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P2P Insurance.

Creating an approach for a platform environment
that positively influences behaviour.

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Management Summary

The present insurance business is characterized by a conflict of interests with companies making money by denying claims and anonymous customers acting in dishonest ways (Shaw and Eckenrode, 2016). P2P insurance reflects a newly-emerged business concept that enables individuals to pool their risks in a group of like-minded people with mutual interests. The core idea is to counteract the conflict of interest by introducing a sense of control, trust, fairness and transparency as well as reducing costs (NAIC, 2017). Previous studies in the insurance industry mainly focused on digital transformation strategies of traditional insurers. As a result, few empirical evidence can be found in the field of P2P insurance. Although it has been investigated that trust, control, fairness and transparency play a crucial role in the risk-assessment and collaboration within a P2P-insurance group (e.g. Christianson, 2016; NAIC, 2017; Strategic Insight, 2016), the correlations of different factors and attributes on positive or negative behaviour have not been academically discussed so far.

The aim of this thesis was to investigate how the perception of trust, risk and control on a P2P insurance platform impact the decision-making process of a user and the resulting behaviour. To do so, characteristics and attributes that influence trust formation and risk perception were identified and prioritised. Following, tools and technologies – that could serve as control mechanisms by either enhancing trust or reducing risk – were evaluated. Moreover, cultural differences in the perception of trust and risk as well as in the need for control were investigated. To illustrate the complex interplay of trust, risk, control as well as the overall impact on decision-making and behavioural output, a framework was used.

The research strategy is based on the design science research using a deductive approach. Overall, the study can be divided into the steps: awareness of the problem, suggestion, evaluation, development and conclusion. Firstly, the findings of an in-depth literature review were used to suggest a theoretical trust framework. Secondly, primary data was collected by means of qualitative expert interviews reflecting the provider perspective on the proposed theoretical trust framework. The expert insights were used to adapt and revise the framework. Thirdly, a mixed research survey enabled a better understanding of cultural differences from a user perspective. The evaluated results of the survey are included by discussing the consequences for the framework.

The final revised trust framework illustrates the research findings and provides answers to the research goal and the underlying research questions. Moreover, it serves as a tool which supports P2P insurance providers in developing a platform environment that positively influences user behaviour. For this purpose, the framework outlines the correlation between

the overall decision-making process and underlying trust levels or risk perceptions. Moreover, it illustrates influencing characteristics and attributes as well as how they can be influenced or governed by a variety of tools and technologies. Nevertheless, it should be considered that the framework is built as an overall generic solution. Thus, it is highly recommended that platform providers align or extend the tool when using it for specific P2P insurance models or cases. Overall, the results of this Master Thesis serve as reference point for further research in the field of P2P insurance.

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1. Introduction

The initial idea of insurance goes back to the Babylonians and ancient Greek or Hindu societies where communities pooled their risks and helped each other in difficult times (Encyclopaedia Britannica, 2012). Nowadays, the insurance business world became much more complex, facing complicated risk profiles and heavy regulatory compliances (Banham, 2016; Encyclopaedia Britannica, 2012). A concept from the science of behavioural economics that used to bring out the best in people, reversed. The present insurance business is characterized by a conflict of interests with companies making money by denying claims and anonymous customers acting in dishonest ways (Shaw and Eckenrode, 2016). Furthermore, traditional insurers are failing to keep up with innovative technologies and customer experience is often perceived as rather poor (Deloitte, 2015). The failure of creating long-term trusted relationships, a low reputation of the industry as well as new technologies led to the emergence of peer-to-peer (P2P) insurance communities which use crowdsourcing and social networks to create a shared customer experience (Banham, 2016; Deloitte, 2015; Deloitte, 2017; Shaw and Eckenrode, 2016).

Peer-to-peer insurance is a business model based on the sharing economy approach (Saha, 2016). The model enables insured individuals to pool their risks in a group of like-minded people with mutual interests. The core idea is to introduce a sense of control, trust, fairness and transparency as well as reducing costs by collective buying power (NAIC, 2017). Although, the underlying concept of different P2P insurance platforms is similar, they can be broadly classified into three models. First, the P2P platform can be created by an insurance broker or by the insurance company itself. After joining a social group, every member must pay a part of its premium into a mutual pool and another part to an insurer. Basic claims are funded by the money in the mutual pool and if claims cannot be covered by the pool, the insurer takes the role of a reinsurer funding such claims. If there is money left in the pool at the end of the year, it is either refunded to the group members without claims, forwarded to the next year or used for a common cause (Deloitte, 2015). The second model is created by a social broker who connects people with special needs in groups and negotiates better premiums for them (BoughtByMany, 2017; Deloitte, 2015). And thirdly, self-governed P2P platforms consist of peer groups that manage all insurance activities such as defining policy rules, assessing claims or making reimbursements by themselves (Huckstep, 2017).

Over the past years, different P2P insurance models developed in different countries across the globe. Due to regional policies, national licenses and other regulations, they are usually set up slightly different (Christianson, 2016; NAIC, 2017). The most common risk pooling groups are based on two concepts: self-created communities (with friends, family or peers)

and groups created by the platform provider (Banham, 2017; CB Insights, 2015). When the community is formed by the provider, they usually show a similar risk profile such as the household size, age group or car type (CB Insights, 2015). Most P2P networks offer existing insurance products, for instance P&C insurance by Lemonade or car insurance by Guevara. However, some providers entered new markets by offering non-traditional insurance services such as kidnapping or marriage insurance by the Chinese platform TongJuBao or tailored insurance for special needs (e.g. people with diseases) by the British start-up BoughtByMany (Owyang, 2016).

P2P insurances are facing a lot of challenges and it is uncertain how they might evolve in future. Currently, most platforms only cover a small part of the insurance value chain which reflects the brokerage of peer groups by a broker or the insurance company (Deloitte, 2015; Huckstep, 2017). Thus, brokers are dependent on big traditional insurers, especially when it comes to regulatory compliance issues (Banham, 2016). The self-governed communities such as Teambrella or TongJuBao form an exemption, since they cover insurance activities as a holistic system (Huckstep, 2017; Insurance Business, 2016; NAIC, 2017). Particularly in the international business environment, P2P insurance platforms are facing some major challenges when it comes to regulations and laws as well as cultural differences. Although it seems that P2P platforms can act across boundaries, the insurance business is restricted by complex legal and contractual requirements (Kesselman, n.a.).

It is conceivable that they might expand across the value chain in future and perform further traditional insurance activities. Moreover, some P2P insurances are trying to enter niche markets by providing insurance offers for non-traditional events or needs such as pet insurance or diabetic travel insurance (Owyang, 2016). Banham (2016) points out that peer groups might not only be used for risk-sharing but also for risk prevention by sharing knowledge and recommendations.

1.1. Problem Description and Research Gap

Previous studies in the insurance industry mainly focused on digital transformation strategies of traditional big insurance companies. In this context, several studies examined the application of innovative technologies such as the Internet of Things, advanced analytics, blockchain technology or robotic process automation in order to improve risk assessments, data storage and protection, routing data collection, claims management, dynamic pricing, etc. (Deloitte, 2017). Technological developments and advances in the insurance context are often summarised under the terminology 'InsurTech' (Shaw and Eckenrode, 2016). However, few empirical evidence can be found in the field of P2P insurance. Some studies conducted by

Deloitte or PWC outline the importance of partnering up or acquire P2P-startups from the view of traditional insurers (Deloitte, 2015; Yoder, Rao and Baixas, 2016).

In the few studies about peer-to-peer insurance systems, very little attention has been paid to social dynamics/exchanges, formation of trust, perception of risk and control as well as behavioural implications (NAIC, 2017). Behavioural studies highlight, that there is a constant interplay between trust and perceived risk on the decision-making process of individuals. Based on the perceived level of trust or risk, people evaluate costs and benefits of a transaction which directly induces the resulting behaviour. This can be reflected either in positive outcomes such as cooperation, information sharing and honesty or in negative outcomes such as unfair and opportunistic behaviour (e.g. Hill and Donaldson, 2015; Kim, Ferrin and Rao, 2008; Liu and Lin, 2014; Varadharajan, 2009). This fact is also reflected in Game Theories, especially in the Prisoner's Dilemma (Garrido-Pelaz, González-Manzano and Pastrana, 2016).

Although it has been investigated that trust, control, perceived fairness and transparency play a crucial role in the risk-assessment and collaboration on a P2P insurance platform or within a peer group (Christianson, 2016; NAIC, 2017; Strategic Insight, 2016), the correlations of different factors and attributes on positive or negative behaviour have not been academically discussed so far. Moreover, researchers have not treated the implementation of tools and technologies on a P2P platform environment to enhance control in much detail. Literature about digital trust building emphasises that apart from trusting the internet and the platform provider, also cultural factors might considerably impact the perception of trust (Greenberg, 2008). However, there is a lack of literature about universal trust management in digital environments as well as about the cultural impact on the formation of trust in the context of P2P insurance platforms. In his studies, Banham (2016) also addresses the potential of data sharing within social groups for better risk assessment as well as risk mitigation. Nevertheless, there have been few controlled studies investigating the concept of shared value for decision-making, trust-building or self-learning within a P2P network.

1.2. Research Goal and Research Questions

1.2.1. Research Goal

Customer experience is perceived as rather poor at existing big insurance providers, whereas it is exactly the social experience, customer centricity and interaction which constitute a competitive advantage of P2P insurance. Trust, fairness, increased transparency and some forms of control lead to long-term trusted relationships within a peer group as well as with the P2P platform provider (Murumäe, 2015; NAIC, 2017; Sandilands, 2016). As a result, a main challenge for P2P insurance providers consists in creating a platform environment that

positively influences behaviour by providing some form of control mechanisms but also leaving the necessary freedom for peer groups to customize the platform for specific needs. Since the decision-making process and the resulting behaviour are closely linked to trust and risk, different factors that influence trust and risk should be investigated and prioritised. In this way, critical stages can be identified and supported with corresponding tools and technologies. With regard to different cultural groups, it must be considered that diverse attributes might lead to the formation of trust or impact the perception of risk. As a result, cultural groups might demand differently regulated platform environments depending on their need for control.

The overall goal of this research paper is to analyse how the perception of trust, risk and control on a P2P insurance platform environment impacts the behaviour of users. To do so, it will be investigated how a user's trust level and perception of risk could be positively influenced or governed by implementing tools and technologies that serve as control mechanisms. Further, it is crucial to investigate how people form trust and perceive risk on a P2P platform environment and to identify the triggering characteristics and attributes. Moreover, it will be analysed if a P2P platform environment demands varying criteria relating to different cultural contexts.

1.2.2. Research Questions

Grand Tour Question

How does the perception of trust, risk and control on a P2P insurance platform impact behaviour?

Research Questions

- Which characteristics and attributes influence people's perception of trust and risk and how do they impact the resulting behaviour?
- Are there cultural differences in the perception of trust and risk or in the need for control?
- What kind of control mechanisms (tools and technologies) could be useful for consumers and insurers to increase trust or to reduce perceived risk?

1.3. Research Strategy

The research strategy is based on the design science research framework by Hevner and Chatterjee (2010) and follows a deductive approach. Overall, the study can be divided into the steps: awareness of the problem, suggestion, evaluation, development and conclusion. Firstly, the research proposal and literature review raise awareness of the problem and enabled to identify the research gap, to outline the research goal and questions, to set up a conceptual

framework as well as to elaborate the research methodology. Secondly, a suggestion for the problem solution has been created by setting up a theoretical trust framework based on secondary data insights. The framework illustrates the complex and abstract interplay of trust, risk and control as well as the impact on the decision-making process and behaviour. Following, the evaluation and development phases were conducted in two stages. On the one hand, qualitative interviews with experts from the supplier perspective enabled to gain insights and feedback on the theoretical trust framework. Based on that knowledge, the framework was revised. On the other hand, a mixed research user survey was conducted to complement 'RQ 2' with user insights. Finally, the proposed framework has been critically discussed, consequences were outlined and a conclusion was drawn.

1.4. Research Scope and Limitations

The research scope of the Master Thesis includes a literature review which mainly focused on P2P insurance literature, behavioural and cultural theories as well as existing solutions in information technologies. Since P2P insurance reflects a recent research area, the amount of academic literature is limited. For the primary data collection, a mixed research approach was applied by conducting qualitative expert interviews and a mixed research online survey. Due to the interpretivist perspective of the study, the qualitative data might be restricted for generalization purposes.

The final revised trust framework serves as a tool that supports P2P insurance providers in developing a platform environment that positively influences behaviour. For this purpose, the framework outlines the correlation between the overall decision-making process and underlying trust levels or risk perceptions. Moreover, it illustrates influencing characteristics and attributes as well as how they can be influenced or governed by a variety of tools and technologies. Nevertheless, it should be considered that the framework is built as an overall generic solution and must be aligned or extended when using it for specific P2P insurance models/cases. The study aims to contribute to the growing area of research in the field of P2P insurance by exploring user behaviour on P2P platforms. From a practitioner's perspective, the framework helps to understand the correlation of various factors when setting up a platform environment. Moreover, the results of this Master Thesis serve as reference point for further academic research in the field of P2P insurance.

1.5. Overview of the Chapters

Firstly, the introduction of this paper discusses the identification of the research problem/gap, the definition of the research goal and objectives, the research strategy as well as the scope and limitations. Secondly, the literature review covers the definition of terms, the development

of the insurance industry and the emergence of P2P insurance. Moreover, it draws on behavioural and cultural theories about the formation of trust in on- and offline contexts as well as the complex interplay with risk and control. To conclude the review, a conceptual framework was built. The methodology chapter outlines the research design and provides insights into data collection and analysis. Furthermore, it involves the philosophical orientation, verification and generalization, the researcher's role, ethical issues as well as the research limitations. Based on the literature findings, chapter four covers the suggestion phase by proposing a theoretical trust framework for P2P insurance platforms. Following, chapter five and six critically analyse and evaluate the results of the expert interviews and the cultural user survey. Finally, the conclusion of the paper summarizes the study and discusses the scientific relevance as well as suggestions for further research.

2. Literature Review

The literature review starts by providing an overview about the insurance industry, its development and the concept of peer-to-peer insurance. Following, theories of social behaviour are presented and the complex interplay of trust, risk and control in the context of social transactions, online environments, insurance markets and different cultures is discussed. Finally, trust-enhancing solutions in information systems are investigated.

2.1. Overview of Insurance Industry

The first part of this chapter presents the development of the insurance industry and its actors. Moreover, challenges and trends for traditional carriers are discussed. The second part explains the P2P insurance concept by outlining different business models, group forming approaches as well as by examining challenges, trends and opportunities.

2.1.1. Development of the Industry

According to Mehr (1949 cited in Todd, Kueber and O'Keefe, 2000, p.230), insurance is defined "... as a social device for reducing risk by combining a sufficient number of exposure units to make the loss predictable. The predictable loss is then shared proportionately by all those in the combination". The initial idea of this concept goes back to the Babylonians who started to make so-called bottomry contracts for trading which was also practiced by the Hindu and Greek societies (Encyclopaedia Britannica, 2012). The first insurance contracts are dated back to the Ancient Greece where communities started to pool their risks and helped each other out in difficult times (Banham, 2016). In the beginning, the insurance business started to evolve mainly on a national level until it expanded internationally due to globalisation of trade in the 20th century (Encyclopaedia Britannica, 2012).

With this development, manageable communities started to grow in size and the complexity of risk profiles increased which led to the need for legal and regulatory compliance (Banham, 2016; Encyclopaedia Britannica, 2012). A concept from the science of behavioural economics that used to bring out the best in people started to reverse. Nowadays, consumers are sceptical towards established insurance carriers and the industry enjoys a rather low reputation level (Shaw and Eckenrode, 2016).

2.1.2. Actors in the Insurance Market

The traditional insurance market consists of three main actors: insurance carriers, agents and brokers. An insurance carrier is defined as the insurance company which is holding the insurance policy (Delbridge, 2016). In contrast, insurance brokers and agents act as intermediaries between the insurance company and the insurance buyer (Bonner, 2017). They

usually support buyers in their decision-making process for the right coverage at an appropriate cost. Although, their activities seem similar, they should be clearly distinguished. On the one hand, insurance agents represent one or more insurance companies (carriers) and they can either work independently or be employed by an insurer (Avon, 2010; Bonner, 2017). On the other hand, brokers represent the party who is taking out the insurance which is described as “a person who, for compensation and on behalf of another person, transacts insurance other than life with, but not on behalf of, an insurer” (Hogeboom, 2004).

2.1.3. Challenges and Trends for Traditional Carriers

Traditional carriers are confronted with high operational costs, rigid and bureaucratic processes as well as obsolete systems. As a result, change takes place on a slow pace (KPMG, 2016). Moreover, consumers have increasing customer expectations towards insurance companies. However, current experience with traditional insurers is often rated as poor, for instance concerning the massive amount of data required for filing a claim or considering insufficient multichannel experience (Deloitte, 2015). Especially, when it comes to younger buyers, insurers lack in building long-term relationships or providing customised products (Shaw and Eckenrode, 2016).

In recent years, the insurance landscape is also changing due to a noticeable increase of non-traditional distribution systems such as direct sellers for specific insurances, peer-to-peer networks or web aggregators in form of price- and value-comparison websites (Deloitte, 2015; Deloitte 2017; Shaw and Eckenrode, 2016). Shaw and Eckenrode (2016) suggest that traditional insurers should either form partnerships with newly evolved insurance or FinTech start-ups, invest in M&As or build their own P2P networks to remain competitive in future.

The emergence of new technologies further impacts the traditional insurance landscape since it enables more innovative ways for risk assessment, customer engagement, process optimisation as well as the creation of new products and services (Deloitte, 2015, 2017; Ferency et al., 2016; Shaw and Eckenrode, 2016). When referring to new technologies in the insurance industry, the word InsurTech gained on popularity and serves as equivalent to the terminology FinTech (Yoder, Rao, and Baixas, 2016). According to Weismantel (2016) InsurTech reflects “... the many segments of new technology that are disrupting the insurance space: smartphone apps, consumer activity wearables, claim acceleration tools, individual consumer risk development systems, online policy handling, automated compliance processing, and more”. Chapter 2.5 provides a more detailed overview of innovative technologies and their application in insurance areas.

2.2. Peer-to-Peer (P2P) Insurance

Over the past years, there was a growing number of online marketplaces which use social media to connect buyers and sellers across geographical borders (Deloitte, 2015). By this development, the idea of a sharing economy such as Uber or Airbnb became very popular which also led to new types of insurance models (Saha, 2016). Peer-to-peer insurance enables insured individuals to pool their risks in a group of like-minded people with mutual interests. The underlying idea is to introduce a sense of control, trust, fairness and transparency as well as to reduce costs through the collective buying power (NAIC, 2017).

Sandilands (2016) defines the P2P insurance concept from a lending perspective “... as matching of lenders and borrowers in a market, without the involvement of an institutional, risk-bearing balance sheet”. Since this matching does not necessarily include a social element, the definition is not generally accepted. According to Watson (2017) a P2P insurance or social insurance is described as “... a set of practices and models which, through technology and community, allow individuals and companies to get together in order to diversify and mutualize common risks”. Huckstep (2017) even replaces the term peer-to-peer with people-to-people, outlining the social aspect of peer communities. Murumäe (2015) agrees with this perspective and uses the terminology ‘community-powered insurance’ since risk is shared in self-selected groups which positively influences honest behaviour and reduces the committing of fraud.

Due to the fact, that P2P insurance models provide very different propositions, there is no agreed definition in existing literature and the term is rather perceived as fluid. According to Sandilands (2016) the common attribute is reflected in the increased transparency for the user. This view is supported by Watson (2017). Besides transparency he also outlines the digital aspect and the social or ethical consideration as main attributes.

2.2.1. P2P Business Models

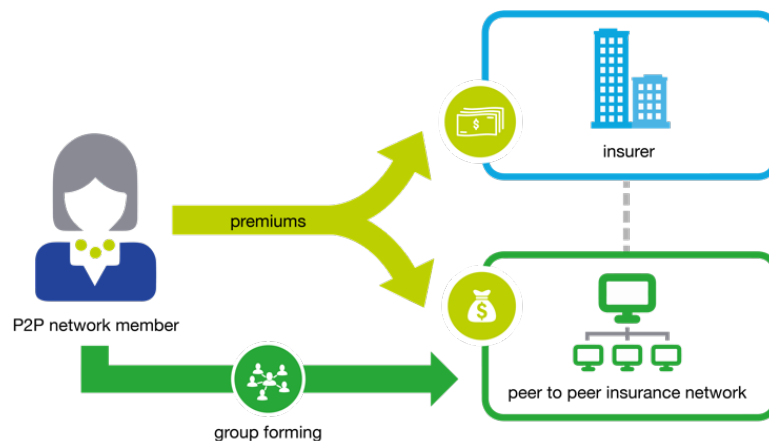
According to Smith (2014) Friendsurance, which was founded 2010 in Germany, is claimed to be the oldest and best established P2P insurance so far. However, many new providers emerged over the past years which can broadly be categorized into three main concepts (Huckstep, 2017).

The Broker or Carrier Model

Figure 1 visualizes the first concept. After joining a social group, every member must pay a part of its premium into a mutual pool and another part to the insurer. Basic claims are funded by the money in the mutual pools. If claims cannot be covered by the pool, the insurer takes the role of a reinsurer funding such claims. If there is money left in the pool at the end of the year, it is either refunded to the group members without claims, forwarded to the next year or

used for a common cause (Deloitte, 2015). For this concept, the P2P-platform could either be created by an insurance broker or carrier (insurance company). An example for an insurance broker is Friendsurance which collaborates with different insurance companies (Friendsurance, 2017). In contrast, Lemonade (2017) is a P2P network created by an insurance company.

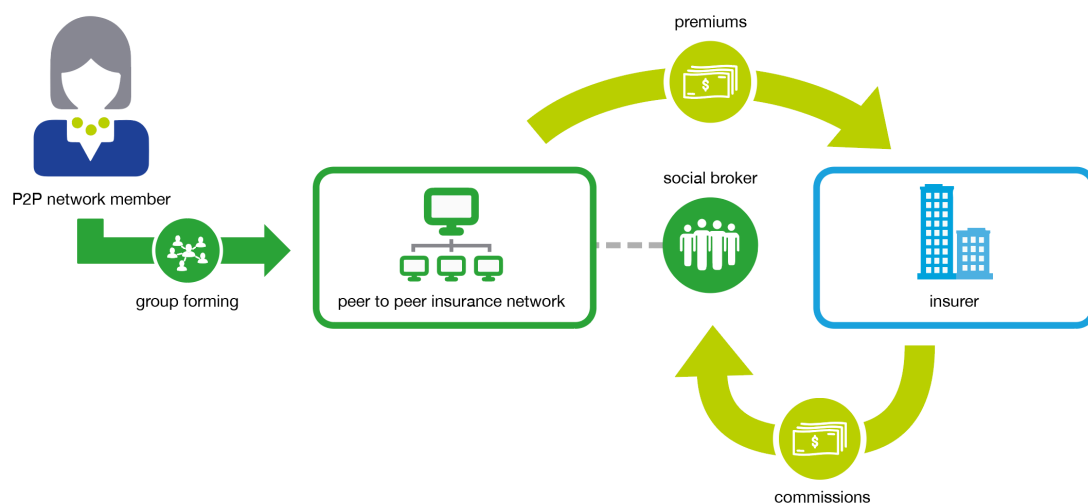
Figure 1: P2P insurance created by an insurance broker or carrier (derived from Deloitte, 2015)



The Social Broker Model

Figure 2 shows another concept where a social broker connects customer groups with poorly-served insurance needs such as travel insurances for people with special diseases or pet insurances. The groups are mainly identified via their social media behaviour. After having formed a group, the social broker negotiates the insurance premium for the group which often creates substantial savings (Deloitte, 2015). A well-established social broker is BoughtByMany which is based in the UK (BoughtByMany, 2017).

