20	29	51	40	38	40	46	39
55 to 64 years	3	17	13	22	14	18	7	9
65 years plus	0	10	6	12	15	13	8	7
Refused	4	5	7	4	4	2	8	5
<u>Education</u>								
Vocational qualification	10	14	12	14	16	19	9	9
GCSE	16	21	16	19	15	17	19	21
A-level	23	9	13	10	13	11	18	17
Degree	26	26	33	35	28	19	18	30
Masters	13	8	9	7	10	13	5	12
Other / no formal qualifications	5	14	7	11	7	9	13	5
Refused	7	7	9	4	10	11	18	7
<u>Marital status</u>								
Single	59	33	25	23	26	38	40	37
Married / co-habiting	35	62	65	73	72	60	51	57
Refused	6	6	9	4	2	2	9	6
	Significant at 95% level Significance testing within product only							

Main Findings *(continued)*

There were few significant differences within product in terms of employment status and household income, though GAP standalone purchasers were significantly more likely than GAP add-on buyers to be self-employed and to have a household income of £50,000 or more per annum. In fact GAP standalone purchasers were the most affluent group overall - a quarter had a household income of £50,000 or more per annum.

In terms of financial sophistication, GAP standalone policy holders were significantly more likely to be classified as financially sophisticated than GAP add-on buyers, with 59% of GAP standalone purchasers categorising themselves as being financially sophisticated compared with 29% of GAP add-on buyers. GAP standalone purchasers were the most financially sophisticated group overall and it was the difference between GAP standalone and GAP add-on that drove the difference at the total sample level.

Main Findings (continued)

Table 4 – Demographic Profile of Add-on and Standalone Policy Holders – Employment Status, Household Income, Financial Sophistication by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
	All policy holders aware they hold the product							
Base:	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
<u>Employment Status</u>								
Employed full / part-time	62	71	66	71	61	63	61	62
Self-employed	10	7	15	4	9	5	8	12
Not employed	10	3	3	4	4	8	6	3
Retired	0	14	7	15	19	17	10	10
Student	11	1	0	0	0	1	3	3
Stay-at-home spouse	4	1	1	1	2	3	2	3
Refused	4	4	8	5	4	3	10	6
<u>Household Income</u>								
Up to £17,499	12	7	3	11	7	17	6	5
£17,500 to £29,999	12	11	8	16	9	16	16	9
£30,000 to £49,999	9	13	8	18	13	10	12	9
£50,000 plus	14	14	24	13	19	9	7	8
Refused	53	55	56	42	51	48	59	68
<u>Financial Sophistication</u>								
Financially sophisticated	37	29	59	38	40	28	36	36
Not financially sophisticated	63	71	41	62	60	72	64	64
	Significant at 95% level Significance testing within product only							

Main Findings *(continued)*

Purchase Channel - Add-on versus Standalone There were some significant differences in channels used for purchase (i.e. online, telephone or face-to-face) between add-on and standalone policy holders within the sample of products and providers included in this research.

Those buying their product as an add-on were significantly more likely to have bought face-to-face or over the phone than those buying their product as a standalone policy and those buying their product as a standalone were significantly more likely to have bought their product online – 65% of standalone policy holders bought their product online compared with less than a quarter of add-on customers. Please see Table 5 below.

Table 5 – Proportion of Add-on and Standalone Policy Holders Using Specific Distribution Channels

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
Over the phone	37	30
Face-to-face	39	4
Online	23	65
Post	1	1
	Significant at 95% level	

These differences between add-on and standalone policy holders were also evident within product. GAP add-on policy holders were significantly more likely than GAP standalone purchasers to have bought their product face-to-face, whereas GAP standalone purchasers were significantly more likely to have bought over the phone and, particularly, to have bought online.

Likewise, Travel add-on buyers were significantly more likely to have bought their product face-to-face than Travel standalone purchasers and Travel standalone purchasers were significantly more likely to have bought their product online than Travel add-on buyers.

The picture is slightly different for Home Emergency where add-on policy holders were significantly more likely to have bought online and also face-to-face (although the incidence of face-to-face is very low for this policy type), whereas Home Emergency standalone purchasers are significantly more likely to have bought by telephone. This is because, amongst this sample, Home Emergency add-on has been bought as an add-on to a home insurance policy that was purchased online.

Main Findings *(continued)*

Table 6 – Proportion of Add-on and Standalone Policy Holders Using Specific Distribution Channels by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
	All policy holders aware they hold the product							
Base:	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
Over the phone	13	12	27	53	74	67	13	9
Face-to-face	3	85	4	4	0	16	52	8
Online	83	3	69	42	25	15	35	83
	Significant at 95% level Significance testing within product only							

Consistent with other research studies, there was a correlation between purchase channel and age with those using online significantly more likely to be aged under 35 years and those using the telephone more likely to be aged 55 years and over.

Table 7 – Age Profile of Those Using Different Distribution Channels

	Phone	Face-to-face	Online
	All using specific purchase channel to buy their recent product		
Base:	362	231	469
	%	%	%
18 to 35 years	21	41	45
36 to 54 years	41	33	38
55 to 64 years	19	11	9
65 years plus	14	10	4
	Significant at 95% level		

Main Findings *(continued)*

Awareness of Product Holding - Add-on versus Standalone This section examines levels of awareness of holding the specific insurance product amongst add-on and standalone policy holders. This analysis includes those who took part in the whole interview and those who screened out because of lack of awareness of holding the product and who consequently only completed the demographics section of the questionnaire.

At the total sample level, a significantly higher proportion of add-on respondents than standalone policy holders were not aware that they held the product – 19% of add-on buyers were unaware that they held their product compared with 9% of standalone purchasers.

Table 8 – Proportion of Add-on and Standalone Policy Holders - Aware / Unaware of Holding Product

	Add-on	Standalone
Base: all policy holders – aware and unaware	675 %	749 %
Aware	81	91
Unaware	19	9
	Significant at 95% level	

This difference between add-on buyers and standalone purchasers in terms of their awareness that they held the product remained statistically significant when controlling for:

- Financial sophistication and demographics
- Channel, financial sophistication and demographics
- Price, financial sophistication and demographics

This suggests that the purchase mechanism (i.e. whether the product was bought as an add-on or standalone) had a direct influence on whether a consumer was aware of having purchased the product, on top of other factors that were likely to affect product ownership awareness.

In terms of the three different products for which there were comparable figures for add-on and standalone policy holders, the differences in awareness of holding the product between add-on buyers and standalone purchasers across all three sets of factors held true for GAP. For Home Emergency and Travel, the difference also became statistically significant after controlling for purchase channel or price. This suggests that, even within products, differences in awareness are due to the purchase mechanism rather than the other factors.

Main Findings *(continued)*

Demographic Profile of Unaware and Aware Policy Holders The tables below compare the profile of those who were unaware that they held the particular type of insurance with those who were aware, regardless of whether the product was bought as an add-on or standalone. This data must be treated with some caution because of the large number of unaware respondents who refused to answer these questions, since we cannot know how their answers would have been distributed had they provided the information.

Based on the responses given, those who were unaware were significantly more likely to be male and not to have any formal qualifications. Those aware were significantly more likely to be female and younger:

- Sixty-one per cent of those unaware were male compared with just over half of those aware
- Fifty-five per cent of those who were unaware were aged less than 55 years compared with three-quarters of those who were aware

Those who were unaware were also significantly less likely to be educated to degree level – 22% of those unaware had a degree or higher compared with 37% of those who were aware.

Main Findings *(continued)*

Table 9 – Demographic Profile of Unaware / Aware – Gender, Age, Education and Marital Status

	Unaware	Aware
Base: all policy holders – aware and unaware	195 %	1070 %
<u>Gender</u>		
Male	61	52
Female	39	48
<u>Age</u>		
18 to 35 years	25	36
36 to 54 years	30	38
55 to 64 years	13	13
65 years plus	12	9
Refused	19	5
<u>Education</u>		
Vocational qualification	7	13
GCSE	22	18
A-level	12	14
Degree	13	27
Masters	9	10
Other / no formal qualifications	15	9
Refused	22	9
<u>Marital status</u>		
Single	32	35
Married / co-habiting	47	60
Refused	21	5
	Significant at 95% level	

As shown in Table 10 below, those who were unaware that they held a particular type of insurance were significantly less likely than those who were aware to be employed full-time or part-time, have an income of £50,000 or more per annum or to be financially sophisticated:

Main Findings *(continued)*

- Just under half of those who were unaware were employed either full or part-time compared with two-thirds of those who were aware
- Eight per cent of those unaware had a household income of £50,000 or more per annum compared with 13% of those aware
- A quarter of those unaware were financially sophisticated compared with 37% of those aware

Main Findings *(continued)*

Table 10 – Demographic Profile of Unaware / Aware – Employment Status, Household Income, Financial Sophistication

	Unaware	Aware
Base: all policy holders – aware and unaware	195 %	1070 %
<u>Employment Status</u>		
Employed full / part-time	48	65
Self-employed	9	9
Not employed	5	5
Retired	13	12
Student	3	3
Stay-at-home spouse	1	2
Refused	22	5
<u>Household Income</u>		
Up to £17,499	13	9
£17,500 to £29,999	11	12
£30,000 to £49,999	9	12
£50,000 plus	8	13
Refused	59	54
<u>Financial Sophistication</u>		
Financially sophisticated	24	37
Not financially sophisticated	76	63
	Significant at 95% level	

Familiarity with Product

Respondents were asked whether this was the first time they had purchased the product or not, and to select which of a number of statements best described how familiar they were with the product before their recent purchase. The statements were:

- I was familiar with it and had held it before
- I was familiar with it but had not held it before
- I was aware but didn't know much about it
- I was not aware of it until it was offered by the seller

Main Findings *(continued)*

At total sample level those who bought their product as an add-on were significantly less likely to have bought this insurance for the first time than those who held it as a standalone product – 42% of add-on policy holders were buying the product for the first time compared with 51% of standalone purchasers.

Analysing these figures by product, it was clear that the difference between add-on and standalone at a total sample level was being driven to a large extent by Home Emergency, where just over a third of add-on policy holders were buying the product for the first time compared with six out of ten of standalone customers. Please see Table 11 below.

There were no differences between GAP add-on buyers and GAP standalone purchasers and Travel add-on buyers and Travel standalone purchasers in terms of whether they were buying the type of insurance for the first time, although the two groups of policy holders were at opposite ends of the spectrum:

- Two-thirds of GAP customers, whether add-on or standalone policy holders, were buying the product for the first time
- Less than one in five Travel policy holders, whether add-on or standalone, were buying the product for the first time

The group most likely to be buying their product for the first time was Gadget standalone purchasers, 71% of whom were buying this type of insurance for the first time. The high incidence of first-time buyers in this standalone-only group also helped explain the difference between add-on buyers and standalone purchasers at the total sample level.

Table 11 – Proportion of Add-on and Standalone Policy Holders Buying This Type of Insurance for the First Time

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product	All standalone policy holders aware they hold the product
	546	524
	%	%
Total – all products	42	51
Gadget	-	71
GAP	65	64
Home Emergency	35	60
Personal Accident	47	-
Travel	18	17
	Significant at 95% level	

Main Findings *(continued)*

In spite of the fact that a higher proportion of add-on policy holders had bought the product before, add-on buyers were significantly more likely to select the statement ‘I was not aware of it until it was offered by the seller’.