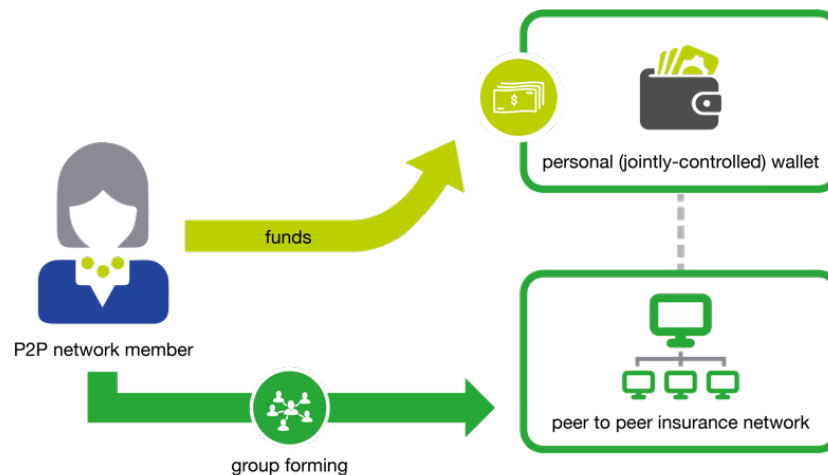
Figure 2: P2P insurance created by a social broker (derived from Deloitte, 2015)



The Self-Governed Model

Thirdly, there is also the option of self-governed user communities. In this model, the peer groups manage all insurance activities by themselves. After having applied for being part of a group, members define their own set of policy rules, assess claims and undertake the refunding (Huckstep, 2017). The Russian platform Teambrella is one of the pioneers that launched this concept which is visualized in figure 3 (Insurance Business, 2016).

Figure 3: Self-governed P2P user community (derived from Huckstep, 2017; Teambrella, 2017)



Unlike the other two concepts, the self-governed community does not have a group pool funded by the premiums. To be insured, members must add funds, which resemble a pre-defined premium, on their jointly controlled digital wallet. In the case of Teambrella, the digital wallet is Bitcoin-based (Teambrella, 2017). When entering a group, all members start with the same risk rating. However, the risk profile of a user might be adjusted over time. For instance, if someone hands in more claims he will get a higher risk rating and must either put a higher premium on his wallet or gets less money reimbursed in case of a claim (Paperno, Kravchuk and Porubaev, n. a.). Since the handling of all insurance functions might become very time-intensive in bigger groups, Huckstep (2017) suggests the use of synergies by outsourcing some work to individual professionals or even insurance companies.

Hybrid Models

The three concepts are not clearly separated from each other and many hybrid forms occur in practice (Deloitte, 2015; Huckstep, 2017). For instance, the start-up Bandboo identified that there is a need for unemployment insurance in the Singaporean market. As a result, they created a new product with clear rules and standards which is provided on their platform. However, Bandboo is offering the platform and the insurance product as independent provider without taking the role of a broker or an insurance carrier (Bandboo, 2017; Lee, 2017). An overview of different P2P insurance platforms can be found in the Appendix A.

2.2.2. P2P Group Forming

The formation of a peer group can take different forms and varies depending on the P2P model and company (Christianson, 2016). Moreover, providers in different countries might face varying local policies, regulations or license issues which could impact the group settings (NAIC, 2017). Nevertheless, the common feature is usually that groups are based on a similar insurance policy (Christianson, 2016).

The pooling of risks can be broadly classified into two concepts: self-created social peer communities or groups created by the P2P provider usually based on a similar risk profile (CB Insights, 2015). On the one hand, self-created peer communities can be formed with friends, family members or people with common interests and new members are mainly acquired through interaction and recommendations via social networks (Banham, 2017). The major benefit of this group type is represented by an increased trust level based on prior direct experiences or recommendations of friends and other peers. Moreover, the social pressure in a self-created group is perceived as rather strong since social sanctions want to be avoided (Garrido-Pelaz, González-Manzano and Pastrana, 2016; Strategic Insight, 2016).

On the other hand, P2P insurance providers can match people with similar risk profiles based on factors such as the size of a household, age groups, different regions, similar cars and so on (CB Insights, 2015). As stated in the previous chapter, the business concept of the British provider BoughtByMany even relies on matching people with niche needs. This could be for racing bikes, pets, special gadgets, people with rare diseases, young drivers, city cyclists or many more (BoughtByMany, 2017). The Chinese provider TongJuBao has a similar strategy and forms groups based on non-traditional insurance services such as for kidnapping or divorce (Owyang, 2016).

It should be considered, that some P2P platforms offer mixed variations of group forming and cannot be limited to the two group types. Moreover, it should be noted that groups can occur in many sizes. The German provider Friendsurance, for instance, forms groups of around 10 to 15 people for insurance in private liability, home contents or legal expenses. Customers can decide by themselves if they want to create a group with friends or become part of an assigned group with a similar profile (Friendsurance, 2017). On the contrary, the size of communities on the platform BoughtByMany is not restricted and can consist of more than 1000 members (BoughtByMany, 2017). In the case of the American provider Lemonade, claim-free money is not paid back in the end of the insurance period but donated to a charity and the groups are formed based on their charity choice (Lemonade, 2017).

2.2.3. Challenges, Trends and Opportunities

Industry experts represent a variety of opinions and interests when discussing opportunities and challenges of peer-to-peer insurance concepts (Christianson, 2016). A strong emphasis is placed on the direct social aspect within the peer community and the resulting positive impact on individual and group behaviour (Hanley, 2016; Shaw and Eckenrode, 2016). Increased transparency and peer pressure intensify honest behaviour and decrease fraudulent claims. Moreover, members are less likely to file small claims since they get rewarded for claim-free periods. As a result, efficiency of claim handling rises and overall costs decrease (Christianson, 2016; Deloitte, 2015; Sandilands, 2016; Schumpeter, 2012). In contrast to traditional insurance concepts, the P2P model minimizes the conflict of interest between insurers and insureds as the platform provider is not earning money by rejecting claims (NAIC, 2017; Watson, 2017). However, it should be considered that most P2P models, with exception of the self-governing model, do only cover a small part of the insurance value chain and are backed up by big traditional players (IAIS, 2017).

Another factor which leads to cheaper policies are low acquisition costs by using social networking and thereby bypassing the intermediaries (Banham, 2016). Schumpeter (2016) and Deloitte (2015) outline the potential of getting viral since group members are motivated to attract peers because individual premiums decrease with an increasing group size. In return, Banham (2016) raises the concern that the trend towards a bigger peer group will intensify anonymity which could have a direct negative impact on honest behaviour. As a result, the situation could become very similar to the traditional insurance business.

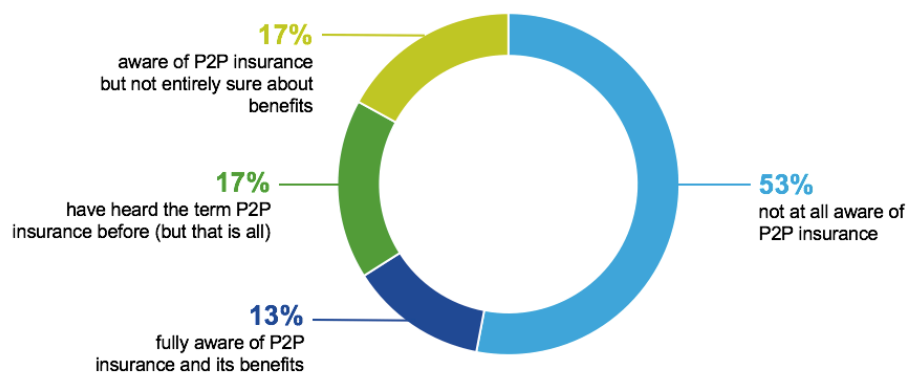
A major opportunity of P2P insurances is reflected through the customization and tailoring of products or services to better meet customer needs or even enter unserved markets (Owyang, 2016). By using the collective buying power, the start-up BoughtByMany negotiates better rates for niche markets or unusual circumstances, so-called 'long tail' insurances (Deloitte, 2015; Owyang, 2016). Moreover, self-governing P2P models enable the communities to customize their policy rules, risk evaluations or payments processing (Huckstep, 2017). Furthermore, Deloitte (2015) and Banham (2016) outline the potential of not only sharing risks but also knowledge in order to educate peers and supporting them in risk mitigation.

Christianson (2016) draws attention to the drawbacks and challenges of P2P insurance. Most models cannot be applied for all types of risks since they are restricted to small-claim policies and do not work for larger claims such as life insurance or income protection. Although, P2P platforms seem to function across geographical borders, they are usually restricted by a range of legal and contractual regulations as well as cultural implications (Banham, 2016).

Christianson (2016) further questions whether the models are robust against single events that might affect several members of a group. Due to the fact, that risk assessment of peer groups mainly relies on social data, Strategic Insight (2016) poses the question of how to balance the level of control and trust on a P2P platform. Since the P2P concept is relatively new, there is a lack of information about the interplay of control and trust in relation to customer satisfaction or the creation of value (Christianson, 2016).

A global Accenture survey with more than 32'000 financial services customers examined that more than 50% of the participants have not heard the term 'P2P insurance' before (Watson, 2017).

Figure 4: Accenture survey about awareness level of P2P insurances (Watson, 2017)



Nevertheless, during the past five years, InsurTech start-ups raised a surprisingly high amount of capital and in the year 2015, 16 new P2P insurance launches were announced (Banham, 2016; Watson, 2017). This development reflects a high level of interest among investors and industry experts (Christianson, 2016; Yoder, Rao and Baixas, 2016). Moreover, a study by Accenture revealed that 44% of traditional insurance companies plan to acquire or cooperate with InsurTech start-ups in the coming two years (Jubraj, Watson and Tottman, 2017). Overall, the new concept is perceived as customer-centric instead of risk-centric – by focusing on transparency, social or ethical considerations as well as by implementing new technologies (Watson, 2017).

2.3. Theories of Social Behaviour

This chapter aims to cover fundamental theories of social behaviour such as the social exchange theory, game theories and motivational theories. It provides the basis for the next chapter about the formation of trust and its interplay with risk and control.

2.3.1. Social Exchange Theory

Social exchange theory states that social interactions are based on the individual evaluation of costs and benefits. If potential benefits outweigh potential costs, people are more likely to engage in interactions (Liu and Lin, 2014). Sharing behaviour is perceived as positive outcome of social exchange (Yang et al., 2016). Previous research has established that people usually show a high willingness to cooperate if they believe that others will behave similarly. In contrast, if counterparts are going to defect, unfair behaviour is a widespread, legitimate reason to justify sanctions. Hence, groups and societies started to implement rules and standards in order to monitor and prevent unfair behaviour and enforce mutual cooperation (Wischniewski et al., 2009).

Depending on the discipline, the term 'social dynamics' can be interpreted differently. In this paper, it is used in the context of group processes and social interactions and it is assumed that individual and group behaviour is closely linked to the interaction of group members as well as to the relationships among one another (Skrms, 2014). The process of forming a group usually starts with social contracts defined as the "... desirable and usually mutually accepted forms of interaction among individuals and groups in their social environment" (Last, 2007). According to Skrms (2014) social contracts highly depend on trust by taking the risk that the other party(ies) could fail in the cooperation.

2.3.2. Game Theories

Game theories reflect theoretical scenarios to investigate social interactions and resulting positive or negative behaviour. The Public Goods Game, the Prisoner's Dilemma and the Ultimatum Game are scenarios trying to explain cooperation in group or pair interactions (Fischbacher, Gächter and Fehr, 2001; Gilbert, 1996; Wischniewski et al., 2009). In the Public Goods Game, every player is given the same number of tokens and asked to autonomously decide how much to invest into a common pool which will be multiplied afterwards and equally redistributed to all players. Generally, players will cooperate and invest similar amounts. However, when played repetitively without knowing the investments of the counterparts, the invested amounts will usually decrease unless sanctions for non-co-operators are implemented. This result shows that anonymity and a lack of transparency might increase

unfair or opportunistic behaviour (Fischbacher, Gächter and Fehr, 2001; Wischniewski et al., 2009).

In the Prisoner's Dilemma, two players must decide at the same time whether they will cooperate or defect. If both cooperate, they will share an amount of money, whereas, if one defects and the other cooperates, the defector will receive all the money. Interestingly, most individuals tend to cooperate in this game and expect fair behaviour of the opponent (Gilbert, 1996; Wischniewski et al., 2009).

When people feel cheated or unfairly treated, they even tend to impose sanctions on their own expense which is reflected in the Ultimatum Game. In this scenario, the first player is asked to propose how to share a given amount of resources and the second player can either accept or reject. In case of rejection, neither of the two players gets anything. In case the second player feels treated unfairly, a conflict between rational-cognitive and irrational-emotional motives might evolve. As a result, the second player might reject even if it is on his own expense (Cason, Saijo and Yamato, 1998; Simpson, 2007; Okada and Riedl, 1999; Wischniewski et al., 2009).

2.3.3. Motivational Theories

Numerous studies have attempted to explain the concept of motivation. Most of them outline the connection to expectations and differentiate between intrinsic and extrinsic sources. Moreover, motivating factors can be either of conscious or unconscious nature (Eagle, 2012; Terpstra, 1981; Weiner, 1992). Intrinsic motives reflect behaviour resulting from positive emotions connected to past experiences and include inherent satisfaction for reasons such as pleasure, arousal, joy, flow or excitement (Wu and Lu, 2013). Extrinsic motivators are behaviours resulting from external stimulation and are usually focused on outcomes such as rewards, punishment, relationship building or praise (Lowry, Gaskin and Moody, 2015; Wu and Lu, 2013).

In the computational context, a platform environment should comply with different motives and expectations in order to foster interaction between users and a system (Lowry, Gaskin and Moody, 2015). Wu and Lu (2013) distinguish between utilitarian, hedonic and dual-purposed systems. In utilitarian systems, extrinsic motivators will dominate whereas in hedonic contexts such as e-commerce or social networks, intrinsic goals become more important. Nowadays, many platforms fulfil dual functions and are pursued for pleasure as well as productivity (Liu and Lin, 2014; Wu and Lu, 2013). Motivational factors have a direct impact on a users' willingness of sharing information or knowledge (Ho and Kuo, 2013; Kwok and Sheng, 2005;

Sajeva, 2014). However, with respect to information sharing, Kwok and Sheng (2005) question the impact of extrinsic motivators since the activity is based on mutual trust, relationships or altruism rather than seeking for rewards.

2.4. The Interplay of Trust, Risk and Control

This chapter covers different theoretical and empirical foundations of trust, its interplay with risk and control as well as the impact on behaviour. Firstly, general definitions and behaviour in social exchange relationships are discussed. Secondly, trust in the field of computer sciences and in insurance markets are covered. And finally, cultural differences in trust relationships conclude the chapter.

2.4.1. Defining Trust, Risk and Control

There is a large volume of published studies describing the meaning of trust from different theoretical perspectives such as psychology, sociology, economy or technology. Despite varying areas of focus, there is a consensus that trust has a significant impact on social interactions and the development of relationships between different actors, especially in highly complex, risky or uncertain contexts (Das and Teng, 2004; Khalid and Ali, 2017; Kim, Ferrin and Rao, 2008; Li et al., 2012; Salo and Karjalainen, 2007).

In general, the term trust refers to the trustor's degree of (un)certainly about the trustee's trustworthiness (Das and Teng, 2004). Orman (2013, p.1) defines trust as the "... subjective probability that another agent will act in accordance with one's interests". Similarly, Yan (2010, p.259) describes the term as a "... firm belief in the competence of an entity to act dependably, reliably and securely within a specific context". Even though, not all definitions explicitly mention risk as direct antecedent or outcome of trust, it is assumed that there is an unambiguous relationship between the formation of trust and risk-taking behaviour in social exchanges or other transactions (Das and Teng, 2004; Varadharajan, 2009). Moreover, Das and Teng (2004) emphasize the direct correlation between the level of trust and the degree of control by stating that trust in the other party is only required in situations of insufficient control. Das and Teng (2001, p. 258) define control as "... any process that is intended to affect the behaviour of other people".

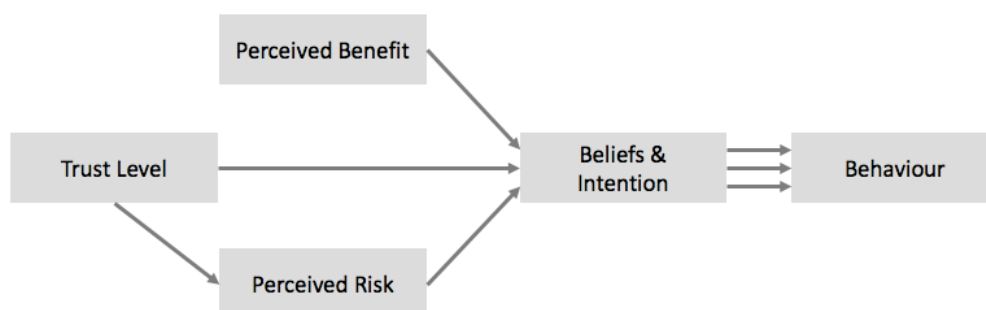
Haydar, Roussanally and Boyer (2013) as well as Orman (2013) distinguish between local and global trust. Local trust is developed based on the interaction history of the entities or word-of-mouth mechanisms, whereas global trust is formed by the reputation of a trustee within a community. Similarly, Wang (2013) distinguishes between direct and indirect trust value with the former resulting from direct experience based on the interaction history, also called

functional trust, and the latter derived from referrals by other people, also called third-party trust. Usually, both kind of trust values are combined for an overall evaluation. In his studies, Greenberg (2008) further distinguishes between dispositional, interpersonal and institutional trust. Dispositional trust reflects the user's willingness to trust and is highly influenced by the personality or cultural background. In contrast, interpersonal trust describes the trust towards a specific entity, for instance a single person or group (Das and Teng, 2001; Greenberg, 2008). And finally, institutional trust represents the general attitude towards an institution in terms of legal or technical regulations and is usually established by reputable organizations such as financial or governmental institutions (Das and Teng, 2001; Li et al., 2012; Salam et al., 2005). In the online context, institutional trust also reflects the confidence in information systems or the internet as a whole (Greenberg, 2008).

2.4.2. Trust in Social Transactions

When it comes to social exchanges, people usually tend to base their decisions and behavioural intentions upon the subjective evaluation of perceived benefit and risk. As visualized in the following decision-making process, trust thereby plays an important role (Kim, Ferrin and Rao, 2008).

Figure 5: Decision-Making Process in Social Transactions (Kim, Ferrin and Rao, 2008)



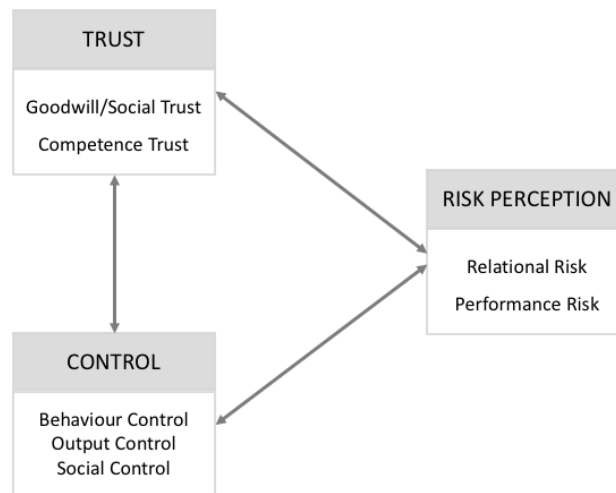
Perceived benefit reflects the positive outcomes of the transaction. In contrast, perceived risk refers to possible negative or uncertain consequences of the cooperation which might result in financial disadvantages, time loss, opportunity costs, psychological detriments or inadequate service/product provision. Moreover, security and privacy concerns often play a crucial role (Kim, Ferrin and Rao, 2008).

In order to better understand the role of trust, previous research in social sciences suggested distinguishing between goodwill and competence trust (Das and Teng, 2001; Earle, Siegrist and Gutscher, 2007; Twyman, Harvey and Harries, 2008). Goodwill trust is based on social relationships or shared values and represents beliefs about good intentions for cooperation

due to principles of morality, fairness, honesty, group membership, integrity or benevolence. In contrast, competence trust refers to the confidence in the partner's ability or expertise in performing an agreed task. Beliefs in competence are often derived from past experiences and can be enhanced by implementing rules, contracts or other control mechanisms (Earle, Siegrist and Gutscher, 2007; Das and Teng, 2001). Similarly, the perception of risk can be either relational, reflecting the probability that partners could act differently than expected (e.g. opportunistic behaviour), or performance-based, representing the probability that partners might not have the ability/expertise to perform according to the agreements (Das and Teng, 2001).

By implementing control or safeguard mechanisms, undesirable outcomes can be reduced or avoided (De Man and Roijakkers, 2009; Li et al., 2012). Das and Teng (2001) distinguish between behaviour, output and social control. Behaviour and output control represent objective, formal mechanisms to either influence the behaviour during the process or the result of the transaction. Examples are the establishment of detailed contracts, rules, objectives, guarantees, standards, specifications, incentive systems or sanctions. On the contrary, social control – also called clan control – reflects an informal approach which focuses on the formation of common goals, shared values and beliefs in order to build and strengthen a group commitment. Since strict rules and regulations can also cause mistrust, the success of formal control mechanisms depends on the context and is highly disputed in literature (e.g. Das and Teng, 2001; De Man and Roijakkers, 2009; Galpin and Flowerday, 2011). In contrast, social control usually results in higher motivation for cooperation and consensus which increases mutual trust and stimulates the willingness to share information. The higher the intrinsic motivation of transaction partners, the smaller the need for formal control (Das and Teng, 2001). Thus, the appropriate level of control must be identified, considering the adequate balance of formal and informal safeguards. In general, it can be stated that high perceived relational risk, increases the need for control measures (De Man and Roijakkers, 2009). The following figure illustrates the complex correlation of control with trust and risk.

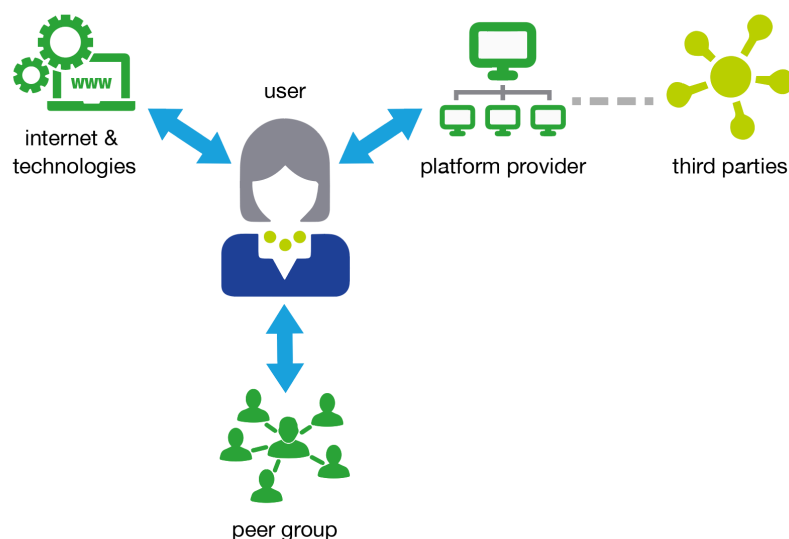
Figure 6: Integrated Framework of Trust, Control and Risk (Das and Teng, 2001)



2.4.3. Trust in the Online Environments

Varadharajan (2009) describes trust in the computing context as the relationship between a trustor and a trustee reflecting the user who trusts an entity and the entity being trusted. Compared to social trust, online trust deals with a higher complexity since it does not only have to be built towards an online community or the website provider but also towards technology, the internet and potential third parties which is illustrated in figure 7 (Pentina, Zhang and Basmanova, 2013; Salo and Karjaluoto, 2007).