The statistically significant difference between add-on and standalone policy holders at total sample level in terms of agreeing with the statement ‘I was not aware of it until it was offered by the seller’ remained when controlling for demographics and financial sophistication.

In line with their lower likelihood to have held the product before, standalone policy holders were significantly more likely to select the statement ‘I was familiar with it but had not held it before’ than add-on buyers.

Table 12 – Proportion of Add-on and Standalone Policy Holders - Familiarity with Product

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
I was familiar with it and had held it before	49	46
I was familiar with it but had not held it before	15	21
I was aware of it but didn’t know much about it	22	26
I was not aware of it until it was offered by the seller	13	7
	Significant at 95% level	

The only significant difference at product level was for Home Emergency where 55% of add-on policy holders selected the statement ‘I was familiar with it and had held it before’ compared with 38% of standalone customers.

Awareness around how the insurance could be purchased, i.e. at the same time as the primary product or separately from a different company, varied by whether policy holders had bought the named insurance as an add-on or standalone.

As shown in Table 13, 75% of add-on buyers compared to 97% of standalone purchasers were aware they could buy the insurance separately from a different company.

Main Findings *(continued)*

Table 13 – Proportion of Add-on and Standalone Policy Holders’ Awareness of How They Could Buy Insurance

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
You can buy it at the same time and from the same company	76%	66%
You can buy it from the same company, but at a later date	56%	56%
You can buy it separately from a different company	75%	97%
	Significant at 95% level	

Intention to Purchase Respondents were asked whether or not they had been intending to buy the cover before they actually purchased it. Add-on policy holders were significantly more likely than standalone policy holders to have not thought about buying the product until the day they did so – 38% of add-on policy holders vs. 15% of standalone purchasers. Conversely, standalone policy holders were significantly more likely than add-on buyers to have been intending to buy the product in advance – 77% of standalone purchasers compared with 54% of add-on buyers intended to buy the product. These significant differences in intention to purchase at the total sample level remained after controlling for financial sophistication, demographics and channel, demonstrating that it was the purchase mechanism (add-on or standalone) that was driving this difference rather than other factors.

Main Findings *(continued)*

Table 14 – Proportion of Add-on and Standalone Policy Holders - Intentions Prior to Purchase

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
Yes, I already intended to buy this type of insurance	54	77
I was already considering whether to buy this type of insurance	8	7
I had not thought about buying it until the day I did so	38	15
	Significant at 95% level	

This difference between add-on and standalone at total sample level was also found at product level, with the biggest difference between GAP add-on buyers and GAP standalone purchasers:

- Fifty-nine per cent of GAP add-on policy holders had not thought about buying the product until the day they did so compared with 29% of GAP standalone purchasers
- Twenty-eight per cent of add-on Home Emergency policy holders had not thought about buying the product until the day they did so compared with 16% of Home Emergency standalone purchasers
- Thirteen per cent of Travel add-on buyers had not thought about buying the product until the day they did so compared with 5% of Travel standalone purchasers

Although we did not have add-on / standalone groups for comparative purposes, it was noteworthy that half of Personal Accident add-on buyers had not thought about buying the product until the day they did so, whereas over three-quarters of Gadget standalone purchasers already intended to buy this type of insurance.

The regression analysis confirmed that this difference in intention to purchase between add-on and standalone held true at product, as well as at total sample level, when controlling for financial sophistication, demographics and channel.

Main Findings (continued)

Table 15 – Proportion of Add-on and Standalone Policy Holders - Intentions Prior to Purchase by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
Base:	All policy holders aware they hold the product							
	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
Yes, I already intended to buy this type of insurance	77	33	63	60	74	39	86	92
I was already considering whether to buy this type of insurance	9	8	8	12	10	10	2	3
I had not thought about buying it until the day I did so	14	59	29	28	16	51	13	5
	<div style="border: 1px solid black; padding: 5px;"> Significant at 95% level Significance testing within product only </div>							

Main Findings *(continued)*

Shopping Around Behaviour In terms of shopping around behaviour when they purchased their insurance (defined as considering at least one other policy), standalone policy holders were significantly more likely to have shopped around for their insurance than add-on policy holders and, in fact, were almost twice as likely to have shopped around – 78% of standalone policy holders shopped around compared with 42% of add-on customers. Amongst those who shopped around, the vast majority (more than nine out of ten of both types of policy holders) considered it worthwhile, although the figure was significantly higher for standalone policy holders.

Table 16 - Proportion of Add-on and Standalone Policy Holders who Shopped Around

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
Shopped around	42	78
Proportion of policy holders who shopped around who considered it worthwhile	92	96
	Significant at 95% level	

This significant difference between add-on and standalone policy holders in terms of their propensity to shop around held true when we controlled for financial sophistication, demographics, channel and product price, demonstrating that the purchase mechanism – add-on or standalone - was the key influence on shopping around behaviour.

Looking at the propensity to shop around by product, there were significant differences between GAP add-on buyers and standalone purchasers and Travel add-on buyers and standalone purchasers. Ninety-one per cent of GAP standalone purchasers shopped around compared with just 17% of GAP add-on buyers (the proportion of GAP add-on policy holders shopping around was the lowest proportion of any group) and 85% of those with standalone Travel shopped around compared with 27% of those with add-on Travel. Please see Table 17 below.

Main Findings *(continued)*

Table 17 - Proportion of Add-on and Standalone Policy Holders who Shopped Around by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
Base:	All policy holders aware they hold the product							
	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
Shopped around	67	17	91	63	70	58	27	85
	Significant at 95% level Significance testing within product only							

The significant differences for GAP and Travel remained after controlling for financial sophistication, demographics, channel and price paid.

The figures for shopping around were higher for Home Emergency add-on than for other add-on products. The data relating to how Home Emergency add-on policy holders shopped around offered an explanation of why this might be. Those with Home Emergency as an add-on were much more likely than standalone Home Emergency policy holders to report using price comparison websites, whereas standalone Home Emergency policy holders were more likely to use the phone or to visit individual company websites.

As Home Emergency is generally not available as an individual product on price comparison websites, this suggests that add-on policy holders may not have shopped around for Home Emergency specifically, but instead encountered alternative quotes for this add-on in their price comparison search results for home insurance.

Main Findings *(continued)*

Table 18 - Methods Used for Shopping Around by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
Base:	All policy holders aware they hold the product							
	90	24*	97	88	94	84	34*	127
	%	%	%	%	%	%	%	%
Only used price comparison websites	32	38	23	31	15	33	47	54
Either searched company sites OR phoned individual companies (but no comparison sites)	24	17	35	17	44	23	26	21
Used comparison sites AND either searched company sites OR phoned individual companies	13	13	20	26	12	24	15	13
	Significant at 95% level Significance testing within product only							
*	Low base							

Amongst those who did not shop around, the main reason why they did not was that they were satisfied with what they were offered in terms of cover and price. Four out of ten add-on and standalone policy holders who did not shop around gave that as their main reason for not doing so and around nine in ten mentioned this as a reason. This was followed by the cheapness of the offer, the fact that it was part of a deal / special offer and a lack of time. Table 19 below shows the percentage mentioning a factor as a reason (the first and second data columns) and the proportion mentioning it as the main reason (the third and fourth data columns). The former are multi-coded and the latter are single coded. With a multi-coded question respondents can select several answers but with a single coded question they can only select one answer.

Main Findings *(continued)*

Importantly add-on policy holders were significantly more likely to give as an additional reason that the insurance was part of a special deal which discouraged them from shopping around, that they had to make a decision there and then and that they weren't sure where to look.

Whilst not significant, add-on policy holders who did not shop around were more likely than standalone holders to regret not doing so. Sixty-eight per cent of add-on buyers thought it was the right decision not to shop around compared with 76% of standalone purchasers.

Main Findings *(continued)*

Table 19 – Proportion of Add-on and Standalone Policy Holders - Reasons for Not Shopping Around

	All reasons for not shopping around		Main reason for not shopping around	
	Add-on who did not shop around	Standalone who did not shop around	Add-on who did not shop around	Standalone who did not shop around
Base:	292	101	292	101
	%	%	%	%
Satisfied with what I was offered in terms of cover and price	91	85	41	42
Insurance was cheap so wasn't really interested in seeing what else was available	54	53	12	17
Insurance just wasn't that important to me to spend my time shopping around	38	28	6	1
Was part of a special deal / offer so I didn't want to	40	20	12	7
All insurance companies are similar so little point	34	29	3	1
I didn't have enough time	27	32	8	14
Felt I had to make a decision there and then	30	19	5	1
Had shopped around for this type of insurance before so felt there was no need on this occasion	22	26	2	6
Wasn't sure where to look	26	15	1	0
Thought it would be difficult to compare policies	21	23	0	2
Didn't know I could buy it from another company	25	16	6	1
	Significant at 95% level Significance testing within all reasons and main reason			

Main Findings *(continued)*

The Purchase Experience Add-on policy holders were significantly less likely than standalone policy holders to consider whether they had other insurance policies that offered similar cover at the time of purchasing their policy and therefore could be at greater risk of duplicating cover – 36% of add-on policy holders considered whether they already had other insurance policies which may have provided similar cover compared with 51% of standalone.

Add-on policy holders were significantly more likely than standalone policy holders to be offered the product by a salesperson and standalone policy holders were significantly more likely to enquire about it themselves. This was true for GAP, Home Emergency and Travel. It is also important to note that over eight out of ten Gadget standalone policy holders enquired about the product themselves, whereas 75% of Personal Accident add-on policy holders were offered their product by a salesperson.

Table 20 – Proportion of Add-on and Standalone Policy Holders - Offered or Enquired by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
	All policy holders aware they hold the product							
Base:	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
Offered by salesperson	16	89	49	55	5	75	69	7
Enquired about it myself	84	11	51	45	95	25	31	93
	<div style="border: 1px solid black; padding: 5px;"> Significant at 95% level Significance testing within product only </div>							

Regardless of the purchase mechanism - add-on or standalone - only a small minority of respondents felt pressure to buy, although add-on policy holders were significantly more likely than standalone purchasers to have felt ‘a little’ pressure and standalone policy holders were significantly more likely to have not felt pressure.

Main Findings *(continued)*

Table 21 – Proportion of Add-on and Standalone Policy Holders - Whether Felt Pressure to Buy

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
I felt a lot of pressure to buy it	1	1
I felt a little pressure to it	8	5
I did not feel pressurised into buying it	90	94
	Significant at 95% level	

At product level, the only significant difference was between GAP add-on buyers and GAP standalone policy holders – GAP add-on buyers were significantly more likely than GAP standalone purchasers to have felt a little pressure to buy – 15% vs. 5%. Across all products, GAP add-on buyers were the group who were most likely to state that they felt ‘a little’ pressure to buy.

In the regression analysis:

- At a total sample level, the significant difference between add-on and standalone policy holders in terms of the extent to which they felt pressure to buy remained when controlling for financial sophistication and demographics
- There was also a significant difference when controlling for financial sophistication and demographics amongst GAP customers
- After controlling for channel there was no significant difference indicating that channel was driving the difference not the purchase mechanism

Main Findings *(continued)*

Table 22 – Proportion of Add-on and Standalone Policy Holders - Whether Felt Pressure to Buy by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
	All policy holders aware they hold the product							
Base:	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
I felt a lot of pressure to buy it	2	3	3	1	0	1	2	1
I felt a little pressure to buy it	4	15	5	2	7	10	5	3
I did not feel pressurised into buying it	93	82	93	97	93	89	93	96
	Significant at 95% level Significance testing within product only							

Reasons for Buying the Insurance Table 23 below shows all the reasons (data columns 1 and 2) together with the main reason (data columns 3 and 4) for purchasing the insurance. The former is multi-coded and the latter single coded. With a multi-coded question respondents can select more than one answer but, with a single coded question, they can only select one.

The main reason why respondents, both add-on buyers and standalone purchasers, bought their insurance was because they wanted to negate the feeling of regret with over half of both groups selecting ‘I didn’t want something to happen and then regret not having the insurance’ as the main reason, although it was significantly more important to standalone purchasers than add-on customers. Secondary reasons were that the insurance was cheap and was with a company they trusted.

Add-on policy holders were significantly more likely than standalone purchasers to select the following as a reason for buying the insurance:

- The insurance was with a company that I trusted - 83% add-on vs.72% for standalone
- I felt helped by the salesperson and trusted them that this was an insurance I should buy – 58% for add-on vs. 29% for standalone

Main Findings *(continued)*

- There was a free trial period during which I could cancel at any time, I had nothing to lose – 36% for add-on vs. 26% for standalone
- It was part of a special deal / offer – 39% for add-on vs. 12% for standalone
- I didn't have much time to think about it, I just bought it – 25% for add-on vs. 17% for standalone
- I felt pressured by the salesperson – 5% for add-on vs. 2% for standalone

Standalone customers, on the other hand, were significantly more likely than add-on buyers to select the following:

- I didn't want something to happen and then regret not having the insurance – 92% for standalone vs. 84% for add-on
- The price of the insurance was cheap – 73% for standalone vs. 66% for add-on
- I had no choice, it was a requirement – 12% for standalone vs. 7% for add-on
- I was recommended the insurance by family and friends – 26% for standalone vs. 19% for add-on

Those selecting 'I had no choice, it was a requirement' were predominantly Travel policy holders.

Main Findings *(continued)*

Table 23 – Proportion of Add-on and Standalone Policy Holders - All Reasons and Main Reason for Buying the Insurance

	All reasons for buying insurance		Main reason for buying insurance	
	Add-on	Standalone	Add-on	Standalone
Base: All policy holders aware they hold the product	546	524	546	524
	%	%	%	%
I didn't want something to happen and regret not having the insurance	84	92	52	65
The insurance was with a company that I trusted	83	72	10	8
Price of the insurance was cheap	66	73	11	8
I felt helped by the salesperson and trusted them that this was an insurance I should buy	58	29	4	1
I always buy this type of insurance	42	37	7	5
There was a free trial period during which I could cancel at any time, I had nothing to lose	36	26	1	0
It was part of a special deal / offer	39	12	8	2
Was recommended the insurance by family / friends	19	26	2	3
I didn't have much time to think about it, I just bought it	25	17	2	1
I had no choice, it was a requirement	7	12	1	3
I felt pressured by the salesperson	5	2	1	0
	Significant at 95% level Significance testing within all reasons and main reason			

Main Findings *(continued)*

Analysing the reasons for buying the insurance by different products, GAP add-on policy holders were significantly more likely than GAP standalone policy holders to select the following reasons:

- The insurance was with a company I trusted – 69% for add-on buyers vs. 47% for standalone purchasers
- I felt helped by the salesperson and trusted them that this was an insurance I should buy – 78% for add-on buyers vs. 32% for standalone purchasers
- It was part of a special deal / offer – 41% for add-on buyers vs. 9% for standalone purchasers
- I didn't have much time to think about it, I just bought it – 27% for add-on buyers vs. 6% for standalone purchasers
- I felt pressured by the salesperson – 8% for add-on buyers vs. 2% for standalone purchasers

GAP standalone purchasers, on the other hand, were significantly more likely to select the statement 'I don't want something to happen and then regret not having the insurance' – 96% for standalone purchasers vs. 86% for add-on buyers.

Travel add-on policy holders were significantly more likely to select the following statements than Travel standalone purchasers:

- I felt helped by the salesperson and trusted them that this was an insurance I should buy – 55% for add-on buyers vs. 18% for standalone purchasers
- There was a free trial period during which I could cancel at any time, I had nothing to lose – 26% for add-on buyers vs. 13% for standalone purchasers
- It was part of a special deal / offer – 38% add-on buyers vs. 3% for standalone purchasers

Travel standalone purchasers, on the other hand, were significantly more likely to select 'I had no choice, it was a requirement' – 26% for standalone purchasers vs. 13% for add-on buyers.

Home Emergency add-on policy holders were significantly more likely than Home Emergency standalone purchasers to select the following statements:

- I always buy this type of insurance – 42% of add-on buyers vs. 31% of standalone purchasers
- It was part of a special deal / offer – 36% add-on buyers vs. 22% standalone purchasers

Main Findings *(continued)*

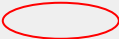
Home Emergency standalone purchasers were significantly more likely than Home Emergency add-on buyers to select the statement ‘It was recommended by family and friends’ (36% for standalone purchasers vs. 16% for add-on buyers).

Provision of Information at Point of Purchase

Approximately three-quarters of add-on and standalone policy holders recalled being provided with information, either verbally or in writing, about the product at the time of purchase. Both sets of respondents who recalled receiving information were satisfied with its helpfulness, comprehensiveness and ease of taking the information in.

There were no significant differences between add-on and standalone policy holders.

Table 24 – Proportion of Add-on and Standalone Policy Holders - Recall and Perceptions of Information at the Time of Purchase

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
Recall receiving information, verbally or in writing, at the time of product purchase	75	73
Base: Those who recall information and considered it:	407 %	381 %
Easy to take in	83	84
Helpful	87	87
Comprehensive	95	97
	Significant at 95% level	

Main Findings *(continued)*

Perceived Levels of Confidence in Understanding of Cover

In terms of the cover provided by their policy, both groups expressed high levels of confidence that they understood the level of cover provided by their policy, although standalone purchasers were significantly more likely to be confident than add-on buyers.

Table 25 – Proportion of Add-on and Standalone Policy Holders’ Level of Confidence in Understanding of Cover

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
Very confident	25	38
Confident	57	50
Neither	14	9
Unconfident	3	3
Very unconfident	1	1
Percentage very confident / confident	82	88
	Significant at 95% level	

At product level, GAP standalone purchasers were significantly more confident than GAP add-on buyers and were the most confident overall. GAP add-on buyers, on the other hand, were the least confident overall.

Main Findings *(continued)*

Table 26 - Add-on and Standalone Policy Holders' Level of Confidence in Understanding of Cover by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
Base:	All policy holders aware they hold the product							
	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
Percentage very confident / confident	83	79	94	81	87	81	88	89
	Significant at 95% level Significance testing within product only							

The significant difference between add-on and standalone remained when we controlled for financial sophistication, demographics and channel. This was also true when looking within product for GAP and Home Emergency.

Actual Product Understanding

In order to test actual understanding as opposed to perceived levels of confidence in their understanding, respondents were asked to say if certain circumstances were or were not covered by their policy or if they were unsure. Their responses were then compared to the facts about the relevant cover. It is important to note that the facts were specific to the policies held and therefore may not apply to all policies of that type.

When the responses were analysed it was clear that high levels of confidence were not necessarily matched by high levels of knowledge. However, the very confident, the financially sophisticated and, in the case of Home Emergency and Travel, those who had previously claimed on a similar policy, were most likely to give correct answers.

At a total level, there was a significant difference in the average percentage of errors identified by add-on and standalone policy holders, with add-on policy holders getting on average 54% wrong answers and standalone policy holders getting on average of 52% wrong answers. However the difference between both groups is not big.

Main Findings *(continued)*

Table 27 – Add-on and Standalone Policy Holders’ Average Percentage of Errors in Responses about Product Cover

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
Average percentage of errors in responses about product cover	54%	52%
	Significant at 95% level	

At a product level, however, GAP and Home Emergency add-on policy holders were significantly more likely to give incorrect answers than standalone policy holders. Table 28 shows the percentage of wrong answers given on average by respondents. As can be seen, GAP add-on policy holders gave an average of 40% wrong answers compared with 31% for GAP standalone policy holders. Commensurate figures for Home Emergency were 67% and 57%. No significant differences were found between Travel add-on buyers and Travel standalone purchasers.

Table 28 – Add-on and Standalone Policy Holders’ Average Percentage of Errors in Responses about Product Cover by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
Base:	All policy holders aware they hold the product							
	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
Average percentage of errors in responses about product cover	63	40	31	67	57	55	55	52
	Significant at 95% level Significance testing within product only							

Main Findings *(continued)*

When controls are introduced:

- At a total level, the difference remained statistically significant after controlling for channel, which suggests that the add-on mechanism had some direct effect on understanding
- A significant difference still held for GAP when controlling for financial sophistication and demographics and for Home Emergency, when controlling for all factors, meaning the purchase mechanism had a direct influence

Awareness of Price of Policy

In terms of awareness of the price of their policy, at a total sample level, standalone policy holders were significantly more likely to identify the correct price they paid for their insurance when checked against information provided by firms (within + or – 10%) than add-on policy holders, and the latter were more likely to get it wrong and significantly more likely to be unsure.

Table 29 - Proportion of Add-on and Standalone Policy Holders Right / Wrong / Unsure about Price of Policy

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 517 %	All standalone policy holders aware they hold the product 508 %
Right (+ / - 10%)	31	59
Wrong	31	26
Not sure	38	15
	Significant at 95% level	
Please note: there were a number of policy holders for whom price paid was not included in the sample and are therefore not included		

In terms of the individual products:

- GAP standalone policy holders were significantly more likely to get the price right than GAP add-on buyers (55% standalone purchasers vs. 14% add-on buyers) and GAP add-on buyers were significantly more likely to be unsure than GAP standalone purchasers (44% vs. 8%)
- Home Emergency standalone purchasers were significantly more likely to get the price right than Home Emergency add-on buyers (52% vs. 38%) and Home

Main Findings *(continued)*

Emergency add-on buyers were significantly more likely to be unsure than Home Emergency standalone purchasers (35% vs. 23%)

- Travel standalone purchasers were significantly more likely to get the price right than Travel add-on buyers (71% vs. 39%) and Travel add-on buyers were significantly more likely to get it wrong or to be unsure (45% and 16% vs. 24% and 5%) than Travel standalone purchasers
- A high proportion (54%) of Personal Accident add-on policy holders were unsure of the price, and only 33% gave correct answers
- Over half of Gadget standalone buyers recalled their price correctly

Table 30 - Proportion of Add-on and Standalone Policy Holders Right / Wrong / Unsure about Price of Policy by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
	All policy holders aware they hold the product							
Base:	120	138	107	113	132	144	122	149
	%	%	%	%	%	%	%	%
Right (+ / - 10%)	56	14	55	38	52	33	39	71
Wrong	22	41	36	27	24	13	45	24
Not sure	23	44	8	35	23	54	16	5
○	Significant at 95% level Significance testing within product only							
Please note: there were a number of policy holders for whom price paid was not included in the sample and are therefore not included								

Future Intentions Intention to purchase was high amongst both groups at the total sample level with 84% of add-on buyers and 87% of standalone purchasers very likely / likely to buy. The difference in overall likelihood to buy between add-on buyers and standalone purchasers was not significant.