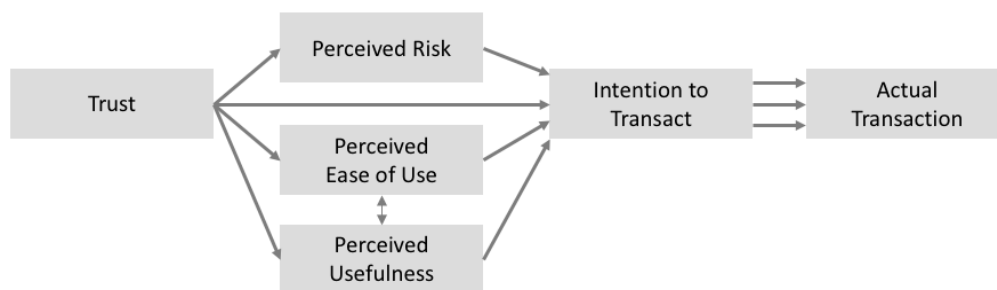
Figure 7: Entities involved in the Formation of Trusted Online Relationships (derived from Salo and Karjaluoto, 2007; Pentina, Zhang and Basmanova, 2013; Li et al., 2012)



Especially in the case of decentralised systems such as peer-to-peer networks and other online communities, strong trust relationships must be formed and enhanced by providing appropriate trust management systems (Gong, Yu and Lee, 2012; Tadelis, 2016). The aim of a trust management system is to provide users with relevant trust information to support their decision-making process (Ruan et al., 2017). Numerous studies have attempted to develop a universal trust management approach, however, there is still no generally applicable system available (e.g. Garrido-Pelaz, González-Manzano and Pastrana, 2016; Gong, Yu and Lee, 2012; Hill and Donaldson, 2015; Ruan et al., 2017; Wang, 2013).

Pavlou (2003) adapted the decision-making process to the online environment by combining it with the Technology Acceptance Model (TAM). According to the model, the intention for conducting an online transaction is initiated by the level of trust as well as the perceived risk, usefulness and ease of use.

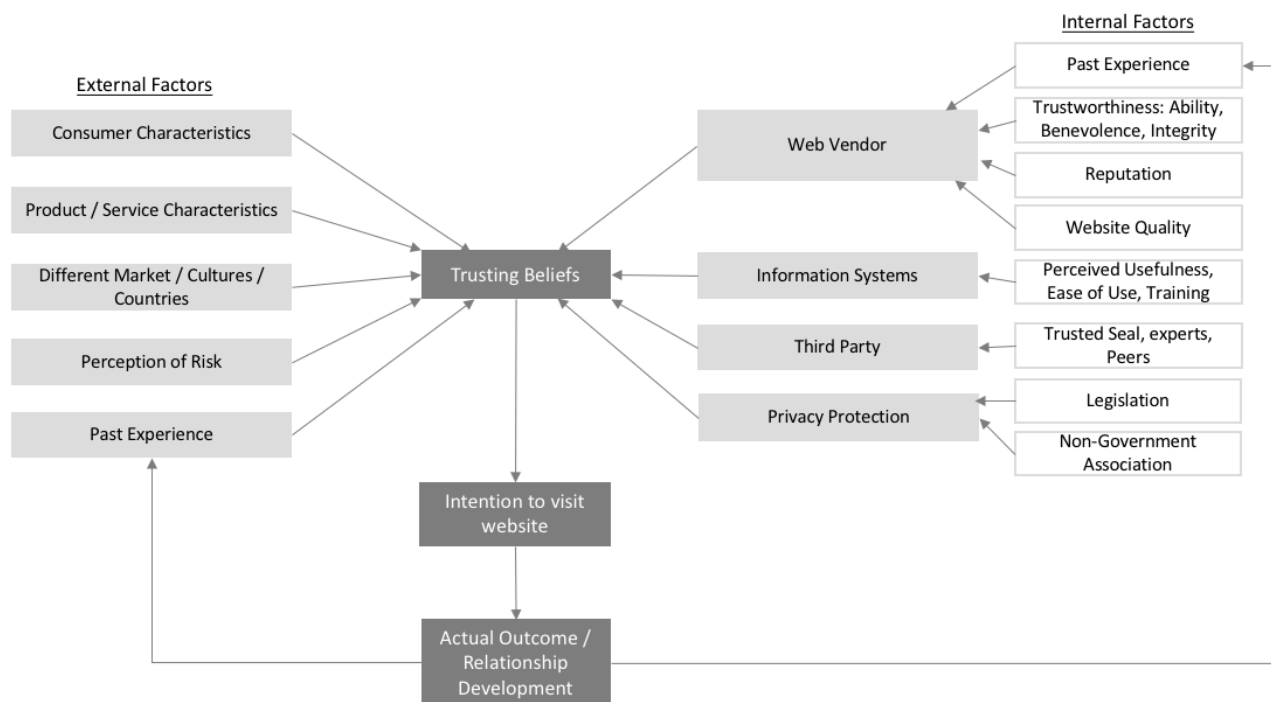
Figure 8: Decision-Making Process in Online Environments (Pavlou 2003)



Perceived usefulness reflects the user's belief that a specific technology might facilitate the economic exchange. Additionally, perceived ease use describes the amount of effort needed to use the technology (Pavlou, 2003; Salam et al., 2005; Salo and Karjaluoto, 2007). Online environments show a high degree of uncertainty since they are characterised through anonymity, interactions with strangers, spatial or temporary separation, impersonality as well as privacy and security concerns. (Li et al., 2012; Pentina, Zhang and Basmanova, 2013; Salo and Karjaluoto, 2007). To overcome uncertainties and risks related to online transactions, user's will therefore require some degree of perceived control (Pentina, Zhang and Basmanova, 2013; Salo and Karjaluoto, 2007).

Based on different theoretical approaches about the formation of trust as well as the principles of the technology acceptance model, Salo and Karjaluoto (2007) developed the following research tool, outlining external and internal factors in the formation of online trust.

Figure 9: Research Model for Investigating Online Trust (Salo and Karjaluoto, 2007)



External Sources of Information

External factors represent all characteristics or sources of information that are indirectly attributed to the online service (Salo and Karjaluoto, 2007). Firstly, consumer characteristics such as gender, age, social motives or personality traits directly impact individual propensity to trust and the attitude towards cooperation/competition. (Das and Teng, 2004; Freitag and Bauer, 2016; Kopelman, Weber and Messick, 2002). Secondly, product or service features relate to the complexity, functionality or the level of involvement when dealing with products or services during the transaction (Khalid and Ali, 2017; Salo and Karjaluoto, 2007). Thirdly, it should be considered that different markets, countries and cultures will influence trusting beliefs. Market- and country-specific differences can be found in legal and regulatory compliance, allocation of resources, trade regulations, etc. (Salo and Karjaluoto, 2007). The subject of cultural differences is discussed in chapter 2.4.5. Finally, when trying to assess costs and benefits, there is usually a degree of risk due to incomplete information, unfamiliarity, intangibility, conflicts, failure or other unpredictable reasons (Garrido-Pelaz, González-Manzano and Pastrana, 2016; Li et al., 2012; Pavlou, 2003). Moreover, prior experiences will impact consumer beliefs towards a website (Salam et al., 2005; Salo and Karjaluoto, 2007).

Internal Sources of Information

Internal factors are directly related to the service and influence beliefs and attitudes towards the web vendor, information systems, third parties and privacy protection. Web vendor trust is

formed based on past experiences, trustworthiness attributes, reputation and the quality of the website (Salo and Karjaluoto, 2007). Similar to the integrated framework by Das and Teng (2001), Salam et al. (2005) distinguish between goodwill and competence trust of a web provider. Goodwill trust expresses benevolence and integrity when dealing with sensitive customer information whereas competence trust reflect experience and expertise in processing the transaction (e.g. product design, delivery, customer service, etc.). By communicating via newsletters, brochures or advertisements, web providers can affect the formation of trust beliefs. When using information systems (e.g. a website or app), people assess the usefulness and ease of use as well as the possibility of testing new technologies (Salam et al., 2005). In order to enhance trust, third parties such as established brands might promote or impede the intention to use the online service (Salo and Karjaluoto, 2007). For instance, third party product evaluations, news reports, safety certificates or product recalls will impact consumer attitudes (Salam et al., 2005). Finally, privacy issues play an important role and should be addressed accordingly (Salo and Karjaluoto, 2007).

2.4.4. Trust in Insurance Markets

Purchasing an insurance policy reflects a financial transaction where the buyer pays a premium in order to get the promise for monetary support in case of future casualty. Trust is a key ingredient since both parties, the insurer and the insured, must fulfil their commitments. Beliefs about the insured's risk-taking or cheating behaviour as well as about the insurer's willingness and capability to repay are therefore crucial (Guiso, 2012).

Lack of transparency and asymmetric information lead to two widespread phenomena in insurance markets: moral hazard and adverse selection (Guiso, 2012). Moral hazard can be described as "... an increase in people's use of a service when it is covered by insurance, compared to when it is not ..." (Van Wolferen, Inbar and Zeelenberg, 2013, p. 15). Similarly, adverse selection refers to the fact that individuals with high risk profiles are more likely to purchase an insurance than people with low risk. Due to a lack of transparency, it is difficult for insurers to value whether customers exploit contracts or not (Mirrlees, 1999). The Coalition Against Insurance Fraud (2017) estimates that insurance fraud accounts around 80 billion dollars per year in the US for all insurance businesses. The estimated statistics from the FBI (n.a.) account a total insurance fraud cost of \$ 40 billion per year excluding health insurance.

To minimize opportunistic behaviour of consumers, insurance companies increasingly spend money for fraud investigation, specify casualty conditions in contracts and sometimes even price surcharges into premiums (Guiso, 2012; Van Wolferen, Inbar and Zeelenberg, 2013). This leads to economic inefficiency and causes mistrust on the side of the consumers

(Eisenhauer, 2006). Research has shown that consumers are more likely to accept risks arising from bad luck than if the other party behaves opportunistic (Guiso, 2012). Especially in markets with few competition or when buying more complex insurance products, scepticism and the willingness for fraudulent behaviour increases (Guiso, 2012; Shaw, Eckenrode and Friedman, 2017). An IBM survey revealed that 43% of consumers show a lack of trust towards insurance providers (Kesterson-Townes, 2015). Surprisingly, the majority even lost the feeling of guilt and rather believes that cheating behaviour kind of recreates a sense of fairness. As a result, the present insurance business is characterised by a conflict of interests with companies making money by denying claims and anonymous customers acting in dishonest ways (CB Insights, 2016).

When balancing costs and benefits of cheating, social norms have a stronger impact on a consumer's decision. However, since social ties with an insurance company are perceived as rather low, the establishment of legal rules and punishment is often required. Moreover, the implementation of remuneration policies is used to reduce fraudulent behaviour and increase trust (Guiso, 2012).

2.4.5. Trust in Different Cultures

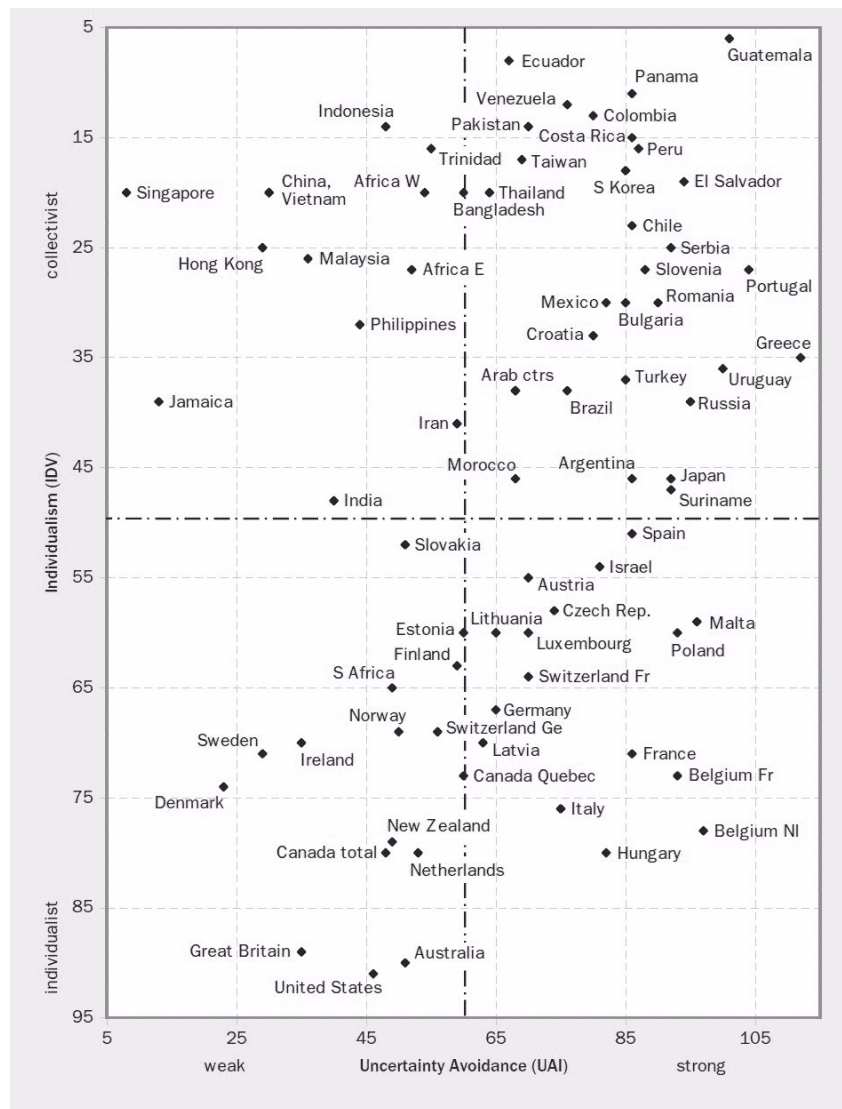
A considerable amount of literature has been published on the development of trust in different cultural groups. Thereby, most researchers are linking their theories to Hofstede's cultural dimensions of national culture which consist of individualism/collectivism, uncertainty avoidance, power distance, masculinity/ femininity, time perspective and indulgence/restraint (e.g. Chong, 2003; Chong, Yang and Wong, 2003; Cyr et al., 2005; Gefen and Heart, 2006; Greenberg, 2008; Park, Gunn and Han, 2012; Suh, Janda and Seo, 2006). Hofstede (1980, p.25) defines culture as "... the collective programming of the mind which distinguishes the members of one human group from another". Thus, it is assumed that cultural differences have a strong influence on trust levels and risk perceptions. This fact is also reflected in Greenberg's (2008) distinction between institutional, interpersonal and dispositional trust since dispositional trust is directly linked to one's personality and cultural background.

Overall, most studies highlight the profound impact of the two dimensions' individualism/collectivism and uncertainty avoidance on the formation of trust (Chong, Yang and Wong, 2003; Cyr et al., 2005; Gefen and Heart, 2006; Jing, 2015; Park, Gunn and Han, 2012; Suh, Janda and Seo, 2006). The first dimension refers to the degree of which people are acting on their own (individualistic) or within a group (collectivistic), thus reflecting if they have weak or strong social ties (The Hofstede Centre, 2017).

- Individualism: Individualistic cultures show a higher propensity to trust and a lower perception of risks. When confronted with strangers, individualists tend to rely on outsider reputations and trust other parties unless the contrary is proved (Chong, Yang and Wong, 2003; Greenberg, 2008). Moreover, individual goals are placed upon group interests and personal initiative is appreciated (Cyr et al., 2005; Suh, Janda and Seo, 2006). Among individualistic societies, there is only a weak desire for social bonding (Chong, Yang and Wong, 2003).
- Collectivism: Collectivists are highly concerned with group interests and the formation of group ties (Suh, Janda and Seo, 2006). Trust is primarily formed on relationships with first-hand knowledge and strangers are confronted with distrust or intolerance (Gefen and Heart, 2006; Greenberg, 2008). As a result, the cooperation with out-group members requires strong institutional guidelines combined with legal sanctions for misbehaviour (Chong, Yang and Wong, 2003; Guiso, 2012).

Uncertainty avoidance reflects the attitude or (in)tolerance for uncertain and ambiguous situations (The Hofstede Centre, 2017). Cultures reflecting a high uncertainty avoidance are characterised as risk-averse and usually try to avoid uncertain or unknown situations (Chong, Yang and Wong, 2003; Cyr et al., 2005). As a result, the creation of a secured environment with formal rules will increase the formation of trust (Park, Gunn and Han, 2012). Hofstede's cultural dimension scores run from 0 to 100 and are based on an IBM survey, conducted between 1967 and 1973 (The Hofstede Centre, 2017). Based on the calculated indices, the following figure provides an overview of 76 countries and their positioning when opposing the two dimensions: uncertainty avoidance and individualism/collectivism.

Figure 10: Uncertainty Avoidance versus Individualism (Chrysopoulos, 2015)



Based on the existing literature, people with national cultures mentioned in the lower left would therefore show a higher trust level towards exchanges with strangers and a higher tolerance/acceptance towards uncertainties and risks. In contrast, the countries mentioned in the upper right section are characterized as risk-averse and prefer dealing with people they know (Chong, Yang and Wong, 2003; Cyr et al., 2005; Gefen and Heart, 2006; Jing, 2015; Park, Gunn and Han, 2012; Suh, Janda and Seo, 2006). Chong (2003) elaborates on those findings in the following table and outlines internal and external factors that influence the formation of trust.

Table 1: Cultural dimensions and the formation of trust (derived from Chong, 2003)

			National Cultural Dimenation	
			Individualistic Low Uncertainty Avoidance	Collectivistic High Uncertainty Avoidance
Determinants of the Formation of Consumer Trust	Internal	Perception of Risk	Risk taking	Risk aversive
		Propensity to Trust (Social Disposition)	willing to trust someone from out-group	less willing to trust someone from out-group
	External	Personal Interactions & Experiences	relative easy to build new relationship with outsiders	more prone to long-term relationship with in-group
		Information	willing to share information with public	more likely to share information with in-group
		Feedback / Spreading of Reputation	more likely to voice out if dissatisfaction is found	more likely to share bad experience with in-group
		Communicaton	expressive and explicit	less expressive and implicit
		Control	adopt 'do it yourself' protection mechanism	require more institutional protection
		Commitment & Fulfillment	rule-based governance	relation-based governance

Hofstede's dimensions form a useful paradigm to understand cultural differences in trust formation. Nevertheless, the limitations of cultural dimensions must be considered since they are based on stereotypes (Gefen and Heart, 2006). In the insurance context, cultural or regional factors may influence how customers interact with providers and how they form experiences (Schwarz et al., 2014).

2.5. Trust-Enhancing Tools and Technologies

The following chapter discusses a variety of tools and technologies that can be used to enhance online trust in the four areas: website development, privacy and security, data assets, data analytics and usage. For the innovative technologies covered in sub-chapters 2.5.3 and 2.5.4, a detailed table with examples and use cases for the insurance area can be found in Appendix B (also referring to regulatory challenges).

2.5.1. Website Development

The formation of online trust can be directly influenced through the perception of the website which involves graphical features, brand elements, navigation, domain names, content and structure (Wang and Emurian, 2005). For complex content, it is suggested providing customers with supporting material such as guides, instructions, video clips or tutorials. Furthermore, real-time interactions with the customer service or other users via instant messaging, video calls, chat lines or other communication media could be embedded (McKnight et al., 2011; Wang and Emurian, 2005).

2.5.2. Privacy and Security

Especially when it comes to the disclosure of personal data or credit card information, security and privacy concerns play an important role (Li et al., 2012; Pentina, Zhang and Basmanova, 2013; Salo and Karjaluoto, 2007). The following solutions can be implemented to address such concerns.

Firewalls: Represent the first barrier that prevents controlled, secured websites from broad uncontrolled or untrusted networks such as the internet (Pavlou, 2003).

Authentication: Technologies for control and identity management represent important measures in cybersecurity (Galpin and Flowerday, 2011). The most common processes or techniques used to validate identities are either based on knowledge (e.g. codes, passwords), possessions (e.g. tokens) or biometrics (e.g. fingerprint, face recognition) (Gartner, 2017a; OTA, 2017).

Privacy Policies: They enhance transparency by disclosing information about the collection, usage and storage of sensitive customer data (OTA, 2017).

Trusted Seals / Third Party Certificates: The perception of risk can be mitigated by representing reliable third parties, addressing privacy and security concerns, representing client satisfaction or offering guarantees (Wang and Emurian, 2005).

Payment Technologies: Secure electronic transaction (SET) allows encrypted transactions and reflects a widespread standard to secure credit card information when conducting online payments (Pavlou, 2003; Salam et al., 2005). More recent trends in payment technologies are represented by mobile payments, instant payments, virtual currencies and cryptocurrencies (Bonaty and Braun, 2016; IAIS, 2017; Liu and Lin, 2014).

Ledgers & Smart Contracts: Distributed ledger technology (e.g. Blockchain), is described as "... a new type of distributed consensus system that enables transactions to be quickly validated and securely maintained through cryptography, computational power, and network users, removing the need for a trusted centralized authority" (Ferenzy et al., 2016, p.13). The technology offers a decentralised verification system for various transactions by using secured and trusted ledgers to record encrypted data related to the transaction or the smart contract (Bonaty and Braun, 2016; KPMG, 2016). A smart contract is concluded when two or more persons agree on conditions (e.g. price, dates, terms) which are specified in a code and then deployed to a ledger. Once implemented, the smart contract independently executes activities (Bonaty and Braun, 2016; Sheng et al., 2017; Swiss Re, 2017).

2.5.3. Data Assets

Innovative technologies enable to gather and create data in new ways. Real time consumer data can be captured by a variety of sources such as machines, sensors, documents, social media channels, third parties and many more. In this context, the terminology Internet of Things (IoT) gained on attraction. Gartner (2017b) defines IoT as "... the network of physical objects that contain embedded technology to communicate and sense or interact with their internal stated or the external environment". Subsequently, different 'smart objects' or sources contributing to the data acquisition are listed.

Mobile Phone Technology, GPS & Mobile Apps: The rapid development in mobile phone technology coupled with GPS (Global Positioning System) opens new possibilities for capturing consumer data as well as for communication with customers and for product distribution.

Telematics: One of the most common and advanced forms of the IoT reflecting the combination of telecommunications and informatics (Sheng et al., 2017).

Wearables & Ingestible Sensors: Biometric wearables (e.g. fitness trackers, smart tattoos, smart textiles) and ingestible sensors provide insights on consumer's behaviour, health

condition or vital parameters (e.g. heart rate, blood pressure, glucose level etc.) (Ferenzy et al., 2016).

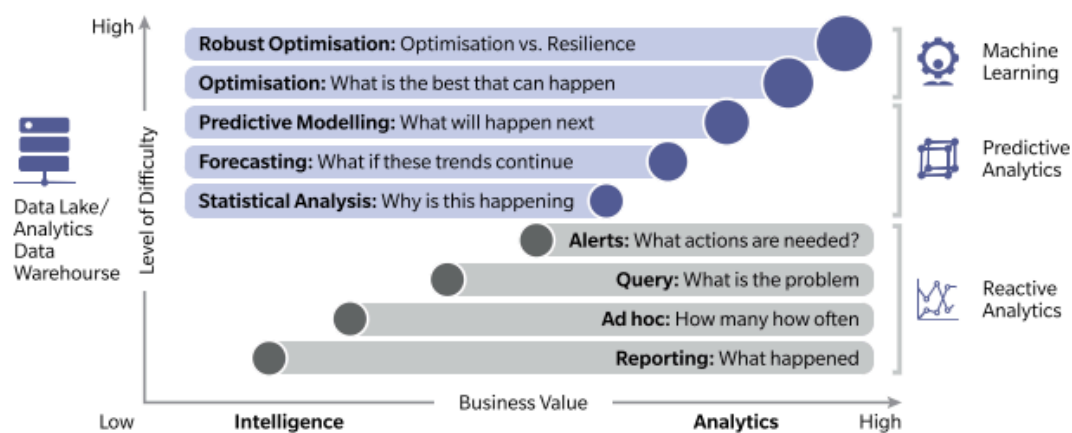
Smart Home Sensors: represent monitoring systems which can be used to supervise and control the home infrastructure such as cooling, lighting, heating or security from anywhere. (Bonaty and Braun, 2016; Ferenzy et al., 2016).