Main Findings *(continued)*

Table 31 – Proportion of Add-on and Standalone Policy Holders Likelihood to Buy in The Future

	Add-on	Standalone
Base:	All add-on policy holders aware they hold the product 546 %	All standalone policy holders aware they hold the product 524 %
Very likely	46	55
Likely	38	32
Neither	11	10
Unlikely	4	2
Very unlikely	1	0
Percentage very likely / likely	84	87
	Significant at 95% level	

There were no significant differences between products, although GAP add-on buyers and Personal Accident add-on buyers were the least likely to buy in the future.

Table 32 - Proportion of Add-on and Standalone Policy Holders Likelihood to Buy in The Future by Product

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
Base:	All policy holders aware they hold the product							
	134	138	107	139	134	144	125	149
	%	%	%	%	%	%	%	%
Percentage very likely / likely	82	75	85	87	85	78	95	95
	Significant at 95% level Significance testing within product only							

The main reason for buying the product in the future mirrors the reason for buying in the first place – peace of mind.

Main Findings *(continued)*


Table 33 – Proportion of Add-on and Standalone Policy Holders - Reasons for Buying the Product in the Future (top answers given in response to an open-ended question)

	Add-on	Standalone
Base:	All add-on policy holders likely to buy in the future 457 %	All standalone policy holders likely to buy in the future 457 %
You never know what could happen / just in case / for peace of mind / reassurance	40	41
To make sure I am covered	14	11
Seems a good idea / worth it	7	6
Won't travel without it	7	7
Essential / always have insurance	8	5
Good value / low cost	3	5
	Significant at 95% level	

There were no significant differences within product.

Main Findings *(continued)*

Table 34 – Proportion of Add-on and Standalone Policy Holders - Reasons for Buying the Product in the Future by Product (top answers given in response to an open-ended question)

	Gadget SA	GAP AO	GAP SA	HE AO	HE SA	PA AO	Travel AO	Travel SA
	All policy holders likely to buy in the future							
Base:	110	104	91	121	114	113	119	142
	%	%	%	%	%	%	%	%
You never know what could happen / just in case / for peace of mind / reassurance	41	29	31	45	46	38	45	44
To make sure I am covered	4	3	3	17	13	19	15	20
Seems a good idea / worth it	5	14	9	4	5	6	6	7
Won't travel without it	0	0	0	0	0	1	24	23
Essential / always have insurance	5	6	1	5	3	9	13	8
Good value / low cost	8	4	5	2	2	1	3	4
	Significant at 95% level Significance testing within product only							

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Sampling Process

- Public PGP Key was sent to the FCA
- The FCA encrypted the sample files and sent them directly to Harris Interactive. In addition to the PGP encryption, each file was also password protected
- All the files were saved down to a private network location at Harris Interactive which only the core project team had access to. This network location was not backed up daily
- An excel formatting template was created using the variables common to the majority of the files. This was in line with the 'Key' tab present in a few of the files. The template used formulas to code the first 4 variables with vlookups 'Product, Add-on/Standalone, Insurer, Distributor'. It was necessary to manually force values in a few files due to inconsistencies in the format of the data from the insurers. The template also merged the name fields into 1 column
- At this stage each record was assigned a unique ID so that any corrections could be made back to the original files if necessary
- All the separate excel files were converted to text and merged into one big file - this was checked again column by column to ensure that all the fields which would then be loaded into the survey platform had values consistent with the data type for each column
- The entire file was run through a macro that cleans phone numbers of non numerical characters and de-dupes by telephone number. Missing telephone numbers were tele-matched where possible. Duplicates were also removed
- Sample within each cell was randomly selected in set quantities to check against the Telephone Preference Service (TPS) list provided by UKChanges. The amounts to screen were calculated assuming a 50% screen rate against the TPS and that a sample ratio of 8:1 would be required for each complete. In some quota cells it was necessary to repeat this process during fieldwork to make up for shortfalls in other quota cells
- The sample was then uploaded into our survey platform Confirmit
- Peak Answers (the fieldwork agency used by Harris Interactive) were provided an extract of the sample with the following fields. This file was sent via FTP

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(continued)

PanelistId	Harris Unique ID
Q600	Product
Q601	Add-On / Standalone
Q604	Phone 1
Q605	Phone 2
Q606	Phone 3
Q607	Contact Name
SurveyLink	Surveylink
Q695	Quota

- All stages of the sampling process were logged by count where possible

The **FCA GI Add-Ons Quant Questionnaire**

Q630

Good morning/afternoon/evening, my name is _____ and I am calling on behalf of the Financial Conduct Authority (FCA) (formerly known as the Financial Services Authority (FSA), the regulator of the financial services industry. The FCA regulates all providers of financial services in the UK and seeks to protect consumers when dealing with financial services.

The FCA are carrying out some important research to understand the process people go through when purchasing financial products such as insurance, and have asked us, Harris Interactive, an independent research agency, to undertake this research.

With this in mind, would you be willing to take part in a short telephone interview which would last approx. 15 minutes?

I can assure you, this is not a sales call and your responses will remain entirely anonymous. Any information you give will be kept completely confidential in accordance with the Data Protection Act, and we will not ask you to reveal any detailed personal financial information. As a Market Research Society registered agency, we will not sell you anything and you will not receive any subsequent sales calls as a consequence of taking part in this research.

If you would like to check the validity of this call or check we are a bona fide research agency, you can ring the Market Research Society freephone number on 0500 39 69 99. If you have any questions about the project please call the FCA on 0800 111 6768.

[READ OUT IF RESPONDENT ASKS WHERE THEIR DETAILS HAVE BEEN OBTAINED FROM]

Your details have been passed to us by the FCA only for this research and will not be used for any other purpose [IF THE RESPONDENT REQUIRES FURTHER INFORMATION ON THIS PLEASE REFER THEM TO THE FCA AND ARRANGE A TIME FOR A CALL BACK].

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(continued)

SCREENER

Thank you for agreeing to take part.

ASK ALL RESPONDENTS

S1 (Q635) Please can you confirm if you currently work in any of the following industries, or have worked in them in the past?

[READ OUT]

[RANDOMISE]

[MULTIPLE RESPONSE]

1. Marketing
2. Market research
3. Journalism
4. Advertising
5. Financial services
6. Public Relations
7. None of these

[TERMINATE IF WORK IN SENSITIVE INDUSTRY (S1 = CODES 1 TO 6)]

ASK ALL RESPONDENTS IN NON-SENSITIVE INDUSTRY (S1 = CODE 7)

S2 (Q640) Have you purchased any of the following in the past 4 months?

[IF GAP INSURANCE FROM SAMPLE AND BOUGHT IN APRIL, REPLACE '4 months' WITH '5 months']

[READ OUT]

[RANDOMISE]

[MULTIPLE RESPONSE]

1. Pet insurance
2. Home insurance (buildings and/or contents)
3. Motor/car insurance
4. Home emergency cover (covers emergency repairs for services in your house such as electricity, plumbing and heating)
5. GAP insurance (cover, which in the case of a car being written off, pays the difference between the settlement from the motor insurer and the balance on any outstanding finance or the cost of a new car)
6. Gadget insurance (insurance which covers for damage, loss or theft of an electronic device such as a laptop computer, mobile phone or tablet)
7. Travel insurance

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(continued)

8. Personal accident insurance (which pays a lump sum for injury or death from accidents and in some cases will cover the cost of hospitalisation as a result of an accident)
9. None of these
10. Not sure
11. Refused

[CROSS CHECK PRODUCT FROM SAMPLE]

- [IF ONLY SELECT PRODUCT AS MENTIONED IN THE SAMPLE, CONTINUE]
- [IF SELECT PRODUCT FROM SAMPLE AND OTHER PRODUCTS, READ OUT 'For the rest of the survey, we will be talking about your [INSERT PRODUCT FROM S2 WHICH MATCHES SAMPLE]

ASK ALL RESPONDENTS WHO DO NOT MATCH WITH SAMPLE (S2 = CODES 4-8 AND DOESN'T MATCH SAMPLE)

S2a (Q643) Have you purchased [INSERT PRODUCT FROM SAMPLE] in the last 4 months?

[IF ADD ON, ALSO SHOW] You might have bought it [TEXT INSERT].

TEXT INSERT:

IF S2 = CODE 4, INSERT as part of your home insurance

IF S2 = CODE 5, INSERT as part of your motor insurance

IF S2 = CODE 6, INSERT at the same time as your gadget

IF S2 = CODE 7, INSERT at the same time as your holidays or flights

IF S2 = CODE 8, INSERT at the same time as your car

ASK ALL RESPONDENTS WHO MATCH WITH SAMPLE (S2 = CODES 4-8 & SAMPLE)

S3 (Q650) Which of the following best describes your role when deciding which [INSERT PRODUCT FROM S2] policy to buy?

1. You made the decision alone
2. You shared the responsibility for making the decision with someone else
3. You were not responsible for deciding which policy to buy

[TERMINATE IF NOT RESPONSIBLE FOR MAKING DECISION (S3 = CODE 3)]

ASK ALL RESPONDENTS WHO ARE DECISION MAKERS (S3 = CODES 1 OR 2)

S4 (Q655) Which provider did you buy your [INSERT PRODUCT FROM S2] from?

[ONLY SHOW COMPANIES RELATED TO THAT SPECIFIC PRODUCT]

ASK ALL RESPONDENTS WITH GADGET INSURANCE (S2 = CODE 6 & SAMPLE)

S5 (Q660) What product/s does your gadget insurance cover?

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(continued)

[MULTIPLE RESPONSE]

[RANDOMISE]

1. Laptop computer
2. Desktop computer
3. Tablet
4. Camera/camcorder
5. Mobile phone
6. iPod/Mp3 player
7. Games console
8. Sat Nav
9. Other

ASK ALL RESPONDENTS WITH TRAVEL INSURANCE (S2 = CODE 7 & SAMPLE)

S6 (Q665) Was your travel insurance an annual or single trip policy?

1. Annual
2. Single trip

MAIN QUESTIONNAIRE

For the rest of the survey, I would like you to think about the process you went through when you bought your [INSERT PRODUCT FROM S2].

ASK ALL QUALIFIED RESPONDENTS

Q1 (Q700) Is this the first time you have purchased [INSERT PRODUCT FROM S2]?

1. Yes
2. No

ASK ALL QUALIFIED RESPONDENTS

Q2 (Q705) Thinking about your [INSERT PRODUCT FROM S2] in which of the following ways are you aware that you can buy this?