Drones: By using drones, aerial images can be collected from isolated or dangerous areas which were subject to disasters such as floods or earthquakes. The aerial data can then be analysed through imagery analytics (Ferenzy et al., 2016).

2.5.4. Data Analytics and Usage

Data can be used for a variety of purposes. The following section covers data analytics, process automation, trust evaluation models and artificial intelligence. Figure 11 illustrates different forms of reactive and predictive analytics that can be combined to process and analyse data recordings (Bonaty and Braun, 2016; Sheng et al., 2017).

Figure 11: Different Types of Data Analytics (Sheng et al., 2017)



Process Automation: Different levels of automation should be distinguished. On the one hand, basic process automation refers to the replacement of repetitive processes such as entering data or checking compliances, which require few decision-making skills (Capgemini, 2017). On the other hand, enhanced process automation includes machine learning to execute more complex tasks such as implementing chatbots for personalized customer service. This can go even further and involve a variety of cognitive technologies such as machine learning, natural language processing or computer vision (Capgemini, 2017; KPMG, 2016).

Trust Evaluation Models: When trying to find appropriate users to cooperate with, people assess the trustworthiness of other parties based on trust sources. To provide a degree of control social mechanisms or safeguards such as testimonials, feedback mechanisms or reputation scores can be implemented (Tadelis, 2016; Truong et al., 2017). This can be either based on a qualitative or quantitative assessment. The underlying logic of qualitative trust assessment is subjective and might include personal biases. It can be supported by linking social media channels (e.g. Twitter, Facebook, LinkedIn) to a platform or website. For a quantitative trust assessment, the system calculates global trust scores, representing the reputation of a user within a community (Haydar, Roussanaly and Boyer, 2013). For instance, every user is asked to provide inputs and rate the behaviour of other members. Following, algorithms aggregate the accumulated feedback information in a reputation score such as in a star system (Tadelis, 2016).

Artificial Intelligence (Chatbots / Cognitive Agents): Artificial Intelligence (AI) refers to the ability of a computer "... to exhibit human-like intelligence, including learning, planning, reasoning, problem-solving, and decision-making" (Ferenzy et al., 2016, p. 14). The technology enables machines to recognize a variety of data records including text, pictures, spoken language as well as unstructured data (Ferenzy et al., 2016). By combining machine learning with the ability to imitate cognitive functions, the computer is able to process natural language as well as to interpret emotions (Sheng et al., 2017). Consequently, AI technologies could replace or support many time-consuming, complex analytical tasks (Bonaty and Braun, 2016). Nowadays, chatbots are the most widespread and sophisticated form of using AI technologies in business (Sheng et al., 2017). In contrast to chatbots, cognitive virtual agents show more advanced skills in understanding and processing language and the interaction is perceived as more human-like. Often, costumers do not even recognize whether they are interacting with humans or machines (Bonaty and Braun, 2016; Sheng et al., 2017).

2.6. Conclusion from the Literature Review

The insurance industry is transforming rapidly due to a variety of factors. On the one hand, traditional insurers experience changes in distribution channels and are faced with new challenges due to technological innovations, increased customer expectations and industry convergence which is discussed in chapter 2.1. On the other hand, new competitors with innovative business models such as peer-to-peer insurance platforms are entering the market which are outlined in chapter 2.2. P2P insurance goes back to the initial idea of pooling risks in a group of like-minded people with mutual interests. Thereby, introducing a sense of trust, fairness, control and transparency as well as reducing costs (NAIC, 2017; Saha, 2016).

With the German pioneer start-up Friendsurance founded in 2010, P2P insurance is a relatively new phenomenon and very few studies have investigated this topic (Smith, 2014). Current academic studies in the area of insurance markets tend to focus on technological disruption of incumbent insurers and emerging InsurTech trends rather than on newly developed business models (e.g. Bonaty and Braun, 2016; Deloitte, 2015; Ferenzy et al., 2016; KPMG, 2016; Shaw and Eckenrode, 2016; Yoder, Rao and Baixas, 2016). Although, trust plays a pivotal role in P2P insurance, very little is known about how users build trust, how they perceive risks and what degree of control they need on a P2P insurance platform environment. As a result, the following grand tour question has been raised: How does the perception of trust, risk and control on a P2P insurance platform impact behaviour? The three research questions mentioned in chapter 1.2 support the analysis and evaluation of the grand tour question.

Behavioural studies, which are discussed in chapter 2.3, adopt different approaches to explain the factors involved when evaluating costs and benefits of a social exchange or commercial transaction. During the decision-making process the interplay of trust, perceived risk and control plays a crucial role which is covered in chapter 2.4. Based on the evaluation of perceived benefits and costs, people decide whether they cooperate, share information, behave fair or opportunistic, etc.

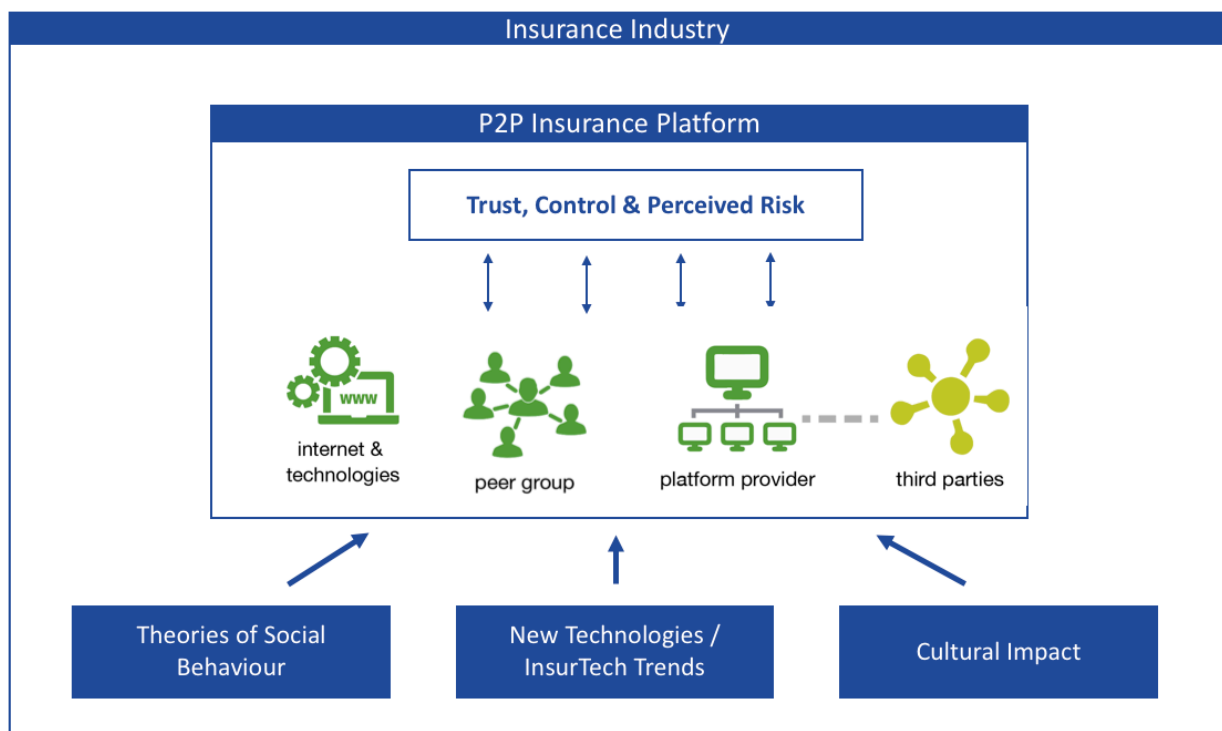
Studies about online trust in chapter 2.4.3 highlight the complexity of virtual environments. Users must form trust towards a variety of entities such as the internet or technologies, the online community (which is reflected by the peer group), the platform provider (e.g. carrier, broker, independent company) and depending on the model also towards third parties (e.g. reinsurers, trusted seals).

Moreover, the literature emphasises the impact of cultures on the formation of trust towards friends and strangers as well as the tolerance or aversion towards risks. As a result, users

from different cultural backgrounds might prefer different formal or informal control mechanisms (see sub-chapter 2.4.5). Finally, chapter 2.5 discussed a variety of trust-enhancing solutions in information systems which can be implemented on a P2P insurance platform in order to enhance trust, provide control and reduce risks.

The following conceptual framework reconciles the various concepts and theories discussed in the literature review. On a P2P insurance platform, there is a complex interplay of trust, control and risk with regards to the different entities involved. Moreover, individual and group behaviour on the platform can be guided or influenced by theories of social behaviour, the emergence of new technologies or InsurTech trends as well as cultural factors.

Figure 12: Conceptual Framework



3. Research Methodology

This chapter introduces the research methodology. It starts with the objective of the empirical part followed by a detailed section about the methodological approach including the philosophical basis, the overall research design as well as data collection and analysis methods. It further deals with the generalisation of the data, the role of the researcher and ethical considerations and concludes with limitations of the study.

3.1. Objective of Empirical Part

The objective of the empirical part is to answer the grand tour question and the research questions mentioned in chapter one. To do so, a mixed research was conducted addressing the following:

1. Identification of characteristics and attributes that influence people's perception of trust and risk and how they impact resulting behaviour.
2. Identification of cultural differences in the perception of trust and risk as well as in the need for control.
3. Identification of tools and technologies that might function as control mechanisms for consumers & insurers by enhancing trust or reducing perceived risk.

3.2. Philosophical Orientation

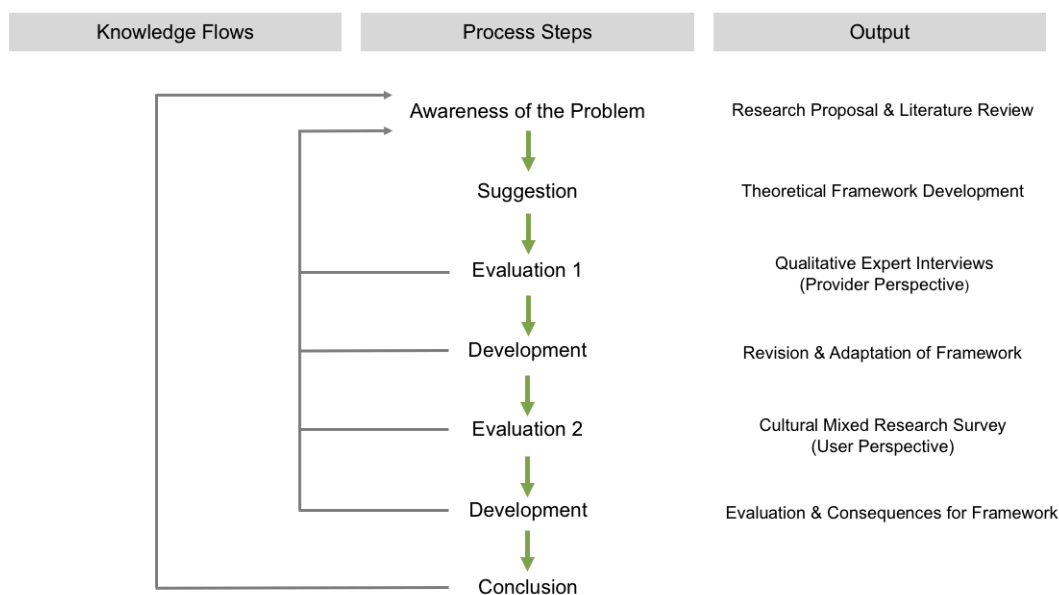
The research wants to explore a deeper understanding of individual behaviour and social dynamics in the context of P2P insurance platforms by investigating the interplay of trust, control and perceived risk. Since the social world is characterized by rich complexity, an interpretivist approach was applied to understand different behaviour of humans in their role as social actors. The research was not conducted from a positivist perspective as it was assumed that no absolute truth can be discovered. It was rather supposed that social behaviour is dependent upon the perspective of an individual or a peer group and thus, an interpretivist perspective was applied.

The research distinguished between different cultural groups, their formation of trust, perception of risks as well as their need for control mechanisms. Thus, the context and meaning was of high importance and a social constructionist perspective was applied. Since social constructivism is perceived as integrated approach, a mixed method was conducted (Saunders, Lewis and Thornhill, 2007). Overall, it must be considered that the interpretation of the results as well as the conclusion is directly linked to the philosophical orientation. An interpretivist perspective results in socially constructed knowledge and not in a rational, logical judgement.

3.3. Design Science Research Approach

The research is based on the design science approach derived from Hevner and Chateerjee (2010) by pursuing a deductive approach which is visualized in figure 13. In order to answer the research questions and to close the research gap, the study was conducted by using a mixed research method consisting of a literature review, qualitative expert interviews and a mixed method user survey.

Figure 13: Design Science Research Approach (derived from Hevner and Chateerjee, 2010)



Awareness of the Problem

First of all, a research proposal paper has been set up prior to this study. Following, an in-depth literature review using secondary data was conducted. The first part covers literature about the insurance industry in general and about peer-to-peer insurance. Subsequently, behavioural theories such as the social exchange theory, game theories, motivational theories and the theory of reasoned action and planned behaviour are discussed. Based on the behavioural insights, the complex concept of trust is discussed in relation to the perception of risk and the usage of control mechanisms. Theory covers social exchanges in on- and offline environment as well as financial or commercial transactions in insurance markets. Moreover, cultural differences and possible implications are discussed with regard to Hofstede's cultural dimensions. To address research question three, literature about trust-enhancing solutions in information systems was examined.

Suggestion

Based on the findings of the literature review, a theoretical trust framework has been suggested in chapter 4.

First Evaluation & Development

To evaluate and assess the proposed framework, qualitative semi-structured expert interviews were conducted. During the interviews, the experts provided general insights and were asked questions about the theoretical framework. Based on the interview results, the suggested theoretical framework was refined and adapted.

Second Evaluation & Development

The evaluation of the expert interviews and the revision of the framework allowed to answer the grand tour question and research questions from a supply side perspective. However, since research question two deals with cultural differences in the perception of trust and risk as well as in the need for control, a cultural user survey was conducted to complement the research with insights from the user perspective.

Conclusion

The conclusion summarizes and reflects the findings, discusses the contribution to academic literature and outlines further potential research areas.

3.4. Data Collection

3.4.1. Literature Review

Secondary data for the literature review was collected through a variety of sources such as academic databases, newspapers, journals, magazines, books, online portals, reports and other published sources which enabled an in-depth analysis of the phenomena being studied.

3.4.2. Expert Interviews

For the purpose of this study, semi-structured qualitative interviews with experts were conducted to collect primary data. The nature of semi-structured interviews enables the researcher to balance between a partly-structured interview guide and the flexibility of open-ended questions. For the first evaluation phase, expert knowledge was derived to assess the theoretical trust framework. Since P2P business models can appear in many different forms with varying orientations, product offers and group forming approaches, it has been decided that the expert interviews only cover the provider (supply side) perspective. P2P user interviews were not conducted since user experiences highly depend on the respective P2P model and do not allow an analysis on a holistic level.

In order to enable opinions and insights from of different perspectives, experts were carefully selected based on their knowledge and expertise. On the one hand, four founders of different P2P insurance start-ups shared their practical experiences in expert interviews. On the other hand, five participants with backgrounds in traditional insurance, digital transformation and psychology complemented the expert side. The pursued approach is classified as constructivist since the experts provide special knowledge related to a professional field which is relevant for this research. The interview questionnaire guideline can be found in the Appendix C. The following table provides an overview of the nine participants, their backgrounds, the interview duration, method and language. All interviews were recorded as audio files and transcribed accordingly (see appendix E).

Table 2: Expert Interview Partners

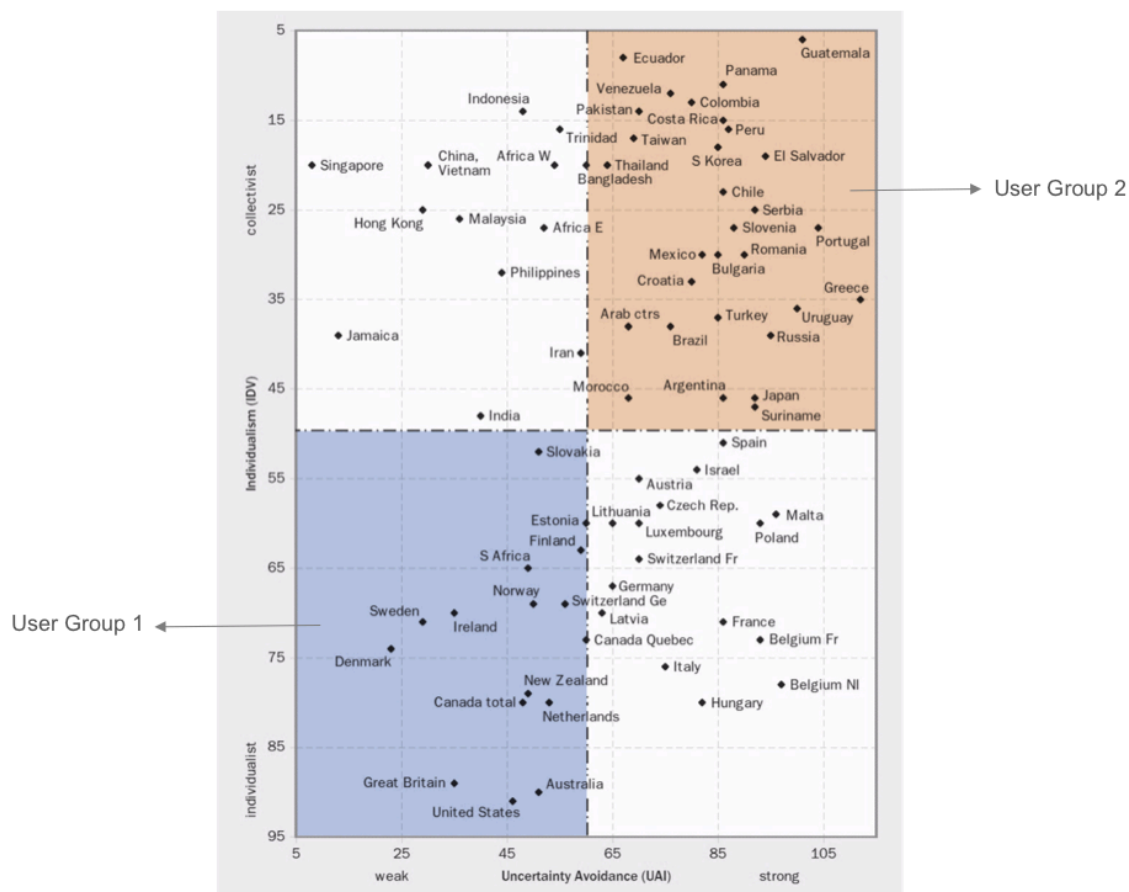
Expert Name (Country)	Function / Background	Duration, Method & Language
Hugh Terry (Singapore)	<ul style="list-style-type: none"> - Founder of the digital insurance forum "The Digital Insurer" (www.the-digital-insurer.com) - 12 years working experience as Director at a company providing consulting and business development services to life insurance companies in the Asia Pacific region 	<ul style="list-style-type: none"> - 60 minutes - Skype Video Call - English
Daren Rudd (UK)	<ul style="list-style-type: none"> - Chief Architect for UK Insurance at Cognizant, working with brokers and insurers to design and deliver new business models based on digital strategies 	<ul style="list-style-type: none"> - 60 minutes - Skype Video Call - English
Kevin Häner (Switzerland)	<ul style="list-style-type: none"> - Project Manager for the Division 'Business Development & Services' at Baloise Insurance - 10 years of working experience as Claims Specialist at Baloise Insurance 	<ul style="list-style-type: none"> - 60 minutes - Telephone Call - German
Jacqueline Bohn (Switzerland & Germany)	<ul style="list-style-type: none"> - Clinical Behavioural Psychologist (MSc in Psychology) - Federally-Recognized Psychotherapist 	<ul style="list-style-type: none"> - 50 minutes - Face-to-Face - German
Ashley Jing Wen Kee (Singapore)	<ul style="list-style-type: none"> - Co-Founder of 'Bandboo Group' – a P2P unemployment insurance platform based in Singapore (http://www.bandboo.co) 	<ul style="list-style-type: none"> - 45 minutes - Skype Video Call - English
Tang Loaec (China & France)	<ul style="list-style-type: none"> - Founder and CEO of 'P2P Protect Group'. The brand operates as 'P2P Protect Group' in Europe and the USA as well as under the brand 'TongJuBao' in China (www.tongjubao.com; www.p2pprotect.com) 	<ul style="list-style-type: none"> - 60 minutes - Skype Call - English
Paul Anderson (UK)	<ul style="list-style-type: none"> - Founder of P2P Automobile Insurance Guevara in the UK (www.heyguevara.com) 	<ul style="list-style-type: none"> - Written Questionnaire - English

Louis de Broglie (France)	- CEO and Co-Founder of Inspeer – the 1 st P2P insurance service in France providing insurance for electric vehicles www.inspeer.me	- 45 minutes - Skype Interview - English
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3.4.3. User Survey

The expert interviews revealed cultural insights from the providers' perspective. To complement research question two with primary data from the user perspective, a mixed research user survey was conducted. As outlined in chapter 2.4.5, existing literature stated that two of Hofstede's (1980) cultural dimensions directly impact the trust level towards other people as well as the perception of risk and the need for control mechanisms. Thus, the survey has been addressed to the following two user groups from different countries based on the dimensions 'Individualism/Collectivism and Uncertainty Avoidance'.

Figure 14: Cultural User Groups (derived from Chrysopoulos 2015)



Participants were asked to complement a questionnaire covering open-ended questions, Likert scales, multiple choice and checkboxes and can be found in Appendix D.

3.5. Data Analysis

3.5.1. Literature Review

The literature review provided insights into the development of the insurance industry, P2P insurance approaches, behavioural and cultural theories as well as existing solutions in information technologies. At the end of the literature review, a conceptual model offers a descriptive overview about the research phenomenon by outlining the interrelationships of the different concepts and theories discussed. During the suggestion phase of the Design Science Research Approach, the secondary data of the literature review has been evaluated and summarised in the theoretical trust framework which is discussed in chapter 4.

3.5.2. Expert Interviews

The analysis of the expert interviews is based on the qualitative content analysis by Mayring (2000). Based on the literature review, a deductive category application has been used in order to systematically analyse the interview transcripts. The following table summarizes the coding agenda which consists of pre-defined code groups, categories, abbreviations and definitions. The definitions are supposed to facilitate content-related comprehension and do not involve value or numerical judgements. Due to the nature of qualitative research, the coding categories were extended and revised with sub-categories during the analytical process.

Table 3: Coding Agenda for Expert Interviews

Code Group	Code Category & Abbreviation	Definition
Control Mechanisms / Safeguards	Formal Control (CM-F)	Formal control mechanisms represent tools such as contracts, rules, standards, incentive systems, sanctions or specifications that are used to influence behaviour during or output of a transaction.
	Informal Control (CM-I)	Informal control mechanisms represent measures that are used to strengthen social ties through the formation of common goals, shared values or group commitment.
Perceived Risk / Cost	Performance Risk (PR-P)	Probability that partners might not have the ability or expertise to perform according to the agreements.
	Relational Risk (PR-R)	Probability that partners could act differently than expected (not according to principles of morality, fairness, integrity and benevolence).
	Technology-Driven Risk (PR-T)	Risks arising due to the underlying infrastructure of online transactions (e.g. system failure, privacy/security losses, etc.)
Perceived Benefit	(PB)	All benefits that a user might perceive when using a P2P insurance platform.
Trust Level	Competence Trust (TL-C)	Confidence in the ability or expertise that the entities involved can perform an agreed task.
	Goodwill Trust (TL-G)	Represents beliefs about good intentions for cooperation due to principles of morality, fairness, integrity and benevolence.
Trust Antecedents	Individual Characteristics (TA-I)	Individual characteristics such as gender, age, social motives or personality traits directly impact individual propensity to trust.
	Cultural Characteristics (TA-C)	Cultural backgrounds can influence how people form trust or perceive risks.
	Group Characteristics (TA-G)	Group characteristics refer to differences in group size, social constellation, shared values, power and status, communication and information exchange as well as past performance and interaction history.