[READ OUT]

[MULTIPLE RESPONSE]

1. You can buy it at the same time and from the same company who [TEXT INSERT]
2. You can buy it from the same company that [TEXT INSERT], but at a later date
3. You can buy it separately from a different company
4. Not sure

TEXT INSERT:

IF S2 = CODE 4, INSERT provides your home insurance

IF S2 = CODE 5, INSERT provides your motor insurance

IF S2 = CODE 6, INSERT sold you your gadget

IF S2 = CODE 7, INSERT sold you your holidays or flights

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IF S2 = CODE 8, INSERT sold you your car

ASK ALL RESPONDENTS WITH HOME EMERGENCY COVER (S2 = CODE 4)

Q3 (Q710) Which of the following best describes how you bought your Home Emergency insurance?

[READ OUT]

1. I was offered it, and bought it at the same time as my home insurance as an add-on to my home insurance policy
2. I was contacted by the company who I have my home insurance with at a later date and I bought it then
3. I decided I wanted the cover so I contacted my home insurer and bought it from them
4. I bought it separately, **not** from the company I have my home insurance with
5. None of these (specify)

ASK ALL RESPONDENTS WITH GAP INSURANCE (S2 = CODE 5)

Q4 (Q715) Which of the following best describes how you bought your GAP insurance?

[READ OUT]

1. I was offered it as an option by the car dealer at the time I bought my car and I bought it then
2. I was contacted by the car dealer at a later date and offered it and I bought it then
3. I decided I wanted the cover so I **contacted** my car dealer and bought it from them
4. I bought it separately, **not** from my car dealer
5. None of these (specify)

ASK ALL RESPONDENTS WITH GADGET INSURANCE (S2 = CODE 6)

Q5 (Q720) Which of the following best describes how you bought your gadget insurance?

[READ OUT]

1. I was offered it as an option by the retailer at the time I bought my gadget and I bought it then
2. I was contacted by the retailer from whom I bought my gadget at a later date and offered it and I bought it then
3. I decided I wanted the cover so I **contacted** the retailer who I bought my gadget from and bought it from them
4. I bought it separately, **not** from the retailer who I bought my gadget from
5. None of these (specify)

ASK ALL RESPONDENTS WITH TRAVEL INSURANCE (S2 = CODE 7)

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(continued)

Q6 (Q725) Which of the following best describes how you bought your travel insurance?

[READ OUT]

1. I was offered it as an option at the time I booked my holiday or flights and I bought it then
2. I was contacted at a later date by the company who I bought my holiday or flights from and offered it and I bought it then
3. I decided I wanted the cover, so I **contacted** the company who I bought my holiday or flights from and bought it from them
4. I bought it separately, **not** from the company who I bought my holiday or flights from
5. None of these (specify)

ASK ALL RESPONDENTS WITH PERSONAL ACCIDENT (S2 = CODE 8)

Q7 (Q730) Which of the following best describes how you bought your personal accident insurance?

[READ OUT]

1. I was offered it, and bought it at the same time as my motor insurance as an add-on to my motor insurance policy
2. I was contacted at a later date by my motor insurance company and offered it and I bought it then
3. I decided I wanted the cover so I **contacted** my motor insurer and bought it from them
4. I bought it separately, **not** from the company who I have my motor insurance with
5. None of these (specify)

Q7a (Q733) Which of the following best describes how you bought your personal accident insurance?

[READ OUT]

PRE-CODED LIST REMOVED TO PROTECT CONFIDENTIALITY OF FIRMS INVOLVED IN THE RESEARCH

Q7b (Q731) Which of the following best describes how you bought your Home Emergency insurance?

[READ OUT]

PRE-CODED LIST REMOVED TO PROTECT CONFIDENTIALITY OF FIRMS INVOLVED IN THE RESEARCH

Q7c (Q732) Which of the following best describes how you bought your Home Emergency insurance?

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(continued)

PRE-CODED LIST REMOVED TO PROTECT CONFIDENTIALITY OF FIRMS INVOLVED IN THE RESEARCH

ASK ALL QUALIFIED RESPONDENTS

Q8 (Q735) Were you offered the [INSERT PRODUCT FROM S2] by the sales person or did you enquire about buying it yourself?

1. Offered by the sales person
2. Enquired about it myself

ASK ALL QUALIFIED RESPONDENTS

Q9 (Q740) How did you make the final purchase for your [INSERT PRODUCT FROM S2]?

1. Over the phone
2. Face-to-face
3. Online
4. Post

ASK ALL QUALIFIED RESPONDENTS

Q10 (Q745) Thinking about the [INSERT PRODUCT FROM S2], which of the following statements best describes how familiar you were with this type of insurance before you bought it recently?

[READ OUT]

1. I was familiar with it and had held it before
2. I was familiar with it but had not held it before
3. I was aware of it but didn't know much about it
4. I was not aware of it until it was offered by the seller

ASK ALL QUALIFIED RESPONDENTS

Q11 (Q750) Prior to the day on which you recently purchased your [INSERT PRODUCT FROM S2], were you already intending to buy that sort of cover?

[READ OUT]

1. Yes, I already intended to buy this type of insurance
2. I was already considering whether to buy this type of insurance
3. No, I had not thought about buying it until the day I did so

ASK ALL QUALIFIED RESPONDENTS

Q12 (Q755) When you purchased your [INSERT PRODUCT FROM S2] did you shop around? By that I mean was the policy you purchased the only one you considered or did you consider at least one other policy?

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(continued)

1. Yes
2. No
3. I didn't know there were multiple policies to consider

ASK ALL QUALIFIED RESPONDENTS SHOPPING AROUND (Q12 = CODE 1)

Q13 (Q760) How many different **companies** selling the insurance did you actively consider?

1. One
2. Two
3. Three
4. Four or more

ASK ALL QUALIFIED RESPONDENTS SHOPPING AROUND (Q12 = CODE 1)

Q14 (Q765) How did you go about shopping around?

[READ OUT]

[RANDOMISE]

[MULTIPLE RESPONSE]

1. Searched on individual company websites
2. Used price comparison websites
3. Consumer advice websites, e.g. Martin Lewis, Money Advice Service etc
4. Telephoned individual companies
5. Contacted broker / intermediary
6. Asked friends and family
7. Other
8. Not sure
9. Refused

ASK ALL QUALIFIED RESPONDENTS SHOPPING AROUND (Q12 = CODE 1)

Q15 (Q770) Did you feel it was worthwhile to shop around?

1. Yes
2. No

ASK ALL QUALIFIED RESPONDENTS NOT SHOPPING AROUND (Q12 = CODE 2)

Q16 (Q775) I am going to read out some reasons other people have given for not shopping around for this type of insurance. For each one I read out, could you tell me whether it is a reason why you did not shop around when you bought your [INSERT PRODUCT FROM S2].

[READ OUT]

[MULTIPLE RESPONSE]

[RANDOMISE]

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(continued)

	Yes	No
I didn't have enough time	1	1
The insurance was cheap, so I wasn't really interested in seeing what else was available	2	2
I wasn't sure where to look	3	3
I thought it would be difficult to compare policies	4	4
All insurance companies are similar, so there is little point shopping around	5	5
I was satisfied with what I was offered in terms of the cover and price	6	6
I didn't know that I could buy it from another company	7	7
I felt I had to make a decision there and then	8	8
I have shopped around for this type of insurance before, so felt there was no need on this occasion	9	9
The insurance just wasn't that important to me to spend my time shopping around	10	10
It was part of a deal/special offer so I didn't want to	11	11
Other (specify)	12	12

ASK ALL QUALIFIED RESPONDENTS NOT SHOPPING AROUND (Q12 = CODE 2)
 Q17 (Q780) You say you did not shop around for the following reasons...[SHOW CODES SELECTED AT Q16].

Which of these was the main reason?

[READ OUT]

[RANDOMISE]

[ONLY ASK THOSE SELECTED AT Q16]

1. I didn't have enough time
2. The insurance was cheap, so I wasn't really interested in seeing what else was available
3. I wasn't sure where to look
4. I thought it would be difficult to compare policies
5. All insurance companies are similar, so there is little point shopping around
6. I was satisfied with what I was offered in terms of the cover and price
7. I didn't know that I could buy it from another company
8. I felt I had to make a decision there and then
9. I have shopped around for this type of insurance before, so felt there was no need on this occasion
10. The insurance just wasn't that important to me to spend my time shopping around
11. It was part of a deal/special offer so I didn't want to
12. I am not sure
13. Other (specify)

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(continued)

ASK ALL QUALIFIED RESPONDENTS NOT SHOPPING AROUND (Q12 = CODE 2)

Q18 (Q785) Looking back, do you think it was the right decision not to shop around?

1. Yes
2. No
3. Not sure

ASK ALL QUALIFIED RESPONDENTS

Q19 (Q790) I am going to read out some reasons other people have given when deciding to buy [INSERT PRODUCT FROM S2]. For each one, I would like you to tell me if this was a reason why you decided to buy [INSERT PRODUCT FROM S2].

[READ OUT]

[RANDOMISE]

[MULTIPLE RESPONSE]

	Yes	No
The price of the insurance was cheap	1	1
It was part of a deal/special offer	2	2
I was recommended this insurance by family/friends	3	3
The insurance was with a company that I trusted	4	4
I always buy this type of insurance	5	5
I felt helped by the salesperson and trusted them that this was an insurance I should buy	6	6
I felt pressured by the salesperson	7	7
I had no choice, it was a requirement	8	8
I didn't want something to happen and then regret not having the insurance	9	9
I didn't really have much time to think about it, I just bought it	10	10
There was a free trial period during which I could cancel at any time, I had nothing to lose	11	11
Other (specify)	12	12

ASK ALL QUALIFIED RESPONDENTS

Q20 (Q795) You say you bought the insurance for the following reasons...[INSERT CODES SELECTED FROM Q19].

Which of these was the main reason?

[READ OUT]

[RANDOMISE]

[ONLY ASK THOSE SELECTED AT Q19]

1. The price of the insurance was cheap
2. It was part of a deal/special offer

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(continued)

3. I was recommended this insurance by family/friends
4. The insurance was with a company that I trusted
5. I always buy this type of insurance
6. I felt helped by the salesperson and trusted them that this was an insurance I should buy
7. I felt pressured by the salesperson
8. I had no choice, it was a requirement
9. I didn't want something to happen and then regret not having the insurance
10. I didn't really have much time to think about it, I just bought it
11. There was a free trial period during which I could cancel at any time, I had nothing to lose
12. I am not sure
13. Other (specify)

ASK ALL QUALIFIED RESPONDENTS

Q21 (Q800) Thinking about the time that you bought [INSERT PRODUCT FROM S2], which of the following most accurately describes your experience?

[READ OUT]

[ROTATE SHOWING CODES 1 TO 3 IN REVERSE ORDER]

1. I did not feel pressurised into buying it
2. I felt a little pressure to buy it
3. I felt a lot of pressure to buy it
4. Not sure
5. Refused

ASK ALL QUALIFIED RESPONDENTS WHO FELT PRESSURISED (Q21 = CODE 1)

Q22 (Q805) You say that you felt pressurised to buy [INSERT PRODUCT FROM S2], can you please tell me how you felt pressured?

[TEXT BOX]

ASK ALL QUALIFIED RESPONDENTS

Q23 (Q810) Did you consider whether you already had other insurance policies which may have provided similar cover to the [INSERT PRODUCT FROM S2] you were taking out?