	Product/Service Characteristics (TA-PS)	Product features relate factors such as the complexity, price, functionality or the level of involvement.
	Country/Market Characteristics (TA-CM)	Market- and country-specific differences can be found in legal and regulatory compliance, allocation of resources, trade regulations, etc.
	Website Provider/Company (TA-PC)	Website provider trust is formed based on past experiences, trustworthiness attributes, reputation and the quality of the website.
	Information Systems / Internet (TA-IS)	When using information systems (e.g. a website or app), people assess the usefulness and ease of use as well as the possibility of testing new technologies.
	Third Parties (TA-TP)	In order to enhance trust, third parties such as established brands might promote or impede the intention to use the online service.
Trust Framework	(TF)	All insights concerning the theoretical trust framework.
Critical Steps	Customer Journey (CJ)	All insights concerning critical steps along the customer journey which require a high degree of trust, a low perception of risk or some form of control.

The evaluation of the interview results is split into the analysis of the ‘Trust Framework’ and a summary outlining consequences and recommendations for the framework.

3.5.3. User Survey

The survey aimed to investigate the attitudes and perceptions of the two user groups in the following areas: general insurance, P2P insurance, risk, uncertainty and innovation, group forming preferences, need for control and information disclosure. The additional qualitative data from the open-ended questions was evaluated through direct coding. Due to the broad nature of the questions, the codes were not pre-defined but set up throughout the analysis phase. The codes and the whole analysis of the results can be found in the Appendix G.

3.6. Verification and Generalization

During the data collection process, multiple sources of primary and secondary were investigated which allowed data triangulation and therefore, increases validity and reliability. The original data were collected in a database in order to maintain a chain of evidence, which is important when using data from electronic sources (Yin, 2014). Moreover, all interviews were recorded and transcribed. Construct validity and reliability are strongly linked to data collection. Thus, it is important to control the quality. Possible threats in this process might be biased data (Miles, Huberman and Saldana, 2013; Yin, 2014).

The quantitative part of the survey could be repeated by any other researcher as the analysis was based on generally accepted statistical calculations. Since quantitative research relies on numerical data the variables can be measured and easily replicated (Black, 1999). In contrast, qualitative research deals with non-numerical data and the phenomenological interpretation. As a result, the degree of verification and generalization is highly disputed (Leung, 2016; Peshkin, 1993). Lewis and Ritchie (2003) discuss the definition of generalization in the context

of qualitative research and argue that empirical generalisation is achieved if the qualitative findings can be transferred to populations or settings beyond the sample size. For the qualitative expert interviews, it is assumed that the findings can be generalized to other settings or contexts since it involves the transfer of expert knowledge from a familiar context to a novel one (Banich and Caccamise, 2010).

3.7. Researcher's Role and Ethical Considerations

With the chosen research approach, the researcher plays an important role in the qualitative expert and user interviews since subjective bias, that could affect quality or validity of the data, should be avoided. The researcher must remain objective and should be aware of interpersonal differences such as competences, skills, mind-sets or cultural backgrounds that could influence the interview context. To avoid researcher biases, the interview questionnaire consisted of open-ended questions which allowed a better understanding of the research scope and enabled experts to provide additional information by sharing opinions or attitudes. It was fundamental to gain informed consent and confidentiality with the interview participants. Thus, the experts were asked whether they prefer to stay anonymous or not. In this context, all experts confirmed their consent to be mentioned by name in this research. Moreover, all collected data were correctly sourced and acknowledged.

3.8. Delineations and Limitations

Since P2P insurance platforms reflect a recent research area, the amount of academic literature is still restricted. There is neither a consistent definition nor any official classification system for peer-to-peer insurance available yet. As a result, the current P2P insurance environment is characterized by a multitude of business models (including many hybrid forms) with platforms pursuing different objectives, targeting different communities and providing varying products.

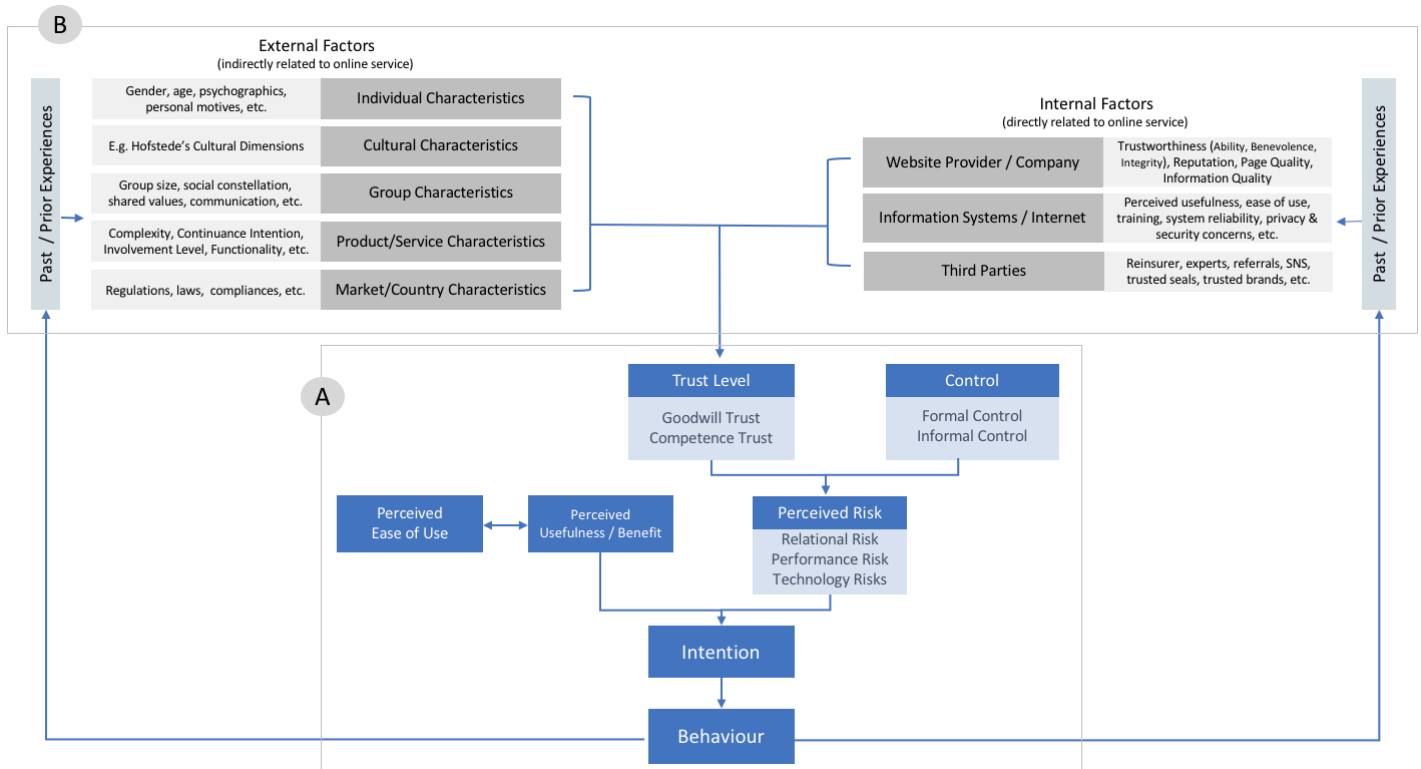
Due to time constraints, the research is limited to nine expert interviews. Thus, generalization of the results is restricted. Moreover, the expert interviews only cover the supply side perspective of P2P insurance platforms since this approach enabled an in-depth analysis into the viewpoints of P2P providers.

All in all, due to the interpretivist perspective of the study, the research might be biased when conducting the interviews as well as during the interpretation of the results. In order to reduce potential biases and increase verification, the transparency was enhanced by developing a chain of evidence when collecting and storing the data.

4. Suggestion Phase: Theoretical Framework Development

Based on the literature review about foundations of behavioural studies, trust theories, considerations in the field of computer science as well as cultural implications, the following theoretical trust framework for P2P insurance platforms was created and is discussed in this chapter.

Figure 15: Theoretical Trust Framework



Note: Insights derived from Fishbein and Ajzen, 2010; Kim, Ferrin and Rao, 2008; Twyman, Harvey and Harries, 2008; Das and Teng, 2001; Salo and Karjaluoto, 2007; Pavlou, 2003

Section A

Section A visualizes the main body of the framework which is derived from the models discussed in chapter 2.4.2 about trust in social transactions and in chapter 2.4.3 about trust in online environments (see figures 5, 6, 8). The section summarises that people evaluate perceived benefits and costs (risks) to decide whether they want to enter and how they behave during a transaction (e.g. cooperation, willingness to share information, willingness for opportunistic behaviour, fair/fraudulent behaviour). At the same time, individual trust levels and the presence of control mechanisms influence this decision-making process. Since P2P insurance transactions occur online, the model includes 'perceived ease of use' and the 'perceived usefulness' from Pavlou's model (2003).

As discussed in chapter 2.4.2, various studies distinguish between the two dimensions of goodwill and competence trust. Goodwill trust refers to the expectation that one behaves

according to principles of integrity, benevolence and fairness (e.g. no fraudulent claims, disclose information, not making money by rejecting claims). In contrast, competence trust stands for the ability or expertise to act based on agreed terms (e.g. expertise in handling claims, processing sensitive information or managing a platform). Similarly, perceived risk can be split into relational and performance risk. Relational risk reflects the probability that the counterpart might act against the principles of goodwill (e.g. unfair or opportunistic behaviour) whereas performance risk describes the probability that the other party might not have the ability/expertise to conduct an agreed task.

Chapter 2.3.2 about game theories has shown that most people tend to cooperate and expect fair behaviour of others. Nevertheless, some factors such as information asymmetry, mistrust, fear of being cheated or a high degree of anonymity can negatively impact cooperation and result in opportunistic behaviours. Thus, in complex and abstract situations people often demand for some forms of control to enhance trust or decrease perceived risk. As discussed in chapter 2.4.2, three types of control can be distinguished.

- Behavioural & output control: Reflect formal safeguards to influence the process or output of a transaction (e.g. standards, contracts, regulations, sanctions, rewards, etc.). They are often used to enhance competence trust and reduce performance risk.
- Social or clan control: Represent informal control mechanisms such as shared values, group commitment or relationships. Informal control positively influences goodwill trust and the perception of relational risks. For instance, if a peer group exhibits strong social ties and shared values, members are less likely to pose fraudulent claims and some form of social pressure prevails.

As outlined in chapter 2.3.3 about motivational theories, it can be stated that formal control mechanisms are usually related to extrinsic motivations (e.g. rewards, avoid sanctions) whereas social safeguards stimulate intrinsic motivations (e.g. pleasure, arousal, socialization).

Section B

Derived from the model by Salo and Karjaluoto (2007) in figure 9, the grey part illustrates the various factors influencing the formation of trust in online environments. As discussed in chapter 2.4.3, the factors are based upon past experiences and can be broadly distinguished into external and internal characteristics. External factors are indirectly related to the online service and difficult to control or influence by a platform provider. Since the core idea of P2P insurance is to share risks in a community of like-minded people, trust towards peer group

members is of utmost importance. Moreover, chapter 2.4.5 has shown, that cultural differences might significantly impact the formation of trust. As a result, the external factors proposed by Salo and Karjaluoto (2009) were modified and extended with the two factors group characteristics and cultural characteristics. Internal factors such as provider, information systems and third party characteristics are directly related to the P2P insurance platform and can be partially governed (Salo and Karjaluoto, 2007; Salam et al., 2005). Unlike in the model of Salo and Karjaluoto (2007), the privacy and security characteristics are included in the factor 'Information Systems' and not be listed separately because literature has shown that they are often interlinked (e.g. Li et al., 2012; Pentina, Zhang and Basmanova, 2013). Based on the findings from the literature review, the following table provides examples for the eight trust-forming factors.

Table 4: Overview of Trust Antecedent Categories and Examples

Trust Antecedents	Examples and Sources
External Factors	
Individual Characteristics	<ul style="list-style-type: none"> - Gender, age, social motives or personality traits (e.g. Big Five) directly impact individual propensity to trust and the attitude towards cooperation/competition (Das and Teng, 2004; Freitag and Bauer, 2016; Kopelman, Weber and Messick, 2002). - Factors such as personality, moods, motivations, emotions, values, stereotypes, general attitudes, education, income, religions or past behaviour will influence trusting beliefs (Fishbein and Ajzen, 2010). - Consumer characteristics reflect dispositional trust based on demo-, socio- or psychographics (Salo and Karjaluoto, 2007). - Younger generations show a higher tendency to buy online insurance products (Pain, Tamm and Turner, 2014).
Cultural Characteristics	<ul style="list-style-type: none"> - See chapter 2.4.5 about cultural differences in trust formation. Theories state that cultural differences have a strong influence on trust levels, risk perception and on the need for control. Especially Hofstede's two dimensions of individualism-collectivism and uncertainty avoidance are mentioned to impact trust formation. For instance, various researchers emphasised that risk-averse, high uncertainty avoidance cultures usually prefer strictly-regulated environments with clear behavioural rules when interacting with strangers (Chong, Yang and Wong, 2003; Cyr et al., 2005; Jing, 2015; Gefen and Heart, 2006; Park, Gunn and Han, 2012; Suh, Janda and Seo, 2006b).
Group Characteristics	<ul style="list-style-type: none"> - Social relationships or shared values (due to principles of morality, fairness, honesty, group membership, integrity or benevolence) positively influence goodwill trust (Das and Teng, 2001). - As outlined in chapter 2.2.3 about P2P group forming, groups can be created based on different criteria. If a group is formed with friends or family members, it is easier to trust other parties and some form of social pressure and commitment prevails. However, if the peer network is created by matching customers with similar risk profiles, the user must build trust towards strangers. Moreover, other factors such as the group size and the underlying P2P insurance model might impact trusting beliefs (CB Insights, 2015; Christianson, 2016; Banham, 2017; BoughtByMany, 2017; Friendsurance, 2017; Garrido-Pelaz, González-Manzano and Pastrana, 2016; Huckstep, 2017; NAIC, 2017; Strategic Insight, 2016; Watson, 2017).
Product / Service Characteristics	<ul style="list-style-type: none"> - More complex or expensive insurance products such as life insurance require a higher trust level and risk perception than simple products such as car insurance (Pain, Tamm and Turner, 2014; Schwarz et al., 2014)

	<ul style="list-style-type: none"> - The complexity, price, functionality or the level of involvement when dealing with products or services in an online transaction impacts the formation of trust and perception of risks (Salo and Karjaluoto, 2007; Khalid and Ali, 2017). - Rules, contracts or standards will positively influence the formation of competence trust (Das and Teng, 2001). - Potential repetition of co-operation or the continuance intention of purchasing a service or product will influence trust formation (Li et al., 2012).
Market / Country Characteristics	<ul style="list-style-type: none"> - Markets or countries can exhibit differences in legal and regulatory compliance, in the allocation of resources or in trade regulations (Salo and Karjaluoto, 2007).
Internal Factors	
Provider Characteristics	<ul style="list-style-type: none"> - Provider characteristics reflect past experiences, trustworthiness attributes (benevolence, integrity ability) reputation and the website quality (Salo and Karjaluoto, 2007). - Reputation of a brand is important for building trust as it reflects fair and honest behaviour in the past (Guiso, 2012). - The web providers perceived experience and expertise in processing the transaction (e.g. product design, delivery, customer service, etc.) will influence the formation of competence trust and can be positively influenced by communicating via newsletters, brochures or advertisements (Salam et al., 2005).
Information System Characteristics	<ul style="list-style-type: none"> - Institutional trust reflects the user's general attitude or confidence in information systems or the internet as a whole (Greenberg, 2008). - When using information systems (e.g. app/website), people assess the perceived usefulness and ease of use as well as the possibility of testing new technologies (Salam et al., 2005; Pavlou, 2003; Salo and Karjaluoto, 2007). - The ease of purchasing a product is perceived as very important and can be simplified by using the right technologies (Schwarz et al., 2014).
Third Parties Characteristics	<ul style="list-style-type: none"> - Third parties such as established brands might promote or impede the intention to use the online service (e.g. product evaluations, news reports, safety certificates) (Salo and Karjaluoto, 2007; Salam et al., 2005). - Previous interactions with or reputation of third party institutions (e.g. doctors, repair garages) will impact the trust formation (Schwarz et al., 2014).

5. Evaluation of Expert Interviews & Consequences

The following chapter provides insights into the analysis and discussion of the qualitative expert interviews¹. The first part covers the evaluation and revision of the trust framework by simplifying the framework and by discussing the analysis and derivation of the framework sections. The tables of analysis have been shortened in this chapter, an overview of the comprehensive analysis can be found in Appendix F. To conclude, a summary of the holistic framework is provided and the consequences as well as recommendations are discussed.

5.1. Analysis and Revision of the Trust Framework

5.1.1. Simplification of the Theoretical Framework

The interviews revealed that all experts experienced the trust framework as very complex and theoretical. As a result, many of them had difficulties to directly apply the framework to the P2P insurance environment. Table 5 summarizes the main expert insights with some extracted quotes.

Table 5: Summarised Expert Insights about Theoretical Trust Framework

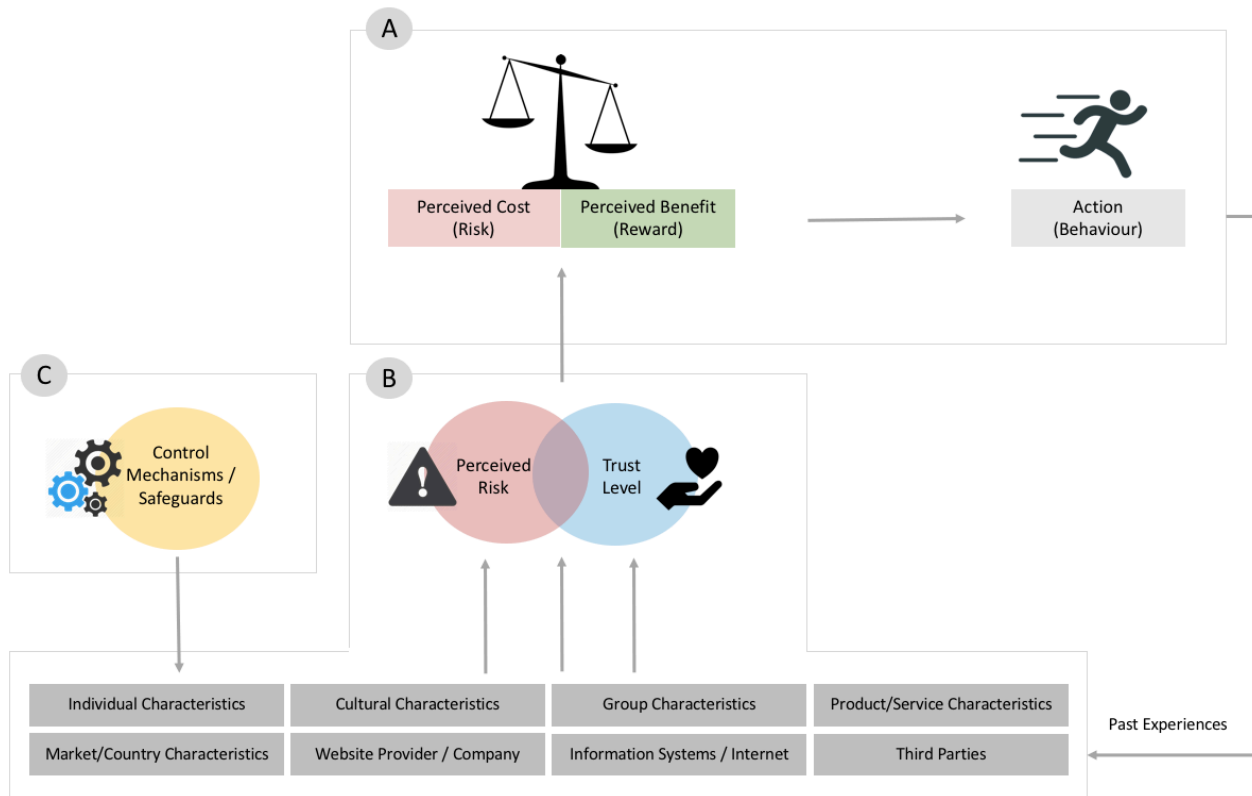
Key Expert Quotes
<ul style="list-style-type: none"> - "The part with the trust framework is very theoretical and maybe not directly applicable in practice, but there are some interesting facts. (...) Generally, I think it is quite a good summary and I do not have any specific add-ons. Although it's a bit too theoretical." (Häner, 8-10; 131-132) - "There's probably a little bit more that you could do around the perceived benefits. (...) And just visually, it's like a seesaw. So, you could actually have a visual of the seesaw illustrating risk versus benefit. And then that's going to impact on behaviour, isn't it? Maybe it is too complex, so it would be more like a matrix." (Terry, 167-177) - "You are mentioning all the factors as influencing the trust level, but do they not also influence the risk perception as well? It is a nice and detailed theoretical analysis of the different elements which can have an impact on trust." (Loaec, 224-226) - "The P2P network can influence group dynamics by creating the network and the social environment for these people. When you think about market dynamics and economics, I believe it is not possible to influence or control those factors. But many of the other external factors can be influenced by the provider, so it is possible to find a way of control there." (Rudd, 97-99) - "I looked through the model and I think it would be very interesting to see which of the factors are of a higher priority. For instance, when you look at the external factors, some of those will have a higher impact than others which are less important. (...) So, the only thing that I would do – I mean for me, the framework makes a lot of sense – I think on the left-hand side of the framework, where you have the external factors, I would love to see is a priority on those different factors. That helps to extract characteristics that are much more influential." (Rudd, 73-95) - "The model is quite complex (...) I believe that the external and internal factors are influencing trust as well as risk. And some of those factors, such as cultural characteristics can have a much higher impact than others." (Bohn, 46-55)

Based on the interview results, the existing theoretical framework has been revised and simplified in order to bring it closer to practice. Figure 16 illustrates the revised, streamlined trust framework. The following pages contain an in-depth analysis of the simplified framework

¹ In-text references for expert interviews are structured as follows: (Expert Name, line numbers). Transcripts can be found in the Appendix.

by discussing each section (A, B and C) in detail. Nevertheless, to enable an overall understanding, the main adjustments are shortly discussed in the following paragraphs.

Figure 16: Simplified Illustration of the Framework



Terry (167-177) emphasised that a clear visual illustration of the benefit and cost analysis on a P2P insurance platform and its impact on behaviour would facilitate the understanding of the framework. As a result, 'Section A' covers this process. Along the customer journey, a user repeatedly balances perceived benefits or rewards with perceived costs or risks. This process reiterates for all kinds of decisions (based on Bohn, 100-106; Häner, 115-119; Rudd; 37-43): Can I trust this brand? Should I buy this insurance product? Should I cooperate within a group? Should I pose small claims or are there negative group reactions? Etc.