1. Yes
2. No

ASK ALL QUALIFIED RESPONDENTS

Q24 (Q815) Do you recall being provided with any information either verbal or in writing about the product at the time of buying [INSERT PRODUCT FROM S2]?

1. Yes
2. No

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(continued)

3. Not sure
4. Refused

ASK ALL QUALIFIED RESPONDENTS PROVIDED WITH INFORMATION (Q24 = CODE 1)
Q25 (Q820) How easy or difficult did you find it to take in the information you were given about the product at the time you bought your [INSERT PRODUCT FROM S2]?

1. Very easy
2. Easy
3. Neither easy nor difficult
4. Difficult
5. Very difficult

ASK ALL QUALIFIED RESPONDENTS PROVIDED WITH INFORMATION (Q24 = CODE 1) WHO DID NOT FIND IT EASY (Q25 = CODES 4 OR 5)

Q26 (Q825) Why did you feel it was not easy to take in the information you were provided with at the time of buying your [INSERT PRODUCT FROM S2]?

[READ OUT]
[RANDOMISE]
[MULTIPLE RESPONSE]

1. You didn't have the time
2. You were thinking about other things
3. You were more interested in the purchase of the product for which you were getting the insurance cover
4. It was boring
5. Too much jargon
6. Other (specify)

ASK ALL QUALIFIED RESPONDENTS PROVIDED WITH INFORMATION (Q24 = CODE 1)
Q27 (Q830) How helpful was the information you were given about [INSERT PRODUCT FROM S2]?

[READ OUT]

1. Very helpful
2. Helpful
3. Neither helpful nor unhelpful
4. Unhelpful
5. Very unhelpful

ASK ALL QUALIFIED RESPONDENTS PROVIDED WITH INFORMATION (Q24 = CODE 1)
Q28 (Q835) Did you feel the information you were given about [INSERT PRODUCT FROM S2] was comprehensive?

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(continued)

1. Yes, it was comprehensive
2. No, it was not comprehensive

ASK ALL QUALIFIED RESPONDENTS

Q29 (Q840) How confident do you feel that you understand the level of cover your [INSERT PRODUCT FROM S2] gives you?

[READ OUT]

1. Very confident
2. Confident
3. Neither confident nor unconfident
4. Unconfident
5. Very unconfident

ASK ALL QUALIFIED RESPONDENTS

Q30 (Q845) I am now going to read out some policy features which may or may not be included in your [INSERT PRODUCT FROM S2]. For each one can you please tell me whether it is covered by your [INSERT PRODUCT FROM S2?]

[READ OUT]

[RANDOMISE]

[SHOW APPROPRIATE LIST BASED ON THOSE HOLDING THAT PRODUCT AT S2]

HOME EMERGENCY	Yes	No	Not sure
I am covered for unlimited cost of repairs	1	1	1
I am covered for unlimited call outs	2	2	2
I am covered for toilet repairs, when there is a second toilet in the house	3	3	3
In order to make a claim, I have to register the problem within 24 hours of it arising	4	4	4
There is an age limit on appliances that can be covered	5	5	5
I am covered for the repair or replacement of appliances or fittings (taps, sanitary ware)	6	6	6
I am covered for the cost of making good e.g. redecorating, or the surface of a driveway or path that has to be dug up	7	7	7
The engineer will always come out the same day	8	8	8
The engineer will always come out urgently within two hours	9	9	9
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	10	10	10

GAP	Yes	No	Not sure
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(continued)

I must have comprehensive motor insurance in order for my GAP insurance to be valid	1	1	1
If my car is written off or stolen, GAP insurance will pay the difference if my motor insurance doesn't cover the full cost of clearing any outstanding finance and/or to replace the car with a new one	2	2	2
GAP insurance will only pay out if I make a valid claim on my motor insurance	3	3	3
GAP insurance always covers the same period of time as a finance deal	4	4	4
Comprehensive motor insurance will usually pay to replace my car with an equivalent new one if it is less than one year old	5	5	5
GAP insurance will cover my payments if I become unemployed or am unable to work through sickness	6	6	6
GAP insurance will only pay the claim if it agrees there is a difference between the payout from your motor insurance and any outstanding finance and/or the cost of a new car	7	7	7
GAP insurance is a requirement if you take out finance to buy the car	8	8	8
Comprehensive car insurance usually covers the car for its market value	9	9	9
If I make a claim, GAP insurance will pay the difference between the market value of the car and either the outstanding finance on the car and/or the cost to replace the car with a new one	10	10	10
GAP insurance covers the motor insurance excess in full	11	11	11
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	12	12	12

GADGET	Yes	No	Not sure
I can make more than one claim a year	1	1	1
I need to provide proof of purchase for gadgets in order to make a claim	2	2	2
I am always covered in the event of loss or theft, even if I leave my gadget unattended and not locked away	3	3	3
I am covered for wear and tear	4	4	4
The insurance will cover the use of my gadget by any member of my family whether or not they live with me	5	5	5
I am required to register the serial number and the make and model of individual items that I want to cover	6	6	6

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(continued)

The insurance will always replace my gadget with a new one	7	7	7
I can make a claim (large or small) for the value of my gadget	8	8	8
Gadget cover replaces the manufacturer warranty in the first year	9	9	9
I can get my gadget repaired wherever I like and they will pay for the repairs	10	10	10
I have to take my gadget back to where I bought it from if it needs repairing	11	11	11
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	12	12	12

TRAVEL	Yes	No	Not sure
My travel insurance always covers lost or delayed baggage	1	1	1
My travel insurance only covers lost money or travel documents in hand luggage	2	2	2
My travel insurance always covers medical emergencies	3	3	3
My travel insurance always covers if I need to cancel my trip/holiday	4	4	4
There are no limits on medical cover	6	6	6
All types of sports are covered	7	7	7
I am covered for medical treatment I could get under the European Health Insurance Card (previously E111)	8	8	8
I am covered if I cancel a trip due to circumstances I was aware of at the time of booking	9	9	9
I am covered for medical costs relating to an accident whilst under the influence of alcohol	10	10	10
I am covered in full for all claims and there isn't a policy excess	11	11	11
I have to pay extra for cover for pre-existing medical conditions	12	12	12
I have to pay extra to cover some sports equipment	13	13	13
I have to pay extra to cover some sports	14	14	14
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	15	15	15

PERSONAL ACCIDENT	Yes	No	Not sure
Personal accident insurance will pay me a lump sum if I have an accident and suffer loss of a limb	1	1	1

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(continued)

I am covered for any accident I may have (not just those as a result of a car accident)	2	2	2
I am covered If I die as the result of an accident	3	3	3
Personal accident insurance will pay me a sum of money for each night I am in hospital	4	4	4
I am covered in case of illness and / or disease	5	5	5
I am covered for loss of earnings	6	6	6
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	7	7	7

ASK ALL QUALIFIED RESPONDENTS EXCEPT SINGLE TRIP TRAVEL OR GAP INSURANCE (S2 = CODES 4, 6, 8 OR S2 = CODE 7 AND S6 = CODE 1)

Q31 (Q850) Do you pay monthly or annually for your [INSERT PRODUCT FROM S2]?

1. Monthly
2. Annually

ASK ALL QUALIFIED RESPONDENTS EXCEPT SINGLE TRIP TRAVEL OR GAP INSURANCE (S2 = CODES 4, 6, 8 OR S2 = CODE 7 AND S6 = CODE 1)

Q32 (Q855) Approximately how much is the cost of your insurance **over a year** [INSERT PRODUCT FROM S2]?

1. £1 to £25
2. £26 to £50
3. £51 to £100
4. £101 to £150
5. £151 to £200
6. £201 to £250
7. £251 to £300
8. £301 +
9. Not sure

ASK ALL QUALIFIED RESPONDENTS WHO PAY MONTHLY (Q31 = CODE 1) OR UNSURE OF ANNUAL COST (Q32 = CODE 9)

Q33 (Q860) Approximately how much is the monthly cost of your [INSERT PRODUCT FROM S2]?

1. £1 to £5
2. £6 to £10
3. £11 to £20
4. £21 to £30
5. £31 to £40
6. £41 +
7. Not sure

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(continued)

ASK ALL QUALIFIED RESPONDENTS WITH SINGLE TRIP TRAVEL (S2 = CODE 7 AND S6 = CODE 2)

Q34 (Q865) Approximately how much is the cost of your single trip travel insurance?

1. £1 to £25
2. £26 to £50
3. £51 to £75
4. £76 to £100
5. £101 to £150
6. £151 to £200
7. £201 to £250
8. £251 +
9. Not sure

ASK ALL QUALIFIED RESPONDENTS WITH GAP INSURANCE (S2 = CODE 5)

Q34a (Q866) Approximately how much is the total cost of your GAP insurance policy over the whole period it covers you for?

1. £1 to £100
2. £101 to £200
3. £201 to £300
4. £301 to £400
5. £401 to £500
6. £501 to £600
7. £601 to £700
8. £701+
9. Not sure

ASK ALL QUALIFIED RESPONDENTS

Q35 (Q870) Do you have to pay an excess to the insurer if you make a claim on the policy and are successful? (Excess is the amount of the claim you have to pay yourself)

1. Yes
2. No
3. Not sure
4. Refused

ASK ALL QUALIFIED RESPONDENTS

Q37 (Q880) Have you made a claim on a similar [INSERT PRODUCT FROM S2] policy before?

[READ OUT]

1. Yes, I have made a claim on a similar [INSERT PRODUCT FROM S2] policy before and was successful

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(continued)

2. Yes, I have made a claim on a similar [INSERT PRODUCT FROM S2] policy before, but was unsuccessful
3. No, I have not made a claim on a similar [INSERT PRODUCT FROM S2] policy before

ASK ALL QUALIFIED RESPONDENTS

Q38 (Q885) Have you made a claim on this [INSERT PRODUCT FROM S2] policy?

1. Yes
2. No

ASK ALL QUALIFIED RESPONDENTS WHO HAVE MADE A CLAIM ON THIS POLICY (Q38 = CODE 1)

Q39 (Q890) Were you covered for everything you thought you would be?

1. Yes
2. No

ASK ALL QUALIFIED RESPONDENTS WHO HAVE MADE A CLAIM ON THIS POLICY (Q38 = CODE 1)

Q40 (Q895) Which of the following would best describe the outcome of your claim?

[READ OUT]

1. The claim was settled and I received a full payout
2. The claim was settled and I was paid in part
3. No, the claim was unsuccessful

ASK ALL QUALIFIED RESPONDENTS

Q41 (Q900) If the need arose, how likely would you be to buy [INSERT PRODUCT FROM S2] in the future?

1. Very likely
2. Likely
3. Neither likely nor unlikely
4. Unlikely
5. Very unlikely

ASK ALL QUALIFIED RESPONDENTS

Q42 (Q905) Why do you say that?

[TEXT BOX]

DEMOGRAPHICS

ASK ALL QUALIFIED RESPONDENTS

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(continued)

Q44 (Q1005) Which of the following statements best describes your attitude towards personal finance?