When assessing the balance of perceived cost and benefit, a user is influenced by the individual degree of trust and perceived risk, which is visualized in 'Section B'. The analysis of the interview with Loaec (224-228) and Bohn (46-55) have shown that trust is directly intertwined with perceived risk. The higher the trust, the lower the perceived risk and vice versa. As a result, the factors in grey which influence the formation of trust also impact the perception of risk. Hence, it can be concluded that control mechanisms (Section C) can have a positive impact on trust as well as on risk, by either enhancing trust levels or reducing risk perceptions. Based on the theory of Salo and Karjaluoto (2007), the initial theoretical

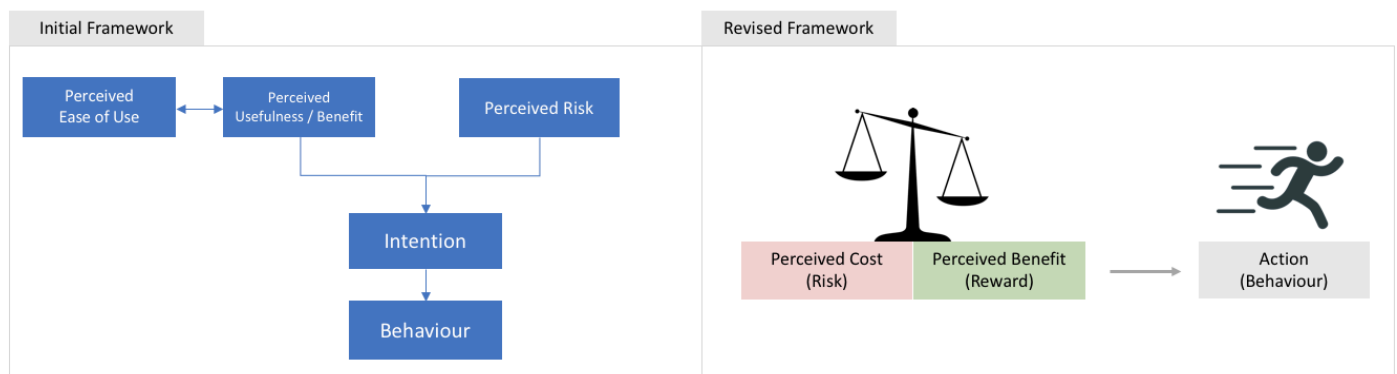
framework distinguished between internal and external characteristics because external factors are not directly related to the online service and difficult to control by the website provider. However, the interview with Rudd (97-99) revealed that P2P platform providers can govern many of the external factors, especially when it comes to group characteristics which contradicts the approach of Salo and Karjaluoto (2007). As a result, external and internal factors will not be differentiated anymore since both categories can be influenced by the provider through the implementation of control mechanisms. Furthermore, Rudd (73-95) proposed prioritising the factors according to their impact level to identify ‘high impact characteristics’. Thus, ‘Section B’ covers the derivation and prioritisation of high, medium and low impact characteristics.

5.1.2. Analysis and Derivation of Framework Sections

5.1.2.1. Section A: Perceived Benefit versus Perceived Costs

As suggested by Terry (167-177), the process of balancing perceived costs and benefits was put on the top of the framework. Figure 17 illustrates the adaptations compared to the initial model.

Figure 17: Framework Adjustments in Section A



Previous research has shown that the individual assessment of costs and benefits directly impacts resulting behaviour. If perceived benefits outweigh perceived costs, the user’s decision-making process is positively influenced (Kim, Ferrin and Rao, 2008). In the P2P context, this can be illustrated by a variety of decisions. For instance, a user who decides to purchase a product, to share information, to interact with group members, to cooperate in claims-handling and so on. Conversely, if costs outweigh benefits, the users’ intention to behave will be negatively affected and he might decide to quit the platform, to behave opportunistic, to distrust other members, to pose fraudulent claims, etc. (e.g. Bohn, 95-101; Häner, 102-110; Loaec, 158-168; Rudd, 40-44).

During the interviews, the experts were asked to name the main benefits and costs (or concerns) that a user might face when using a P2P insurance. The following benefits were continuously referred to throughout the interviews.

Key Benefits:

1. **Cost savings**
2. **Increased transparency**
3. **Sense of fairness (remove conflict of interests)**
4. New products and niche/ unconventional products
5. Extension of traditional insurance products
6. Group commitment / mutual risk sharing
7. Communication and interaction with peers
8. Customer involvement

Cost savings, increased transparency and sense of fairness are perceived as predominant² benefits by all experts, whereas the other five benefits highly depend on the orientation of the P2P model as well as on individual preferences. Generally, it can be stated that P2P models usually set their focus either on the product component or on the peer community. And depending on this orientation, the benefits listed in points 4-8 are differently weighted by the users. The following table provides an in-depth summary of the benefit analysis when using a P2P insurance platform. Each point is shortly explained and underlined by explanatory quotes.

Table 6: Perceived Benefits of P2P Insurance

Main Perceived Benefits
<p>1. Cost Savings</p> <p>On a P2P platform, users usually pay a similar premium amount like in traditional insurance with the option to get a monetary payback in the end of the insurance period if no or few claims are made in the group. Thus, the user usually ends up paying less than in traditional insurance. Moreover, some providers introduced customized pricing based on individual risk profiles which might allow cost savings.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "A huge benefit is – of course – the better price since you can save a part of your premium." (Häner, 54-55) - "So, the most simple and visible benefits is very often the amount of money that results for the user." (Loaec, 108-109) - "As a result, a customer will first consider the competitive price as main benefit." (Rudd, 33-34)
<p>2. Increased Transparency</p> <p>P2P platforms are perceived as very transparent since most of them enable users to get insights into the cost structure, claims history and processing (e.g. accepted and rejected claims), group information as well as transactions and pay-outs. Thus, users will have a better perception and understanding of the risks involved.</p> <p><u>Explanatory Quotes:</u></p>

² The weighting of statements considers the number of mentioning as well as the expressiveness or emphasis of individual statements.

- "We're extremely transparent, we detail on every single transaction that takes place on our site through the use of an in-house built ledger based on blockchain. (...) How many claims we face. What the pay-outs were and from which industries these pay-outs came from. So, we detailed it down and contribute it to every user on the platform." (Kee, 25-26; 92-95)
- "The strength we have is strong transparency. When someone is using our platform, he gets a lot of information and it's much more than any insurer will ever share with you." (Loaec, 133-134)

3. Create Sense of Fairness / Remove Conflict of Interests

Traditional insurance is characterized by a conflict of interest between insurers and customers. P2P insurance tries to remove this conflict by increasing a sense of fairness through mutual risk sharing in peer groups and by removing the potential for fraud and moral hazard.

Explanatory Quotes:

- "Insurance without any conflict, because we remove the conflict between the insurance company and the user." (Kee, 24-25)
- "You will behave better within such a group than, probably, in traditional insurance. (...) benefits are of course the minimization of fraud and moral hazard." (Häner, 58-59; 102)

4. New Products and Niche/Unconventional Products

Besides selling standard insurance products, P2P platforms started to adapt traditional products for pre-existing communities (e.g. Health Insurance for Sports Club or Travel Insurance for Caravan Clubs). Moreover, some providers are creating niche or unconventional products. This can be either by bundling customers with niche needs (e.g. special diseases) or by creating innovative products such as pet, divorce or child's missing insurance.

Explanatory Quotes:

- "What I also saw in practice, is the contracting of unconventional products. (...) So, that are products which are not covered by traditional insurers because of low demand or high risks." (Häner, 84-86)
- "That is one of our big differentiators compared to most other peer-to-peer insurance players: we search for new products. (...) We have been looking for niche social risks or all these types of issues which are basically ignored by insurers, or only partly covered by insurers." (Loaec, 82-88)

5. Extension of Traditional Insurance Product

Traditional insurance products are mainly used for risk protection by providing financial coverage. In contrast, some P2P insurance platforms are trying to extend the product by providing risk prevention measures (e.g. sharing knowledge to avoid risk) as well as by enabling users to provide damage-reducing solutions to their peers (e.g. repair damage at a lower cost).

Explanatory Quote:

- "Or by providing damage-reducing solutions from other group members. There are planned models where members can offer help or support in case of a damage. (...) So, group members would have the option to introduce damage-reducing measures." (Häner, 148-159)
- "So ultimately, insurance is moving to a risk reduction model. And you want take that, to give them the tools to help them." (Rudd, 132-134)

6. Group Commitment / Mutual Risk-Sharing

If the focus of a P2P insurance lies on the group component, users will benefit from social benefits and mutual risk-sharing since they are part of a community with like-minded people who have similar lifestyles, values and goals.

Explanatory Quotes:

- "A lot of people will join a community because it is their community and it feels good to be part of it. Just as much or even more than if you get financial rewards." (Rudd, 162-163)
- "And the benefit is to be among people that look like you or have the same passion or use of vehicles. Like the same lifestyle." (De Broglie, 39-40)

7. Communication / Interaction with Peers

The social constellation and group ties can be enhanced by providing space and tools where users can communicate and interact with each other. Especially for niche products, it might be perceived as beneficial to exchange experiences with other users.

Explanatory Quotes:

- "So, you got the ability for people to talk about what is going on. If it is Health Insurance, you want people to talk about how they feel. So, it is all about mutual interaction." (Rudd, 130-132)
- "In case that I purchase a niche product. Of course, in that situation it would make sense to connect via social media channels and to interact with other members. (...) share stories, etc." (Bohn, 123-129)

8. Customer Involvement

On some P2P platforms, customers can actively provide their opinion and feedback, participate in claims processing, setting up community rules or even initiate damage-reducing solutions.

Explanatory Quotes:

- "We give users the possibility to say "I don't think that is fair. Why don't we change it and campaign against that within our community?" (Loaec, 182-183)
- "The closest control that they can have is via this whistleblower button, in case they see a suspect claim that might be fraudulent, so that they can report it." (Kee, 309-311)

Similarly, the experts were asked to reflect on the costs or concerns of using a P2P insurance platform which are listed below.

Key Concerns:

- 1. Unfamiliarity with P2P insurance model or insurance product**
- 2. Concerns about trustworthiness of P2P provider**
- 3. Group concerns**
4. Uncertainty about payback and claims processing conditions
5. Uncertainty about calculation of risk profile
6. Estimation of required effort to use P2P insurance

Unfamiliarity with the P2P insurance model or product as well as concerns about the platform provider or the group are weighted as the strongest concerns. Often, users are confronted with a new concept offered by an unknown brand which raises a lot of questions. Moreover, if the P2P model is built around the peer community component, strong group concerns might evolve.

Although less predominant, the factors mentioned in 4-6 might intensify the perception of risks or costs. Research by Pavlou (2003) has revealed that the perceived usefulness (= benefit) of online transactions is directly related to the ease of using an online service (see chapter 2.4.3). The interviews confirmed this theoretical model. In general, P2P platforms enable users to have a fully digital experience which is easy to use. However, the experts mentioned that due to the novelty of the concept, the majority of customer might be rather concerned about the effort required to use a P2P insurance model than about the positive ease of using it. Table 7 summarizes the results of the cost analysis.

Table 7: Perceived Costs of Using P2P Insurance

Main Perceived Costs or Risks
<p>1. Unfamiliarity with P2P Insurance Model or Insurance Product</p> <p>P2P insurance is a new concept and different business models and product offerings exist. Thus, the high level of uncertainty might raise concerns and difficulties in understanding the product.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "When you buy this kind of insurance for the first time, you have many parts of the product that you don't understand." (Loaec, 259-266) - "So, they would think: "Most people on the world are purchasing traditional insurance products. If this P2P thing be so beneficial, why are there not more people buying it? What is the catch?" (Bohn, 101-103) - "Difficulty in understanding the P2P model." (Anderson, 13)
<p>2. Concerns about Trustworthiness of P2P Provider</p> <p>Since many P2P platforms are created by start-ups, users are often confronted with a new concept and an unknown brand which raises concerns about the trustworthiness of the provider. Brand reputation is critical in the insurance industry and will usually impact trust levels.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "Well, when you have a new model and a new brand name, obviously, that's a lot of new things at the same time." (Loaec, 131-147) - "Another important factor is brand reputation. (...) So, this is the challenge of brands, they really must compete against the bigger insurers, who can spend millions of millions to market their brands." (Rudd, 37-40)
<p>3. Group Concerns</p> <p>Joining a group of unknown people will raise concerns about how to trust them. Users usually want to know the rules for group joining and exclusion, the group history or past performance, the measures against fraudulent or uncooperative members and what personal data must be provided. Moreover, users want to know if the group is mainly regulated by the provider or if they are involved in rule setting and claims processing.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "If you join a group or put a group together, this is a very critical step that requires trust. Because I have to know that these are people that I can trust, also if I bring in new people." (Rudd, 289-291) - "And another concern that I had is, how do you connect those people? I am not sure if a person would join a community of strangers and how to trust them." (Häner, 121-122)
<p>4. Uncertainty about Payback and Claims Processing Conditions</p> <p>Due to the unfamiliarity with P2P insurance, users might want to clear up concerns about the payback in the end of the insurance period and about the claims processing conditions.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "So, basically, the community must pay smaller claims out of the group pool and only big damages will be paid by the reinsurer. So, it is difficult to estimate how much this will be. (Häner, 70-71) - "It is critical to give customers a fast, accurate and competitive quote. (...) To handle claims quickly and effectively." (Anderson, 60-61)
<p>5. Uncertainty about Calculation of Risk Profile</p> <p>There might be concerns about how individual risk profiles are calculated and if premiums could increase based on the individual risk assessment.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "For P2P – in particular – I think clearly there is a data part which is really critical in this. (...) For the risk profile or just to evaluate whether this person is a trustworthy kind of thing." (Terry, 320-323)
<p>6. Estimation of Required Effort to Use P2P Insurance</p> <p>Users usually want to know the required effort for information search and purchase of a new insurance product. There might concerns that using a P2P insurance requires more effort than traditional insurance.</p>

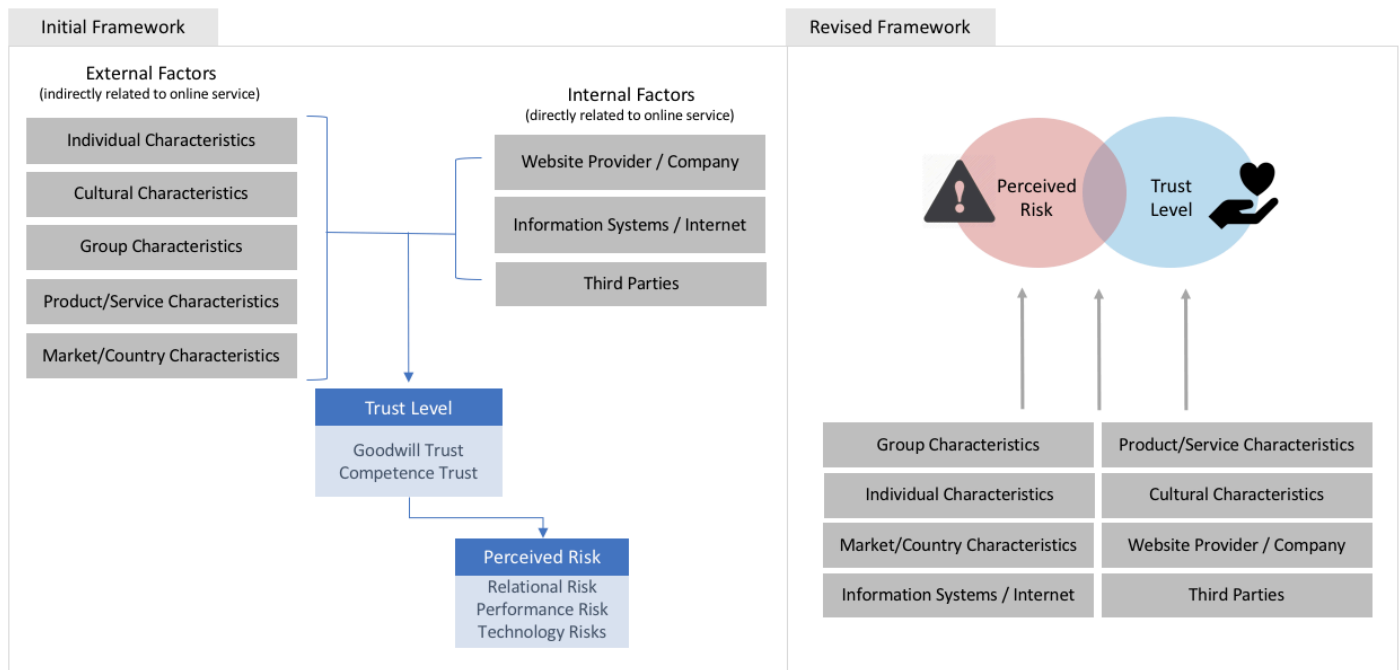
Explanatory Quotes:

- "People would usually undergo a conform decision-making approach. So, they would think: (...) Why – at least – did I not hear from this context before? How much time and effort does it cost to inform myself about the product?" (Bohn, 100-105)

5.1.2.2. Section B: Factors Influencing Formation of Trust and Perception of Risk

Figure 18 provides an overview of the framework adjustments in 'Section B'. As discussed in the beginning of this chapter, trust and perceived risk are directly intertwined and mutually influenced by the factors coloured in grey (Loaec, 224-228). Moreover, external and internal factors are not distinguished anymore (Rudd, 97-99).

Figure 18: Framework Adjustments in Section B



The expert interviews further revealed that a clear distinction between goodwill trust (associated to relational risk) and competence trust (associated to performance or technology-driven risk) is often not possible. The coding of the different dimensions has shown that in most cases, the transitions of the two trust dimensions are overlapping and highly dependent on individual perceptions (e.g. Häner, 138-161; Kee, 80-86, Rudd, 293-302; Terry, 320-326). Whilst one member might form trust towards other group members based on the principles of goodwill, others could also question the ability or expertise of peers. As a conclusion, the simplified framework does not distinguish between different types of trust and risk anymore since this individual differentiation does not impact how a provider sets up the P2P insurance platform.

As outlined in the methodology, the eight characteristics from the theoretical trust framework were defined as categories in the coding agenda. During the analytical process, they were extended with sub-categories which are referred to as 'attributes' in this paper. Each category attribute can influence a user's trust level or perception of risk on a P2P insurance platform. Based on the suggestion of Rudd (73-95), a prioritization of the eight factors into high, medium and low-impact characteristics was conducted which is discussed on the following pages. The prioritization is not based on a numerical value but on the systematical analysis and evaluation of the content. Overall, the findings have revealed that 'group and product/service characteristics' have the highest impact on trust formation or risk perception. The following attributes were identified for the two categories. An in-depth analysis with explanations of each attribute and quotes can be found in table 8.

Attributes 'Group Characteristics'

- Size of community
- Group orientation / purpose of the group
- Group formation / group types
- Group commitment / shared values
- Communication and interaction with group members
- Rules for group joining and exclusion or withdrawal

Attributes 'Product / Service Characteristics'

- Product price
- P2P insurance model and product choices
- Product types
- Customization
- Transparency of cost structure and claims handling
- Simplicity vs. complexity of product
- Product involvement and engagement

Similar to the perception of benefits and costs, the orientation or focus of a P2P business model is pivotal for the prioritization of the two categories. At one extreme, the P2P model might primary focus on the products that they are selling. For instance, if the platform offers new, niche or unconventional products and the peer group rather has the purpose of enabling economies of scale. In this case, users usually do not have a lot of exchange with other peer members and they are minimally affected by group characteristics (e.g. Kee, 258-267, Terry 100-104). At the other extreme, the focus of the platform is primarily around the community. An example could be the specific targeting of strong pre-existing groups (e.g. caravan clubs

or sports associations). In this case, P2P providers either adapt existing insurance products to the needs of pre-existing communities or they create specific products to serve unmet needs of a community (e.g. Häner, 224-232, Rudd, 139-163). Another example is the provision of insurance products to a group with similar values that is connected via the platform such as for special diseases or pet insurance (Bohn, 125-129). In both cases, members are likely to request for some degree of interaction and exchange with other group members. As a result, the influence of group attributes will be experienced stronger than product characteristics.

Table 8: Factors & Attributes with Highest Impact on Perception of Trust & Risk

Group Characteristics (TA-G)
<p>Size of Community</p> <p>The size of a peer-to-peer community can impact the trust level or perceived risk. Although, a small group with friends might be perceived as most trusted community solution, there is a consensus that it could become difficult to find enough members. In contrast, in a group with many anonymous members the proportional impact of fraudulent claims will be quite low and the risk is spread among many users (economies of scale). Therefore, a trusted group size might depend on individual preferences, the insurance products and the underlying P2P model.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "The bigger the group the higher the risk, but you have economies of scale." (Rudd, 356-357) - "If the community gets larger and larger, then there's probably more inclination to not have good behaviour. At least among some say you need more controls in place to make sure that it works appropriately." (Terry, 194-197)
<p>Purpose of the Group / Group Orientation</p> <p>The orientation or focus of P2P insurance platforms can differ substantially. Some platforms are mainly focusing on trusted communities based on shared values whereas others put the product at the core. If the product represents the core benefit of the P2P insurance platform, group characteristics might have minor impacts on trust formation. In that case, groups are mainly created based on standard product categories or risk profiles and members will have little confidence in or social ties with other group members.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "I think the most valuable aspect is probably going to be around, creating risk pools for people with like-minded characteristics. And then, have specialised solutions provided to them which they otherwise wouldn't be able to get." (Terry, 537-540) - "People are buying our product because (...) it's the product they care for and not really the group." (Kee, 317-320)
<p>Group Formation / Group Types</p> <p>The way how groups are formed will have a direct impact on trust and group commitment. In general, there are three ways of forming the group. Firstly, the users can create an own group with trusted friends – including the difficulty to find enough trusted members. Secondly, users can join an existing group of unknown people on the platform – often used for product-oriented groups with rather modest trust levels. Thirdly, the platform could target pre-existing communities such as caravan clubs or sports associations where the members already share a lifestyle or community feeling.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "We have in the UK some schemes that sell insurance to the caravan clubs. So, the caravan club is already there, with people owning caravans, they are enjoying this lifestyle – and the insurance is then adapted to them. (Rudd, 75-80) - "Of course, I trust my friends more. But then, I would have the effort to find enough members. So, probably I would prefer joining a pre-existing group." (Bohn, 108-111) - "Some start-ups formed different groups but we decided on one community. (...) Electrical vehicles drivers." (De Broglie, 24-28)

Group Commitment / Shared Values

If a group is founded based on mutual interest and shared values, a strong sense of membership and group identification will enhance trust levels. People will start to compete for their community, exchange with each other and even positively influence behaviour of other members.

Explanatory Quotes:

- "Because they are using the electronic vehicles they trust each other, like mutual interest since they have shared values or goals." (De Broglie, 196-198)
- "If you have people that like pet dogs and they come together on a platform, this social constellation is quite powerful and important." (Rudd, 82-86)

Communication and Interaction with Group Members

Some P2P insurance platforms engage members to interact with their peers, to share experiences or to provide feedback by offering community spaces (e.g. forums, chats, etc.). The motivation to communicate or interact with group members is perceived as higher in pre-existing communities or in groups formed around niche needs. In this case, the provider should provide a room for group interaction.

Explanatory Quotes:

- "Create an environment where they can be social together. You need to create the building tools (...) to actually have this community working." (Rudd, 109-111)
- "We have a lot of user interaction through social media groups. We initially had a small forum on our website. (...) But frankly said, the 90 percent of the user interaction is through social media groups." (Loaec, 254-256)

Rules for Group Joining and Exclusion or Withdrawal

Joining a group of unknown people will raise concerns about how to trust them. Users usually want to know the rules for group joining and exclusion, the group history or past performance, the measures against fraudulent or uncooperative members and what personal data must be provided. Moreover, users want to know if the group is mainly regulated by the provider or if they are involved in rule setting and claims processing.

Explanatory Quotes:

- "Who makes the choices about whether someone stays in the community or not?" (Rudd, 209-210)
- "We select a bit the people who are entering in the community. (...) So, we accept only good-rated members on our platform – which also gives some form of control to the existing members." (De Broglie, 205-213)

Product / Service Characteristics (TA-PS)

Product Price

The price of an insurance product is perceived as key driver during the purchase decision.

Explanatory Quotes:

- "Attempt to offer competitive prices to target segment." (Anderson, 21)
- "People tend to go directly to the cost side of the equation. (...) Make a purchase decision primarily on cost." (Terry, 45-46)
- "A huge benefit is – of course – the better price since you can save a part of your premium." (Häner, 54-55)

P2P Insurance Model and Product Choices

The P2P insurance business model as well as the provision of one product or product variations might influence customer beliefs.

Explanatory Quotes:

- "We believe that we have the best product solution and provide one product for this community." (De Broglie, 137-139)
- "If I am in a group and we have the possibility to purchase different products, that is great." (Rudd, 362-363)
- "Why would I have an annual policy in this model? Why don't I go to a monthly or pay-as-you-go approach?" (Rudd, 264-268)

Product Types

Broadly, it can be distinguished into standard insurance products and niche or unconventional products. Besides selling standard insurance products, P2P platforms started to adapt traditional products for pre-existing communities (e.g. Health Insurance for Sports Club, Travel Insurance for Caravan Club). In terms of niche products, some providers started to connect people with niche needs (e.g. special disease) in groups to negotiate better insurance premiums for the group members. Moreover, providers start to create unconventional innovative products for currently unserved markets such as pet insurance, divorce insurance, child's missing insurance, etc.