[READ OUT]

[ROTATE THE ORDER]

6. I am extremely knowledgeable and interested – something of an expert
7. I am interested and knowledgeable, but don't consider myself an expert
8. I am interested but not that knowledgeable
9. I do what I have to out of necessity, but am not particularly interested
10. I am not interested in personal finance matters

ASK ALL QUALIFIED RESPONDENTS

Q45 (Q1010) I am now going to read out some statements and I would like you to tell me how much you agree or disagree with each statement.

[READ OUT]

[RANDOMISE STATEMENTS]

1. Strongly agree
 2. Agree
 3. Neither agree nor disagree
 4. Disagree
 5. Strongly disagree
-
1. I like to live for today and think about the present
 2. When I buy a product or service, I carefully weigh up the features and price to make an informed choice
 3. I am very organised when it comes to managing my money day to day
 4. I would rather be safe than sorry – I prefer not to take unnecessary risks

ASK ALL QUALIFIED RESPONDENTS

Q47 (Q1020) Please can you confirm which of the following age ranges you fit into?

[READ OUT]

1. 18-35
2. 36-54
3. 55-64
4. 65+
5. Refused

ASK ALL QUALIFIED RESPONDENTS

Q48 (Q1025) Gender

[DO NOT READ OUT, CODE AS APPLICABLE]

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(continued)

1. Male
2. Female

ASK ALL QUALIFIED RESPONDENTS

Q49 (Q1030) Which of the following best describes your situation?

[READ OUT]

1. Single, living alone or with housemates and no children
2. Single with children
3. Married or co-habiting, no children
4. Married or co-habiting, with children living at home
5. Married or co-habiting, with children who have left home

ASK ALL QUALIFIED RESPONDENTS

Q50 (Q1035) Which of the following, if any, is the highest educational or professional qualification you have obtained?

[READ OUT]

1. Vocational qualifications (=NVQ1/NVQ2)
2. GCSE/O-Level/CSE
3. A-Level/Scottish Higher or equivalent (=NVQ3)
4. Bachelor Degree or equivalent (=NVQ4)
5. Masters/PhD or equivalent
6. Other
7. No formal qualifications

ASK ALL QUALIFIED RESPONDENTS

Q51 (Q1040) Are you the primary income earner in your household, that is, the person with the largest income, whether from employment, pensions, state benefits, investments or any other source? Would you say...

1. Yes, you are the primary income earner
2. You and another member of your household are the primary income earners of about equal amounts
3. No, you are not the primary income earner

ASK ALL QUALIFIED RESPONDENTS

Q52 (Q1045) Which one of the following best describes your employment status?

[READ OUT]

1. Employed full time
2. Employed part time

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(continued)

3. Self-employed
4. Not employed, but looking for work
5. Not employed and not looking for work
6. Not employed, unable to work due to a disability or illness
7. Retired
8. Student
9. Stay-at-home spouse or partner

ASK ALL QUALIFIED RESPONDENTS

Q53 (Q1050) Which of the following income categories best describes your total 2012 household income from all sources, before tax and other deductions?

1. Up to £4,499
2. £4,500 to £6,499
3. £6,500 to £7,499
4. £7,500 to £9,499
5. £9,500 to £11,499
6. £11,500 to £13,499
7. £13,500 to £15,499
8. £15,500 to £17,499
9. £17,500 to £24,999
10. £25,000 to £29,999
11. £30,000 to £39,999
12. £40,000 to £49,999
13. £50,000 to £74,999
14. £75,000 to £99,999
15. £100,000 or more
16. Decline to answer

ASK ALL QUALIFIED RESPONDENTS

Q54 (Q1055) Which region of the UK do you live in?

1. East of England
2. East Midlands
3. London
4. North East
5. North West
6. Northern Ireland
7. Scotland
8. South East
9. South West
10. Wales
11. West Midlands
12. Yorkshire and the Humber
13. Other

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(continued)

Data Processing During the interviewing process, it became apparent consumers were not correctly identifying the way in which they had bought their named insurance, i.e. whether it was purchased as an add-on or standalone, as per the sample. In order to apply some consistency to the data, a number of removals and reallocations were made at the data processing stage.

Study into the Sales of Add-on General Insurance Products: Technical Appendix

(continued)

Correct/Incorrect Answers to Understanding Questions Table 35 – Identification of Correct / Incorrect Answers Based on Policy Type – Home Emergency

Home Emergency	Yes	No
I am covered for unlimited cost of repairs		Correct
I am covered for unlimited call outs	Correct	
I am covered for toilet repairs, when there is a second toilet in the house		Correct
In order to make a claim, I have to register the problem within 24 hours of it arising		Correct
There is an age limit on appliances that can be covered	Correct	
I am covered for the repair or replacement of appliances or fittings (taps, sanitary ware)		Correct
I am covered for the cost of making good, e.g. redecorating or the surface of a driveway or path that has to be dug up		Correct
The engineer will always come out the same day		Correct
The engineer will always come out urgently within two hours		Correct
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	Correct	

In terms of Home Emergency, add-on policy holders were significantly more likely to be wrong about whether they were covered for the cost of making good e.g. resurfacing a driveway or path that has to be dug up (they are not) and significantly more likely to be unsure about whether:

- I am covered for unlimited call outs (they are)
- I am covered for the repair or replacement of appliances or fittings i.e. taps, sanitary wear (they are not)
- The engineer will always come out urgently within two hours (he / she will not)

Study into the Sales of Add-on General Insurance Products: Technical Appendix

(continued)

Table 36 – Proportion of Add-on and Standalone Policy Holders Incorrect or Unsure – Home Emergency

Home Emergency	Add-on		Standalone	
	Incorrect	Not sure	Incorrect	Not sure
Base: all add-on and standalone policy holders aware they hold the product	139	139	134	134
	%	%	%	%
I am covered for unlimited cost of repairs	43	26	53	16
I am covered for unlimited call outs	13	33	11	10
I am covered for toilet repairs, when there is a second toilet in the house	28	45	25	38
In order to make a claim, I have to register the problem within 24 hours of it arising	43	38	42	33
There is an age limit on appliances that can be covered	36	35	31	27
I am covered for the repair or replacement of appliances or fittings (taps, sanitary ware)	58	24	69	12
I am covered for the cost of making good, e.g. redecorating or the surface of a driveway or path that has to be dug up	45	35	32	30
The engineer will always come out the same day	52	29	52	19
The engineer will always come out urgently within two hours	24	49	27	37
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	4	9	3	7
	Significant at 95% level			
Significance testing of incorrect add-on vs. incorrect standalone and not sure add-on vs. not sure standalone				

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(continued)

Table 37 – Identification of Correct / Incorrect Answers Based on Policy Type – GAP Insurance

GAP Insurance	Yes	No
I must have comprehensive motor insurance in order for my GAP insurance to be valid	Correct	One policy has a TPF&T option so 'No' is the correct answer for these customers
If my car is written off or stolen, GAP insurance will pay the difference if my motor insurance doesn't cover the full cost of clearing any outstanding finance and/or to replace the car with a new one	Correct	
GAP insurance will only pay out if I make a valid claim on my motor insurance	Correct	
GAP insurance always covers the same period of time as a finance deal		Correct
Comprehensive motor insurance will usually pay to replace my car with an equivalent new one if it is less than one year old	Correct	
GAP insurance will cover my payments if I become unemployed or am unable to work through sickness		Correct
GAP insurance will only pay the claim if it agrees there is a difference between the payout from your motor insurance and any outstanding finance and/or the cost of a new car	Correct	
GAP insurance is a requirement if you take out finance to buy the car		Correct
Comprehensive car insurance usually covers the car for its market value	Correct	
If I make a claim, GAP insurance will pay the difference between the market value of the car and either the outstanding finance on the car and/or the cost to replace the car with a new one	Correct	
GAP insurance covers the motor insurance excess in full		Correct
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	Correct	

The figures for the percentage of GAP add-on and standalone policy holders incorrect and unsure about specific elements of cover are shown in Table 38. It presents a mixed picture.

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(continued)

GAP add-on policy holders were significantly more likely to be incorrect about whether GAP insurance always covers the same period as their finance (it doesn't) than standalone policy holders and were significantly more likely to be unsure about a number of others.

GAP standalone policy holders were significantly more likely than GAP add-on to be incorrect on whether or not they must have fully comprehensive motor insurance in order for their GAP insurance to be valid (these policy holders do not have to have comprehensive motor insurance) and whether comprehensive motor insurance will replace their car with a new one if it is less than one year old (it will).

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(continued)

Table 38 – Proportion of Add-on and Standalone Policy Holders Incorrect or Unsure – GAP Insurance

GAP Insurance	Add-on		Standalone	
	Incorrect	Not sure	Incorrect	Not sure
Base: all add-on and standalone policy holders aware they hold the product	138	138	107	107
	%	%	%	%
I must have comprehensive motor insurance in order for my GAP insurance to be valid	17	27	38	25
If my car is written off or stolen, GAP insurance will pay the difference if my motor insurance doesn't cover the full cost of clearing any outstanding finance and/or to replace the car with a new one	6	12	4	7
GAP insurance will only pay out if I make a valid claim on my motor insurance	9	17	7	10
GAP insurance always covers the same period of time as a finance deal	48	26	23	21
Comprehensive motor insurance will usually pay to replace my car with an equivalent new one if it is less than one year old	22	38	35	19
GAP insurance will cover my payments if I become unemployed or am unable to work through sickness	14	37	7	21
GAP insurance will only pay the claim if it agrees there is a difference between the payout from your motor insurance and any outstanding finance and/or the cost of a new car	10	26	9	9
GAP insurance is a requirement if you take out finance to buy the car	9	16	9	18
Comprehensive car insurance usually covers the car for its market value	14	15	19	7
If I make a claim, GAP insurance will pay the difference between the market value of the car and either the outstanding finance on the car and/or the cost to replace the car with a new one	9	11	5	7
GAP insurance covers the motor insurance excess in full	39	32	46	19
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	7	17	5	7
	Significant at 95% level			

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(continued)

Significance testing of incorrect add-on vs. incorrect standalone and not sure add-on vs. not sure standalone

Table 39 – Identification of Correct / Incorrect Answers Based on Policy Type – Gadget Insurance

Gadget Insurance	Yes	No
I can make more than one claim a year		Correct
I need to provide proof of purchase for gadgets in order to make a claim	Correct	
I am always covered in the event of loss or theft, even if I leave my gadget unattended and not locked away		Correct
I am covered for wear and tear		Correct
The insurance will cover the use of my gadget by any member of my family whether or not they live with me		Correct
I am required to register the serial number and the make and model of individual items that I want to cover	Correct	
The insurance will always replace my gadget with a new one		Correct
I can make a claim (large or small) for the value of my gadget		Correct
Gadget cover replaces the manufacturer warranty in the first year		Correct
I can get my gadget repaired wherever I like and they will pay for the repairs		Correct
I have to take my gadget back to where I bought it from if it needs repairing	Correct	
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	Correct	

A high proportion of Gadget standalone policy holders wrongly believed that:

- They can make more than one claim a year (60% were incorrect and a further 29% were unsure)
- They are always covered in the event of loss or theft, even if they leave their gadget unattended and not locked away (54% were incorrect and a further 17% were unsure)

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(continued)