Explanatory Quotes:

- "What I also saw in practice, is the contracting of unconventional products. (...) That are products which are not covered by traditional insurers." (Häner, 84-86)
- "To some extent comes down to niche propositions, to get insurance that you otherwise wouldn't be able to get." (Terry, 100-104)
- "We have been looking for niche social risks or all these types of issues which are basically ignored by insurers." (Loaec, 87-89)

Customization

Some P2P providers offer the possibility that users can customize their premium by getting individual risk assessments or premium calculations.

Explanatory Quotes:

- "We aim to differentiate pricing based on the risk of our individuals. (...) On a month-to-month basis, depending on the risk profile of the particular industry and the job and the user's risk status." (Kee, 32-36; 133-136)
- "So, the risk-rating model could be much more based on a pay-as-you-go approach. So, maybe if someone change his behaviour and his risk profile, it makes more sense to charge on a monthly updated basis." (Rudd, 274-277)

Transparency of Cost Structure and Claims Handling

High transparency in cost structure, money payback and claims handling enhances the trust level of users. Users want to get information about how premiums are set up, which claims were accepted and rejected, how many members a community has, what potential payback they get, etc.

Explanatory Quotes:

- "The strength we have is strong transparency. When someone using our platform, he gets a lot of information. (...) About the health or about the developments of the community and its claims." (Loaec, 133-135)
- "Another big advantage is, of course, the increased transparency of costs. So, if there is a claim, it is quite easy to get insights about the damage." (Häner, 72-73)

Simplicity vs. Complexity of Product

Users usually show a higher willingness to trust when they purchase simple products. Therefore, entry barriers to inform oneself about a product and to complete a purchase should be reduced and simplified (e.g. well-structured product information, simple provision of basic data, etc.).

Explanatory Quotes:

- "What we also see out of the traditional insurance business, is that the provision of basic data should be very simple and not take too much effort." (Häner, 213-214)
- "Reduce the barriers to entry (...) The payments can be done on the basis of very little information. There is an account validation process, post-purchase, which allows us to ask for the additional information." (Loaec, 242-248; 333-348)

Product Involvement and Engagement

In some P2P communities, members can participate in claims processing and rules voting or even extend the initial product with additional services by providing risk-preventing measures (e.g. feedback, recommendations to change behaviours) or damage-reducing solutions (e.g. repair services, referral of local repair garage, etc.).

Explanatory Quotes:

- "There are planned models where members can offer help or support in case of a damage. Or where they can vote whether a claim is accepted or rejected, so they can provide inputs and feedback." (Häner, 148-157)
- "We have a model which allows the users (...) to recommend and to vote on change on the claim rules." (Loaec, 178-190)

- "You start getting insights into people's behaviour. (...) Insurance is moving to a risk reduction model." (Rudd, 129-134)

Cultural and individual characteristics were identified as medium-impact categories and can be broadly split into the following sub-categories.

Attributes 'Cultural Characteristics'

- Perception and need for insurance products
- Attitude towards insurance fraud
- Valuation of product characteristics
- Attitude towards innovation
- Attitude towards risk
- Group preferences and dynamics

Attributes 'Individual Characteristics'

- Propensity to trust & preference for engagement
- Age group and gender
- Cognitive decision making process

The two categories are closely allied since culture may constitute a major part of personality. Generally, it can be stated that both are important since they impact how people perceive trust and risk (Bohn, 46-84). However, individual characteristics are usually more difficult to control by a platform provider whereas it can be responded to cultural preferences by adapting the platform environment accordingly (e.g. Häner, 245-251; Kee, 105-11).

Table 9: Factors & Attributes with Medium Impact on Perception of Trust & Risk

Cultural Characteristics (TA-C)	
Perception and Need for Insurance Products	
Depending on the cultural background, users can have different perceptions, preferences and needs for insurance products. For instance, the need for child missing insurance in China or unemployment insurance in Singapore.	
<u>Explanatory Quotes:</u>	
<ul style="list-style-type: none"> - "There would be differences within markets as well, in terms of how people perceive insurance." (Terry, 559-561) - "I believe that the needs or preferences for insurance products might vary in different countries." (Häner, 315-317) - "In Europe (...) the product mix and the comprehension of the insurance market is significantly different." (Kee, 105-107) 	
Attitude towards Insurance Fraud	
The perception or attitude towards insurance fraud can vary significantly in different cultures. Some cultures show more acceptance or tolerance towards fraudulent claims or abuse of the system and often less control mechanisms are present.	
<u>Explanatory Quotes:</u>	
<ul style="list-style-type: none"> - "Whether they think it's acceptable or not to make fraudulent claims. (...) There's probably no doubt that in some markets there are more levels of fraud and abuse." (Terry, 560-581) 	

Valuation of Product Characteristics

Product characteristics such as price, product information, product engagement/involvement, product distribution or the required disclosure of customer information might be valued differently in different cultures.

Explanatory Quotes:

- "In France, users felt that they were asked too many questions (...) and we actually had to reduce the amount of questions. (...) But when we took this model to Germany (...) they thought the products are of bad quality as there are only so few questions. (...) So, we had to introduce more questions." (Rudd, 58-68)
- "It is always worth considering how local people currently interact with standard insurance products before asking them to participate in a P2P programme." (Anderson, 27-29)

Attitude towards Innovation

Some cultures show a higher tolerance/acceptance towards innovations or unknown situations, which might directly impact their attitude towards new P2P insurance concepts.

Explanatory Quotes:

- "If a person generally feels uncomfortable towards new or unknown situations, it will have a high impact when considering if the person even wants to try a peer-to-peer insurance or rather not." (Bohn, 54-58)
- "Asia does appear to be a little bit (...) more open. (...) Whereas perhaps in other markets, people are still quite used to face-to-face methods of buying insurance at this point in time." (Terry, 605-608)

Attitude towards Risk

Cultures often show different attitudes towards the perception of risk. Whilst some cultures show a high willingness of taking risks, others might be characterized as rather risk-averse.

Explanatory Quotes:

- "Swiss people are quite risk affine and in Germany many people kind of have an aversive attitude towards insurance carriers. So, you have to target them differently or build and market products differently." (Häner, 317-321)

Group Preferences and Dynamics

Users from different cultural backgrounds could show varying preferences for group sizes and group formation types.

Explanatory Quotes:

- "Cultural reference is massively since this is not only about insurers but more about groups and culture. (...) The whole social contract and the related behavioural piece is massively important." (Rudd, 56-58)
- "The China of today is not an environment where there is a very high confidence in the in the society." (Loaec, 199-206)

Individual Characteristics (TA-I)

Propensity to Trust & Preference for Engagement

To some degree, every user has individual attitudes, beliefs and preferences when it comes to the formation of trust, perception of risk and the usage or engagement with products.

Explanatory Quotes:

- "If I have random strangers and no idea if they are socially similar to me (...) it is hard to build trust." (Rudd, 328-330)
- "I am not sure if consumers really want to be involved that much and take over parts in claims processing." (Häner, 107-110)

Age Group & Gender

The impact of age and gender on the formation of trust towards P2P insurance platforms cannot be generalized and is dependent on situational factors (e.g. customer groups, product types, etc.)

Explanatory Quotes:

- "People from my generation are often bothered to communicate with their insurance carrier." (Häner, 80-82)
- "One could believe that younger people are more open (...) but in our case, it's the difference." (De Broglie, 189-192)
- "This may come down to an age thing. (...) The younger generations are much more used to work in a flexible environment across boundaries. So, this concept will be age specific." (Rudd, 374-378)

Cognitive Decision-Making Process

Out of cognitive psychology it can be stated that users undergo a conform decision-making process when buying new or unknown products and there might be differences in the individual judgment of perceived costs and benefits.

Explanatory Quotes:

- "There is this paradox of choice in cognitive psychology which considers phenomena of decisions. If someone purchases a P2P insurance, he will be happy with it in the very beginning because usually individuals are balancing costs and benefits which justifies the purchase decision." (Bohn, 137-140)

The following four categories and their attributes were identified as lower impact factors:

Attributes 'Provider / Company Characteristics'

- Trustworthiness of provider / brand reputation

Attributes 'Third Party Characteristics'

- Visibility and brand awareness

Attributes 'Information Systems / Internet Characteristics'

- Usefulness of implementing technologies
- Ease of use & option to test the service

Attributes 'Country / Market Characteristics'

- Laws and regulations
- Market environment / trends / competitors
- Conflict of interest / unattractive industry
- Pre-existing communities in the market

The reasons for this categorization are on the one hand, that they were mentioned less frequently and on the other hand that most of them can be mitigated by implementing simple control mechanisms. For instance, the trustworthiness of the provider was mentioned as a key concern in 'Section A'. However, the results have shown that collaboration with popular, well-known third party brands usually dissolve this concern. Similarly, the usefulness of implementing technologies and the ease of using them lie directly within the providers' area of responsibility. By implementing options to test the service, concerns will be mainly removed.

An exception are country or market characteristics since they are not directly governable. Nevertheless, the provider can use insights of competitor or market analyses to identify strengths and opportunities and when setting up the P2P model. In this context, De Broglie (78-90) and Rudd (58-68) highlight the importance of observing market trends and providing

offers for region-specific communities. Table 10 provides insights into the analysis of each attribute.

Table 10: Factors & Attributes with Lower Impact on Perception of Trust & Risk

Provider / Company Characteristics (TA-PC)
<p>Trustworthiness of Provider / Brand Reputation</p> <p>The trustworthiness of a provider is often associated with the brand reputation. Since most P2P insurance providers are start-ups, they must find other ways to compete with popular brands and to convince customers that they are trustworthy.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "When you have a new model and a new brand name, obviously, that's a lot of new things at the same time." (Loaec, 131-132) - "For us, the trust comes from the reputation within the ecosystem." (De Broglie, 195-197) - "There is also the question of trust. The brand of a company is very important which can be an advantage for popular brands or disadvantage for new players. (Häner, 86-88; 208-211)
Third Party Characteristics (TA-TP)
<p>Increase Visibility and Brand Awareness</p> <p>The collaboration with third parties on the platform will directly impact how users perceive the website. Popular, reputable brands will increase trust whereas controversial third parties might strengthen concerns.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "I would say that our trust depends a lot on word of mouth, visibility, associations, partners, etc." (De Broglie, 195-196) - "Use an in-country reinsurer or a local carrier who is emotionally taking the risk." (Terry, 617-618) - "In Switzerland, people are quite risk affine so that they prefer to have a popular brand which they know. (...) Clearly indicate which existing, well-known brands are partnering with or supporting a P2P platform" (Häner, 88-91; 208-211)
Information Systems / Internet Characteristics (TA-IS)
<p>Usefulness of Implementing Technologies</p> <p>P2P insurance can be set up in very different ways by providing different products and targeting different customer groups. Depending on the P2P concept, the usefulness of implementing information technologies should be considered.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "Blockchain is still too new to implement it in our service. Maybe in a few years this will change." (De Broglie, 163-165) - "Mostly older people than the average purchase electric cars. That's also a reason why we are using the post way for claims processing, to remove the issues towards technologies or the use of the internet in general." (De Broglie, 192-193)
<p>Ease of Use & Option to Test the Service</p> <p>The ease of using a technology or system and the option to test the service will directly impact trust and perceived risk.</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "If a user would have an option to test this service, it could be quite useful." (Bohn, 133-134) - "I guess that whole network thing is around how comfortable people are with performing transactions online." (Terry, 603-604)
Country / Market Characteristics (TA-CM)
<p>Laws and Regulations</p> <p>Generally, the insurance industry is perceived as a very conservative and regulated market, facing a variety of national jurisdictions. Innovative insurance concepts and business models could be perceived as more flexible and agile but they also must comply with regional regulations</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "Insurance products are commonly very different between regulatory jurisdictions." (Anderson, 27-28) - "And an industry which is at the same time very big but also quite conservative. (...) Everything is very regulated and is on the conservative side." (Loaec, 35-38)

Market Environment /Trends / Competitors

Different markets might show different trends and competitors which will influence how a P2P insurance is set up and perceived by customers.

Explanatory Quotes:

- "I'm currently building a pilot of the model for the European market. I will continue to push the same idea but maybe I will do a bit more partnering with existing insurance players whereas in China we mostly did it on a set alone basis." (Loaec, 98-101)
- "In Europe most of the P2P insurance do it with an insurer. (...) They are like a broker (...) and they set aside an amount that can be paid to users. However, when we studied the landscape (...) it's significantly different in South East Asia." (Kee, 69-74)
- "In China, micro-insurance seems to be a big thing with PingAn, TongJuBao or stuff like this. So, I think, insurance is highly unscalable if you use the same models." (Kee, 105-117)

Conflict of Interest / Unattractive Industry

Usually, the insurance industry is perceived as rather unattractive with a prevailing conflict of interests between insurers and customer. By removing this issue, trust and a sense of fairness will be formed.

Explanatory Quotes:

- "Insurance is not an attractive product for customers, they are usually not actively searching. Even if you provide the best insurance solution, you must push it towards them." (De Broglie, 147-150)
- "This allows users to enjoy two things: Insurance without any conflict, because we remove the conflict between the insurance company and the user." (Kee, 22-24)

Pre-existing communities in the market

Depending on the market or region, different unserved communities might exist. A P2P insurance must identify and target pre-existing communities within the market and estimate the growth rates.

Explanatory Quotes:

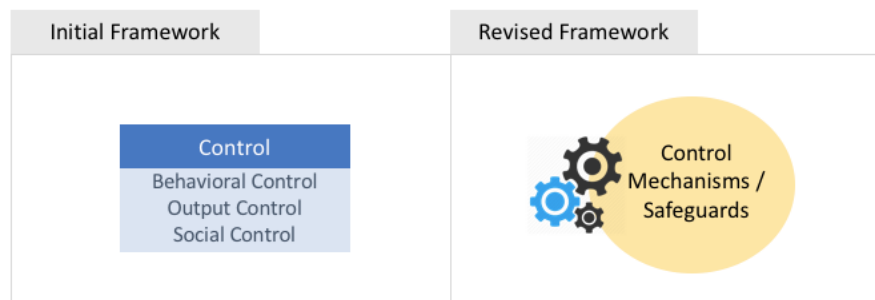
- "In France, there is not yet a mainstream market for electric vehicles. The current providers are still pioneers and there is still this feeling of community base. (...) It could be that if we plan to extend to Spain or Italy, they do not have the same understanding of electric vehicles. And if there is not a community, it would not make sense. So, we would probably do something different." (De Broglie, 78-90)

To sum up, it can be stated that a broad prioritization of the eight categories can be made as discussed above. Nevertheless, the categorization might slightly differ depending on the specific context. Moreover, it can be stated, that some attributes are overlapping and can be directly linked as illustrated with the example of third parties and the trustworthiness of the provider.

5.1.2.3. Section C: The Integration of Control Mechanisms / Safeguards

As illustrated in figure 19, minor adjustments were made in 'Section C'. Generally, it can be stated that a platform provider can positively influence the eight characteristics and their attributes (discussed in section B) by implementing appropriate tools and technologies. They serve as control mechanisms or safeguards by either enhancing trust levels or reducing risk perceptions.

Figure 19: Framework Adjustments in Section C



Based on the literature findings in chapter 2.4, the initial framework distinguished between behavioural, output and social control. However, the interviews have shown that a clear distinction of formal (behavioural or output) and informal (social or clan) control mechanisms proves to be difficult. For instance, the integration of social media channels could either pursue formal purposes by allowing user authentication and better risk profile calculations or it could be used to connect members with similar values and to strengthen group interaction (e.g. Bohn, 123-129; Häner, 142-145). As a result, no differentiation is made in the simplified framework. Nevertheless, a platform provider should be aware about the underlying psychological implications. The interview with Bohn (60-75), a psychologist, revealed that control mechanisms might stimulate intrinsic or extrinsic motivations and that especially group characteristics can often be triggered more intensely through intrinsic motivators which is illustrated through the following statement: “The fear of social sanctions or the social pressure will prevent members from acting dishonest. (...) Of course, you could implement clear rules and guidelines of how to behave and interact within a group. However, the problem with formal regulations is often that they are less strong. So, in case that someone neglects regulations, he will probably be charged a monetary fee as a sanction. Which is less efficient” (Bohn, 67-72).

The following control mechanisms were identified. An in-depth analysis which defines the purposes or targets of each mechanism, possible tools for implementation and explanatory quotes can be found in table 11.

Control Mechanisms

- User authentication mechanisms
- Hotline, tutorials, fact sheets, videos
- Guided chats, chatbots
- Integration of social media channels
- Contract specifications, rules, regulations, code of conduct

- Reporting tools
- Incentives, rewards, sanctions
- Testing tools
- Feedback management systems
- Trust evaluation models
- Integration of sensors, trackers, devices, apps
- Data analytics
- Social tools
- Third party integration
- General measures / safeguards

Table 11: Tools & Technologies to Increase Trust or Reduce Perceived Risk

User Authentication Mechanisms
<p><u>Purpose:</u> verification of members, minimization of risks, data generation</p> <p><u>Possible Tools:</u> identity card upload, data disclosure, electronic signature, access to social media channels or other data sources</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "To verify users, we will ask them for the ID and the actual retrenchment letter." (Kee, 246-251) - "If someone accepts a contract, he must sign it with (...) an electronic signature. (...) Upload an identity card to minimize fraud risk and identify the person. (...) Access the P2P platform via social media channels." (Häner, 140-145)
Provision of Hotlines, Tutorials, Fact Sheets, Videos
<p><u>Purpose:</u> supporting material to reduce uncertainty and to inform about P2P model and corresponding products</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "It is quite similar like in ecommerce and you can adapt all the existing tools for P2P insurance platforms (...) I mean there are many existing tools like chatbots, tutorial, videos, fact sheets, hotlines, etc." (Häner, 238-242)
Guided Chats / Chatbots
<p><u>Purpose:</u> targeted customer support along the customer journey steps</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "Kind of a guided dialogue where the chat bot guides the interaction by providing different possible answers or questions. (...) Or that a chat window opens and asks if the customer needs support." (Häner, 242-251)
Integration of Social Media Channels
<p><u>Purposes:</u> user verification, capturing and sharing of data sharing, improved individual risk profile assessment, analysis of user behaviour, customization of products, group forming via social media, user interaction through social media ecosystem, strengthening of group ties and social values, improvement of claims handling, reduction of fraud rates, market P2P platform via social media recommendations</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "You will access the P2P platform via social media channels which kind of authenticates your identity." (Häner, 142-145) - "For income protection, we look at your profiles at Facebook, at your job titles (...) where you come from." (Kee, 133-136) - "It would make sense to connect via social media channels and to interact with other members." (Bohn, 123-129) - "We have a lot of user interaction through social media groups." (Loaec, 254-259)

Contract Specifications, Rules, Regulations, Code of Conduct

Purpose: enhance sense of security by providing rules for group joining / in-group behaviour / group exclusion / data disclosure / claims processing, etc.

Possible Tools: group forming based on similar risk profiles, selection of group members by provider, guidelines for claims acceptance and rejection

Explanatory Quotes

- "We accept only good-rated members on our platform – which also gives some form of control to the existing members since they know that everyone has to undergo this process." (De Broglie, 205-222)
- "We set the rules. (...) Make sure that they are fair. (...) And we adapt them to industry standards." (Kee, 177-180)
- "I would like a contract and that I can easily access what is included or excluded from the contract." (Bohn, 121-122)

Reporting Tools

Purpose: increase transparency, provide information about past history and transactions (e.g. amount of members, amount of claims, etc.), inform about risk-sharing model, display of user balance and cost structure (e.g. calculation of money-back incentive, fund keeping)

Possible Tools: reports, dashboards, user balances, information displays, use of ledgers (blockchain technology)

Explanatory Quotes:

- "We try to provide two elements of transparency to build trust. (...) Dashboard and reporting. (...) Allowing the user to build an experience curve." (Loaec, 133-135; 259-263)
- "We're extremely transparent, we detail on every single transaction that takes place on our site, through the use of an in-house built ledger based on blockchain." (Kee, 25-26)

Incentives, Rewards and Sanctions

Purpose: motivate customers intrinsically and extrinsically, enhance good behavior, minimize risks, minimize fraudulent behavior, foster interaction and participation through gamification, put sanctions in place

Explanatory Quotes:

- "The incentives – some of them are self-motivating. (...) And there is also the option to reward people with points and stuff, so this is rather financially." (Rudd, 145-152)
- "It really comes down to what sanctions you have for someone who makes a fraudulent claim. This is probably the most important thing." (Terry, 387-390)

Testing Tools / Options to Test the Platform or Products

Purpose: minimize uncertainty and concerns towards new insurance model and products

Explanatory Quotes:

- "I think many of the concerns a user might have could be absorbed easily in the beginning. If they do not really trust in the system or that they really get a payback. You could work against this by implementing shorter periods – so, that users can 'test' the service." (Bohn, 157-159)
- "Allow customers to interrogate the quality of the insurance cover before purchase." (Anderson, 22)

Feedback Management Systems

Purpose: customer involvement in rules setting (e.g. for group joining or exclusion, claims processing, etc.), enhance transparency, improve services based on customer feedback, customization, minimize concerns, option to complain or protest

Possible Tools: user voting tools, feedback forms and surveys, whistle-blower mechanism

Explanatory Quotes:

- "We have a model which allows the users (...) to recommend and to vote on change of the claim rules." (Loaec, 177-179)
- "Implement rating systems during claims processing or the option that users can provide feedback and insights, this would further minimize the concern for fraudulent behaviour." (Bohn, 160-163)
- "We have a whistle-blower mechanism. (...) So, you have the possibility to voice your protest." (Kee, 220-222)

Trust Evaluation Models / User Rating Systems

Purpose: enhance transparency and visibility, remove group concerns, enable formation of trust towards unknown group members, identification of trustworthy and honest people, reinforce positive behaviour, minimize negative / opportunistic behaviour

Tools: trustworthiness scores or profiles (e.g. on blockchain or public domains), trust ratings and rankings, ratings of a user's behaviour or claims history

Explanatory Quotes:

- "This company called Traity (...) when you go on there (...) you've got a trustworthiness score. And one could argue that this is the currency in a P2P model." (Terry, 206-226)
- "There must be some kinds of safeguards. Like an integrated rating system or something to form trust. So, you could rate people or there would be a scoring system indicating the risk profile, claims history, etc." (Häner, 121-125)

Integration of Sensors, Trackers, Devices, Apps

Purpose: capturing data, enhance positive behaviour, influence behaviour by providing support and suggestions, reduce and prevent risks, customization, individual pricing

Possible Tools: fitness trackers, apps, sensors, telematics, etc.

Explanatory Quotes:

- "Research has shown that your risk of getting ill or getting a disease will be reduced by using an app." (Häner, 267-285)
- "It's sharing your data to get a better price or maybe access to a tool that gives you advice on how to be a better driver. (...) So, you get a double benefit since you get lower premiums as well." (Terry, 405-409)

Data Analytics

Purposes: customization, differentiation in pricing, calculation and assessment of risk profiles, individual coverages, flexible risk-rating, reduction of insurance fraud, analysis of customer behaviour, group forming

Possible Tools: individual risk scores (e.g. on monthly basis), fraud models and scores, social media analytics for group forming, etc.

Explanatory Quotes:

- "We look at your profiles at Facebook, at your job titles, industries or where you come from." (Kee, 133-136)
- "Most of the data that we are using are models and scores which allow us to validate the risk of fraud. Based on the individual customer profile, behavioural information and the overall behaviour within the community we use data analytics." (Loaec, 310-316)
- "They use analytics to identify to which group a new customer might belong." (Rudd, 82-87)

Social Tools / Room for Interaction

Purpose: create a room where users can socially interact and exchange experiences, strengthen group ties and shared values, provide risk prevention measures or damage-reducing solutions, influence behaviour of other members, moderating the community, create new products based on social insights

Possible Tools: social networks, forums, chats, etc.