- The insurance will always replace their gadget with a new one (56% were incorrect and a further 18% were unsure)
- They can make a claim for the value of their gadget (74% were incorrect and a further 13% were unsure)
- They have to take the gadget back to where they bought it if from if it needs repairing (63% were incorrect and a further 25% were unsure)

Table 40 – Proportion of Standalone Policy Holders Incorrect or Unsure – Gadget Insurance

Gadget Insurance	Standalone	
	Incorrect	Not sure
Base: all standalone policy holders aware they hold the product	134	134
	%	%
I can make more than one claim a year	60	29
I need to provide proof of purchase in order to make a claim	18	16
I am always covered in the event of loss or theft, even if I leave my gadget unattended and not locked away	54	17
I am covered for wear and tear	48	16
The insurance will cover the use of my gadget by any member of my family whether or not they live with me	26	37
I am required to register the serial number and the make and model if individual items I want to cover	17	9
The insurance company will always replace my gadget with a new one	56	18
I can make a claim (large or small) for the value of my gadget	74	13
Gadget cover replaces the manufacturer's warranty in the first year	39	34
I can get my gadget repaired wherever I like and they will cover the cost of repairs	35	25
I have to take my gadget back to where I bought it if it needs repairing	63	25
I have a cooling-off period of a minimum of 14 days after taking out the policy during which I can cancel my policy	10	10
 Significant at 95% level		

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(continued)

Significance testing of incorrect add-on vs. incorrect standalone and not sure add-on vs. not sure standalone

Table 41 – Identification of Correct / Incorrect Answers Based on Policy Type – Travel Insurance

Travel Insurance	Yes	No
My travel insurance always covers lost or delayed baggage		Correct
My travel insurance only covers lost money or travel documents in hand luggage		Correct
My travel insurance always covers medical emergencies	Correct	
My travel insurance always covers if I need to cancel my trip/holiday		Correct
There are no limits on medical cover		Correct
All types of sports are covered		Correct
I am covered for medical treatment I could get under the European Health Insurance Card (previously E111)		Correct
I am covered if I cancel a trip due to circumstances I was aware of at the time of booking		Correct
I am covered for medical costs relating to an accident whilst under the influence of alcohol		Correct
I am covered in full for all claims and there isn't a policy excess		Correct
I have to pay extra for cover for pre-existing medical conditions	Correct	
I have to pay extra to cover some sports equipment	Correct	
I have to pay extra to cover some sports	Correct	
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	Correct	

In terms of travel insurance, a high proportion of add-on and standalone policy holders were wrong concerning whether their travel insurance always covers them if they need to cancel their trip (it doesn't) and that they are covered for treatments they could get under the European Health Insurance Card (they aren't). Add-on purchasers were significantly more

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(continued)

likely to be incorrect about whether they are covered for medical emergencies (they are) and whether they have to pay extra for sports equipment (they do). Standalone policy holders were significantly more likely to wrongly believe that they are covered for all claims and there isn't a policy excess.

Table 42 - Proportion of Add-on and Standalone Policy Holders Incorrect or Unsure – Travel Insurance

Travel Insurance	Add-on		Standalone	
	Incorrect	Not sure	Incorrect	Not sure
Base: all add-on and standalone policy holders aware they hold the product	125	125	149	149
	%	%	%	%
My travel insurance always covers lost or delayed baggage	75	19	71	18
My travel insurance only covers lost money or travel documents in hand luggage	27	33	26	33
My travel insurance always covers medical emergencies	9	8	3	11
My travel insurance always covers if I need to cancel my trip / holiday	62	19	58	21
There are no limits on medical cover	23	28	22	17
All types of sports are covered	22	24	15	17
I am covered for medical treatments I could get under the European Health Insurance Card (previously E111)	76	17	77	17
I am covered if I cancel a trip due to circumstances I was aware of at the time of booking	34	25	32	27
I am covered for medical costs relating to an accident whilst I am under the influence of alcohol	10	36	9	40
I am covered in full for all claims and there isn't a policy excess	24	28	36	20
I have to pay extra for cover for pre-existing medical conditions	30	22	29	21
I have to pay extra to cover some sports equipment	29	22	17	20
I have to pay extra to cover some sports	22	22	17	17
I have a cooling-off period for a minimum of 14 days after taking out the policy during which I can cancel the policy	11	18	11	25

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	Significant at 95% level
Significance testing of incorrect add-on vs. incorrect standalone and not sure add-on vs. not sure standalone	

Table 43 – Identification of Correct / Incorrect Answers Based on Policy Type – Personal Accident


Personal Accident	Yes	No
Personal accident insurance will pay me a lump sum if I have an accident and suffer loss of a limb	Correct	
I am covered for any accident I may have (not just those as a result of a car accident)		Correct
I am covered if I die as the result of an accident	Correct	
Personal accident insurance will pay me a sum of money for each night I am in hospital		Correct
I am covered in case of illness and / or disease		Correct
I am covered for loss of earnings		Correct
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	Correct	

In the case of Personal Accident add-on (which was an add-on to motor insurance), a high proportion wrongly believed that they are covered for any accident they may have, not just those as a result of a car accident, and that their policy will pay them a lump sum for every night they are in hospital.

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Table 44 – Proportion of Add-on Policy Holders Incorrect or Unsure – Personal Accident

Personal Accident	Standalone	
	Incorrect	Not sure
Base: all add-on policy holders aware they hold the product	144	144
	%	%
Personal accident insurance will pay me a lump sum if I have an accident and suffer loss of a limb	3	13
I am covered for any accident I may have (not just those as a result of a car accident)	63	16
I am covered if I die as the result of an accident	6	14
Personal accident insurance will pay me a sum of money for each night I am in hospital	60	35
I am covered in case of illness and / or disease	31	30
I am covered for loss of earnings	40	33
I have a cooling off period of a minimum of 14 days after taking out the policy during which I can cancel the policy	3	8
 Significant at 95% level		
Significance testing of incorrect add-on vs. incorrect standalone and not sure add-on vs. not sure standalone		

The Analysis Approach Regression analysis was conducted to identify whether there was a statistically significant difference between add-on and standalone policy holders with regards to the following metrics:

- Awareness of product ownership
- Awareness of the product prior to purchase
- Levels of intention to purchase prior to actual purchase
- Levels of shopping around
- Knowledge of product features
- Sales experience e.g. pressure to purchase
- Whether the consumer was offered or enquired about the insurance

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- Confidence in understanding of cover

The regression analysis was conducted at the total survey level (all policy holders aware they held the product and who completed the main questionnaire). For 'difference in levels of awareness of product ownership' only, in addition to all who were aware they held the product, those who were unaware were also included.

The regression analysis was also conducted at product level - GAP, Home Emergency and Travel, and by channel - over the phone, face to face and online.

For all of the areas except 'difference in levels of knowledge of specific exclusions in the product', the binary logistic regression model was applied. This regression shows how different factors (predictor variables) affect the likelihood of the outcome associated with the relevant area (e.g. the likelihood of the respondent being aware of having purchased the product).

The binary logistic regression model can be shown as:

$$\text{Logit}(Y) = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_{m-1} X_{m-1} + \beta_m X_m \quad \text{Model 1}$$

Where Y is the binary outcome variable that is relevant for each of the areas. (For example, for awareness of product ownership Y takes a value of 1 if the respondent is aware of the product and 0 otherwise). The X's are the predictor variables, and m represents the number of predictor variables.

The variable X_m represented the add-on/standalone dummy variable. Here X_m took one of either two values:

0 for a standalone purchase or 1 for an add-on purchase.

The remaining m-1 predictor variables were termed as control variables. These are variables that could have an influence on the dependent variable in addition to whether the purchase was an add-on or not.

The regression controlled for characteristics of add-on and standalone purchasers (e.g. demographics, financial sophistication, channel and price) to ensure that any differences found between add-on and standalone purchasers were as a result of the purchase mechanism rather than the 'type of person' who buys the insurance in a certain way.

For 'difference in levels of knowledge of specific exclusions in the product', ordinary least squares (OLS) regression was applied. The OLS regression model can be shown as:

$$Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_{m-1} X_{m-1} + \beta_m X_m \quad \text{Model 2}$$

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Where the m predictor variables are as described in the binary logistic regression, however the Y dependent variable is the number of correct answers given at the policy feature question.

Several sets of the regression modelling were conducted. Each set of regressions were based on controlling for a different combination of predictor variables.

- Set 1 Regressions: control for financial sophistication and demographics
- Set 2 Regressions: control for channel, financial sophistication and demographics
- Set 3 Regressions: control for price only (certain metrics only)
- Set 4 Regressions: control for price, financial sophistication and demographics (certain metrics only)
- Set 5 Regressions: measurement of the interaction effect between the add-on/standalone dummy variable and price. Control for financial sophistication and demographics (certain metrics only)

Definition of Financial Sophistication

A respondent was classified as being financially sophisticated if they provided either of the first two statements as an answer to the following question:

Which of the following statements best describes your attitude towards personal finance?

1. **I am extremely knowledgeable and interested – something of an expert**
2. **I am interested and knowledgeable, but don't consider myself an expert**
3. I am interested but not that knowledgeable
4. I do what I have to out of necessity, but am not particularly interested
5. I am not interested in personal finance matters

Cross-Tabulation Analysis

In addition to the regression analysis, a cross-tabulation analysis was conducted between the dependent variable (the metric) and the add-on/standalone dummy variable, not controlling for anything. For each cross-tabulation, the standard testing for the difference between two independent percentages was applied.

Example:

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Differences in levels of awareness of the existence of the add-on product before offered at point of sale between add-on and standalone purchasers.

Level: All Respondents

Q. Which of the following statements best describes how familiar you were with this type of insurance before you bought it recently?

	Standalone (%)	Add-on (%)
I was familiar with it and had held it before	46.2	49.3
I was familiar with it but had not held it before	21.4	15.4
I was aware of it but didn't know much about it	25.6	22.0
I was not aware of it until it was offered by the seller	6.9	13.4
Base:	524	546
	Standalone (%)	Add-on (%)
Top 3 Box%	93.1	86.6

H₀: No difference between standalone and add-on Awareness %'s (The null hypothesis)

H₁: Difference between standalone and add-on Awareness %'s (The alternative hypothesis)

$$\text{Test Statistic} = \frac{p_1 - p_2}{se(p_1 - p_2)}$$

$$\text{Standard Error of Difference in Percentages/Proportions} = se(p_1 - p_2) = \sqrt{\frac{p(100 - p)}{\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}}$$

$$\text{Pooled percentage/proportion} = p = \frac{n_1 p_1 + n_2 p_2}{n_1 + n_2}$$

$$n_1 = 524, \quad n_2 = 546, \quad p_1 = 93.1, \quad p_2 = 86.6.$$

$$\text{Pooled percentage/proportion} = p = 89.8$$

$$\text{Standard Error of Difference in Percentages/Proportions} = se(p_1 - p_2) = 1.85$$

$$\text{Test Statistic} = (93.1 - 86.6) / 1.85 = 3.51$$

As the test statistic is greater than 2.58, we **reject** the null hypothesis of no difference between the standalone and add-on awareness % at the 1% level of significance ($p < 0.01$). Therefore there is very strong evidence to suggest that 'add-on' respondents have a lower level of familiarity with the type of insurance they bought recently.

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Detailed Regression tables are available upon request.