Explanatory Quotes:

- "Create an environment where they can be social together. You need to create the building tools (...) to actually have this community working. (...) P2P is about who is motivating the community to share opinions which will also need some degree of moderation." (Rudd, 109-119; 309-311)
- "The option to exchange with existing members or customers. So, that they can share their experiences." (Bohn, 176-177)

Third Party Integration

Purpose: reduce uncertainty and risks, use popular brands to increase trustworthiness of platform provider, better targeting of customers

Explanatory Quotes:

- "For distribution, it is always an advantage if you cooperate with other organisations." (Häner, 226-231)

- "People want to be assured that they get paid. (...) Since our product is backed by an insurance company there is no risk. We are able to reinsure them." (De Broglie, 55-57)
General Measures and Safeguards
<p><u>Purpose:</u> communication tone, streamline steps along customer journey, reduce efforts for information search, target pre-existing communities, clearly communicate the benefits,</p> <p><u>Explanatory Quotes:</u></p> <ul style="list-style-type: none"> - "The company must consider the method and tone it chooses to communicate with customers – technology is simply and enabler of this." (Anderson, 79-80) - "The biggest impact for us was to be able to reduce the barriers to entry." (Loaec, 243-245) - "The provision of basic data should be very simple and not take too much effort." (Häner, 213-215)

5.1.2.4. Critical Stages on the Platform

During the interviews, experts were also asked if there are any critical stages or situations on the P2P insurance platform which would require particular high levels of trust, low levels of risk or some form of control. The majority emphasised the following four areas which are summarized in table 12:

- Information search
- Provision of basic data
- Group forming
- Claims processing

Table 12: Critical Stages on P2P Insurance Platforms

Information Search
<p>The process of creating awareness of a brand or platform and searching for information is critical. Customers need to become aware of the products and to find information easily via a variety of channels.</p> <p><u>Explanatory Quotes</u></p> <ul style="list-style-type: none"> - "I think information search can be quite critical. Out of research and reports, many people are searching on the Google Search function and the whole Google AdWords topic can get quite expensive for a young start-up." (Häner, 206-208) - "For me, the most critical steps are the first two. Like visibility and conversion. The rest is easy. After acquisition in insurance you need to push your product. It's your ability to increase visibility. Insurance is not an attractive product for customers, they are usually not actively searching. So, even if you provide the best insurance solution, you must push it towards them. Any additional argument, like P2P, the money payback, etc. should be used in order to better push your product." (De Broglie, 145-150) - "If I would be the user, I think one critical step would already be in the beginning of the journey. (...) I think this can be directly related to cognitive psychology – so, it is about how do individuals undergo decision-making. P2P insurance is something new and only few people are buying it, so, people would usually undergo a conform decision-making approach. So, they would think: "Most people on the world are purchasing traditional insurance products. If this P2P thing be so beneficial, why are there not more people buying it? What is the catch? Or why – at least – did I not hear from this context before?" (Bohn, 95-104)
Provision of Basic Data
<p>The provision of data for quote calculation and group matching should be kept as simple as possible and not take too much effort.</p> <p><u>Explanatory Quotes</u></p>

- "What we also see out of the traditional insurance business, is that the provision of basic data should be very simple and not take too much effort. There is also the option to connect via social media channels, which reduces the need of implementing some of the basic data." (Häner, 213-215)
- "We have decided to push only what we call the massive open-online communities. Which are large communities with very little discriminations at the time of joining and associate it with a model of on-boarding, where the initial subscription requires very little information. (Loaec, 343-346)
- "What is critical are the steps between the decision for the product and the premium payments. In our case, the fewer steps, the better. (...) The initial subscription requires very little information. The payments can be done on the basis of very little information. There is an account validation process, post-purchase, which allows us to ask for the additional information." (Loaec, 500-501; 346-347)

Group Forming

Depending on the model, the user has the option to choose a group formation or he will be instantly matched with a group. This stage can be critical from a user perspective because of trust issues.

Explanatory Quotes

- "When considering the group forming, I have some doubts as I already told you. I am not sure if you can form a group with friends – which would be great since you trust them – but it's difficult that the group gets big enough. And build a new community with strangers ... I am also not sure about that, if it really works and you will trust them." (Häner, 219-222)
- "I think if the model is that I am going to form my own group, I acutally don't believe that group will form spontaneously. So, I believe you will not form your own group but that it is rather about pre-existing groups. If you join a group or put a group together, this is a very critical step that requires trust." (Rudd, 287-290)
- "For P2P, in particular, I think clearly there is a data part which is really critical in this. That comes down to how you going to assess whether that individual is right for the group or which group I should in fact belong to?" (Terry, 320-322)
- "Then group formation could be a critical step. And it is difficult to say if I would prefer to set up a group with friends or with strangers. Of course, I trust my friends more. But then, I would have the effort to find enough members. So, probably I would prefer joining a pre-existing group." (Bohn, 108-111)

Claims Processing

All activities related to claims handling and processing during the insurance period (e.g. investigation, remittance or denial, reimbursement) are of high importance. Failures might result in contract termination.

Explanatory Quotes

- "And the other critical one is around claims and the whole claims experience. I mean if you buy an insurance, all comes down to this claims experience. If the claims experience is poor – I mean however it works in terms of the peer group paying out or the reinsurer stepping in in terms of a major loss – this is really critical." (Rudd, 292-295)
- "For P2P, in particular, I think clearly there is a data part which is really critical in this. (...) For the risk profile or just to evaluate whether this person is a trustworthy kind of thing." (Terry, 320-323)
- "I think we are trying to showcase a high level of trust within the customer journey, because we showed the customer at any point in time how the funds collected have been used. How the funds collected still stay in their account, how much they have. And we break down exactly how the premiums are calculated." (Kee, 296-299)
- "Usually, the first period of the insurance completion is resolving the issue of trust because there is all this information and there is the money back at the end of the year. And when you reach the end of the period – the end of the year, if it is a yearly contract – people get money back and then the trust issue has totally disappeared." (Loaec, 137-140)

5.2. Summary, Consequences and Recommendations

Figure 20 on page 78 provides a holistic summary of the findings and the revised trust framework. Overall, the model outlines the correlation between the decision-making process and the underlying trust levels or risk perceptions. Moreover, it illustrates influencing characteristics and attributes as well as how they can be influenced or governed by a variety of tools and technologies. Therefore, the tool answers the grand tour question:

How does the perception of trust, risk and control on a P2P insurance platform impact behaviour?

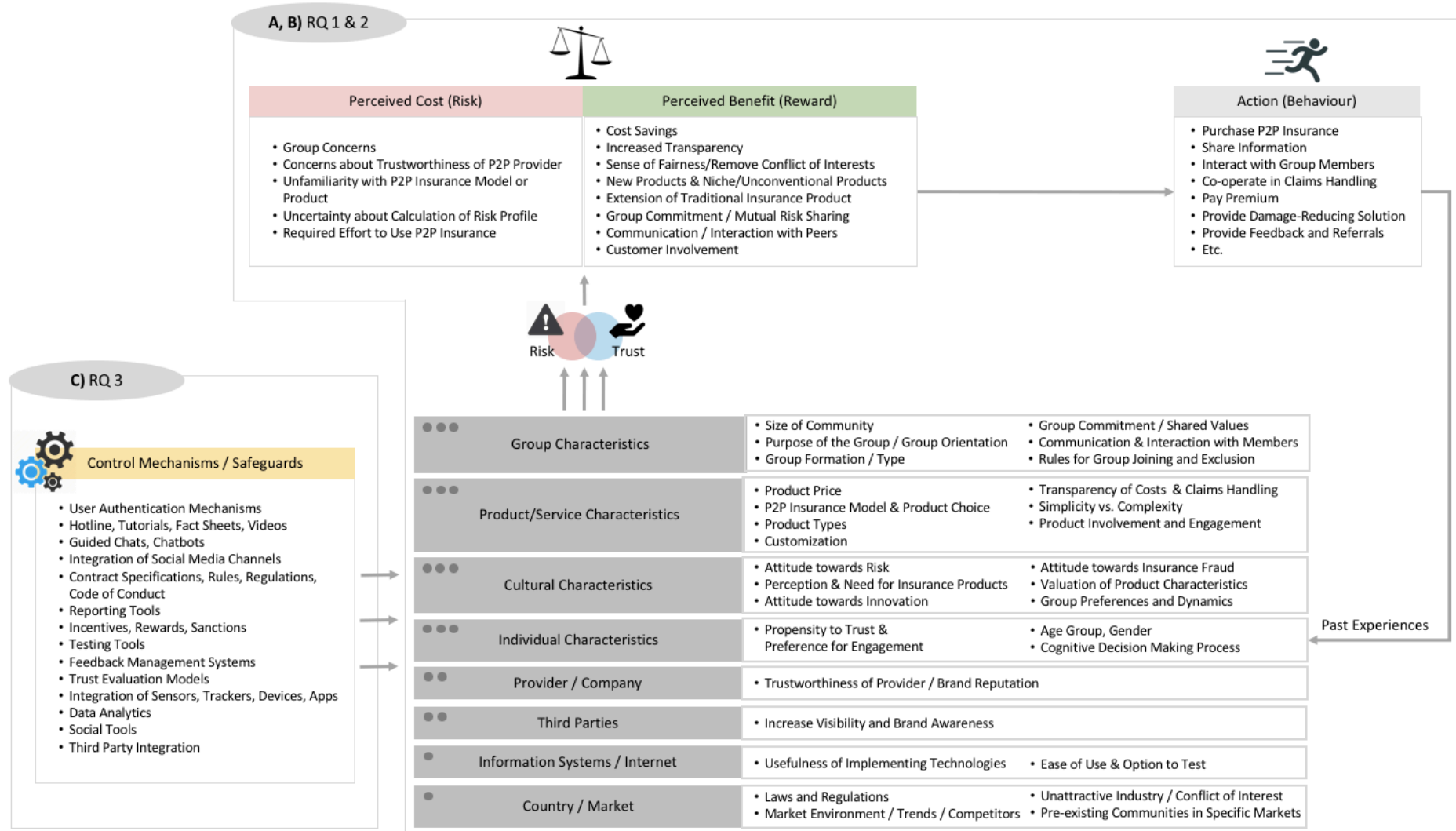
With respect to the research questions of this paper, it can be stated that 'Sections A and B' cover the first two research questions by outlining the characteristics and attributes that influence individuals in their decision-making process and their resulting behaviour on the platform. It is important to consider that past experiences might impact the perception of all characteristics. Therefore, the model is illustrated as a kind of cycle.

Cultural differences are highlighted in the category 'cultural characteristics'. However, since the expert interviews mainly cover the perspective of the supply side, a cultural user survey was conducted to identify insights from the user perspective. The results are discussed in chapter 6. The analysis of 'Section C' provides answers to research question three by outlining different tools and technologies that can be implemented on a P2P insurance platform.

Overall, the universal framework serves as reference point for P2P insurance providers when developing a platform environment that positively influences user behaviour. Nevertheless, it must be considered that the framework is built as an overall generic solution. The model might help to enhance the understanding of a user's behaviour on the platform but it must be aligned or extended when using it for specific P2P insurance models/cases. With regard to the prioritization of characteristics that influence trust and risk, not all P2P models have a clear strategic orientation towards product or group component. Many providers reflect hybrid forms and are positioned somewhere in-between. As a result, it is difficult to rate the impact of different category attributes on a general level. From a strategic perspective, it is recommended defining the orientation of the P2P model and its products. This facilitates the determination of main benefits and costs as well as the prioritization of influencing characteristics and attributes. Moreover, it allows a better assessment of the required control mechanisms.

The analysis of the expert interviews allowed to identify four critical steps during the process of purchasing a P2P insurance and becoming part of a community. It is suggested that P2P providers take particular notice of those stages when setting up the platform environment by providing appropriate control mechanisms. Moreover, it could be of interest to apply the framework along the P2P insurance customer journey to better identify critical steps and appropriate measures.

Figure 20: Summary of Holistic Trust Framework



6. Evaluation of Cultural User Survey & Consequences

The first part of this chapter covers the analysis and evaluation of the cultural user survey whereas the second part discusses the consequences for the trust framework and outline recommendations. The in-depth analysis of the results can be found in Appendix G.

6.1. Analysis and Evaluation

The constellation of the user groups for the cultural user survey was based on Hofstede's two dimensions and included participants from the countries outlined in table 13.

Table 13: Cultural User Groups

User Group 1 Individualistic Low Uncertainty Avoidance	User Group 2 Collectivistic High Uncertainty Avoidance
Switzerland (2) UK (5) Canada (3) Ireland (3) South Africa (6) Australia (5) USA (2) Total: 26	Japan (3) Taiwan (1) Mexico (1) Ecuador (1) Arab Countries (3) Thailand (1) Pakistan (1) Kosovo (1) Lesotho (1) Russia (1) Slovakia (1) Greece (1) Romania (1) Turkey (9) Total: 26

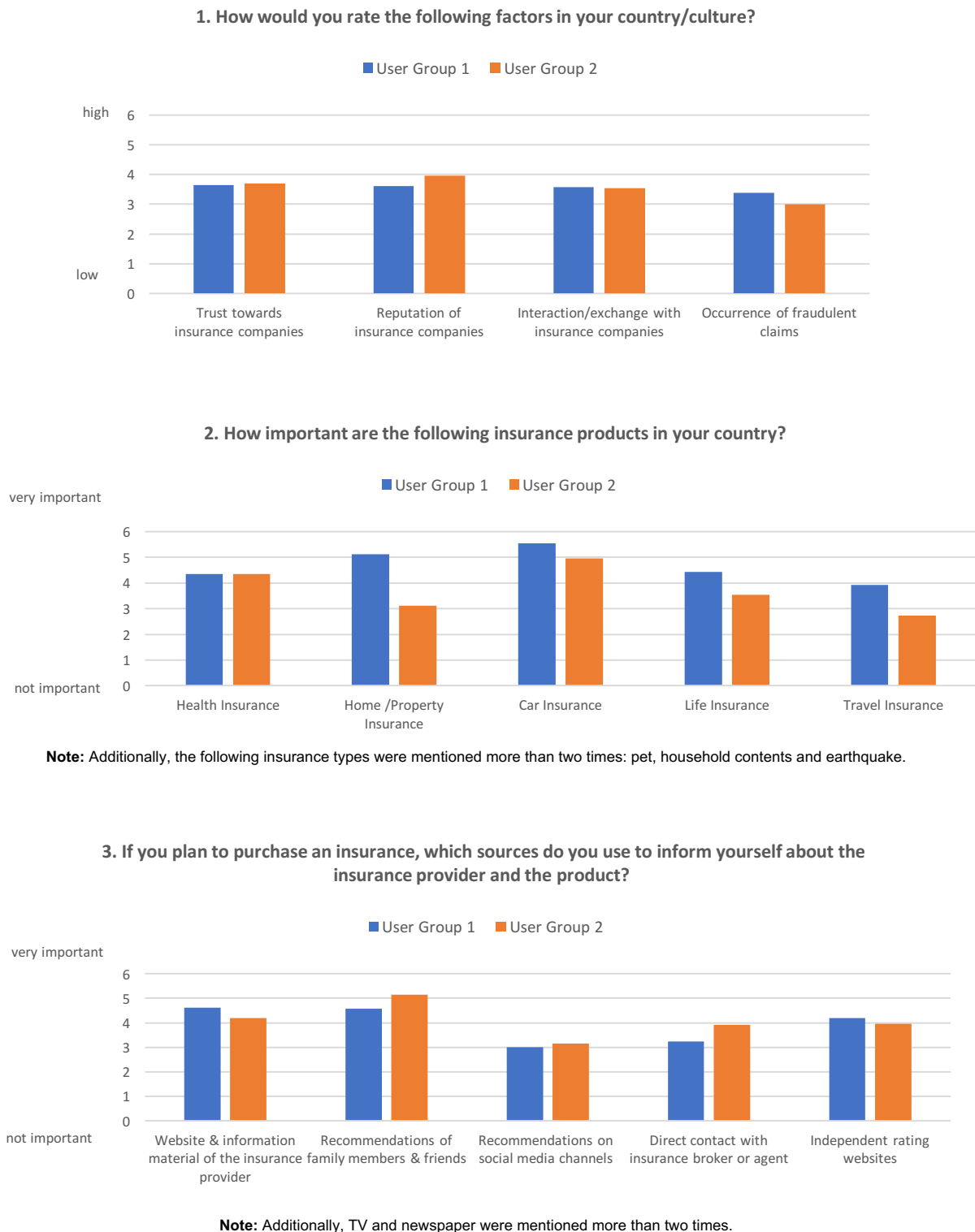
The response rate of South African and Turkish survey participants was remarkably higher than of other nationalities. The survey aimed to investigate the attitudes and perceptions of the two user groups in the following areas: general insurance, P2P insurance, risk, uncertainty and innovation, group forming preferences, need for control and information disclosure. The results are analysed and discussed on the following pages

Perception of General Insurance

The expert interviews revealed that the need for insurance products, the valuation of product characteristics and the attitude towards fraud might vary in different countries. Therefore, the first set of questions aimed to address general questions about insurance which are evaluated in figure 21. Surprisingly, both user groups exhibit similar perceptions of the insurance factors

mentioned in question 1 as well as in the need for insurance products (question 2) and the preference for information sources (question 3). The only exception, is home or property insurance which is of high importance for 'user group 1' and of medium significance for 'user group 2'.

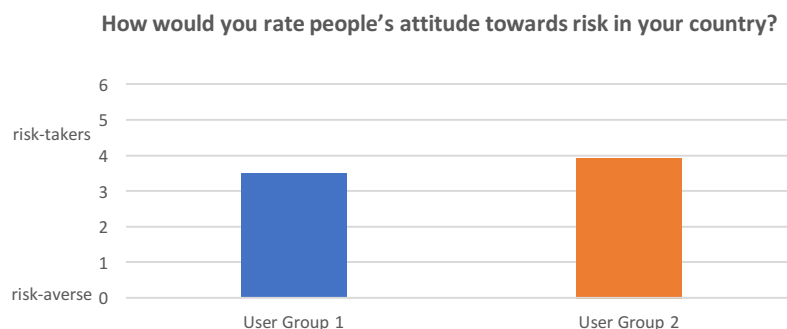
Figure 21: Analysis of General Insurance Questions



Attitude towards Risk

Overall, it can be stated that 'user group 2' is characterized as slightly more risk-taking than 'user group 1' which is illustrated in figure 22. This fact is not consistent with the literature findings in chapter 2.4.5, since it has been stated that collectivistic, high uncertainty avoidance cultures (user group 2) would be rather risk-averse. However, it must be considered that both results are positioned around the centre (scales 3-4).

Figure 22: Analysis of Risk Attitude



In the follow-up question, participants were asked to underline their statements. In the case of group one, most users described their culture as risk-averse or moderate risk-takers. Several participants stated that people in their country are insured against all kind of cases which sometimes even results in excess insurance. Nevertheless, if someone takes risks, it often describes a form of 'calculated risk' where failures would not be that detrimental. Interestingly, South African participants provided higher ratings (mainly on scale 5 and 6) which was mainly justified through a higher crime rate and risk exposure in South Africa.

'User group 2' was rated slightly higher. Overall, the demand of being insured against everything is stated as moderate. The majority claimed that consumers are used of taking risks and if insurance products would be too expensive, people would rather take the risk. This is enforced by a lack of trust in insurance providers. However, it must be considered that a few participants made controversial statements by describing their culture as very conservative and risk-averse.

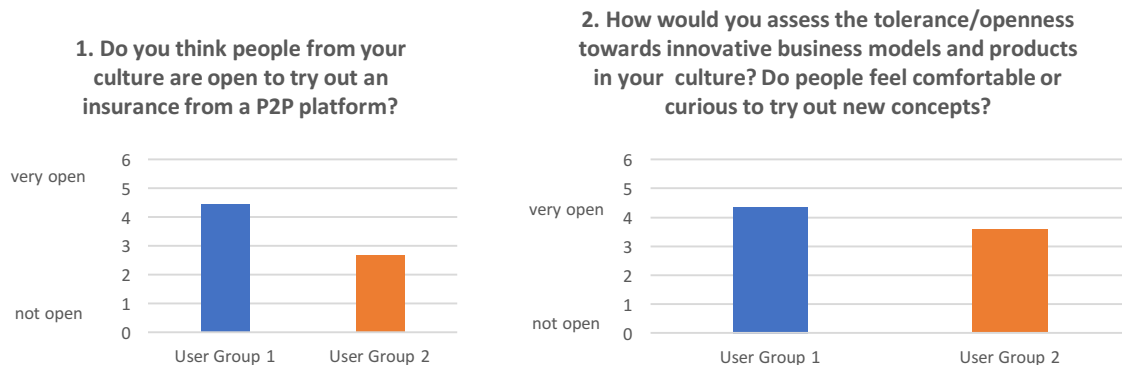
Perception of P2P Insurance Concept

In question 5, the participants were introduced to the P2P business concept and asked to express their opinions. In summary, it can be stated that most participants described the concept with terms such as 'good, new, interesting, trust-enhancing and beneficial'. However, many expressed concerns about the implementation of the concept relating to 'if' and 'how' it would work in practice. A few participants further experienced the concept as complicated and difficult to implement, especially when it comes to customers with high-risk profiles.

Attitude towards Uncertainty

To investigate the attitude towards uncertainty and innovation, participants were asked to rate the following two questions.

Figure 23: Analysis of Attitude towards Uncertainty



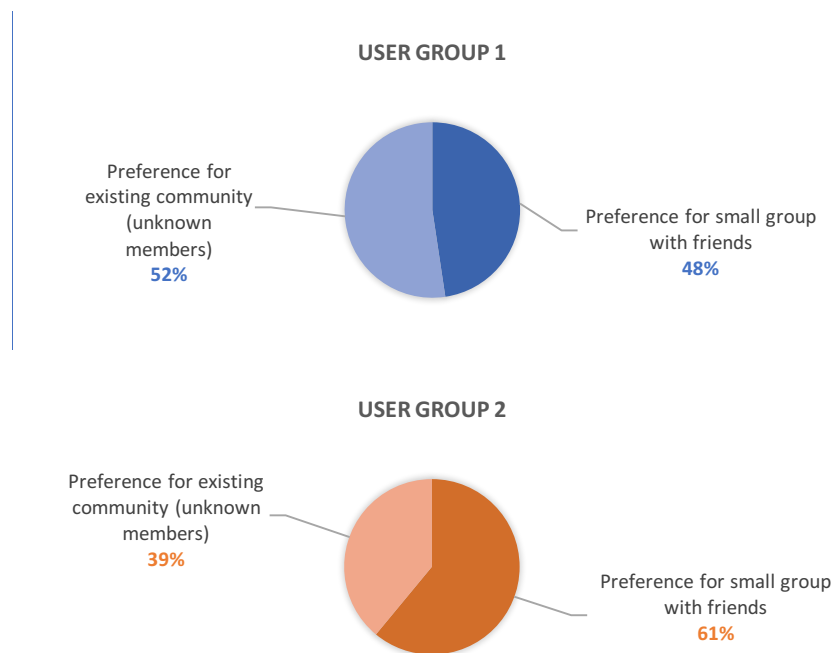
Both ratings indicate that participants from 'user group 1' are more likely to try out a P2P insurance platform or innovative business models and products. Participants were asked to provide reasons for their rating in question one. 'User group 1' repetitively referred to the emergence of a sharing economy, P2P lending, the curiosity of younger generations to try out new concepts, the enhanced trust and sense of fairness as well as the benefits of money payback, customization, involvement and other rewards. On the contrary, 'user group 2' repeatedly highlighted the reluctant attitude towards new things and the lack of trust towards the system or other people. Moreover, a few users stated that there would be a small demand for insurance anyway. Only two participants of 'user group 2' stated their culture as open to try out new things.

Overall, only five participants from 'user group 1' rated the first question on a scale between 1-3, compared to 18 users in the second group. Those results correspond with the literature discussed in chapter 2.4.5 since 'user group 1' is characterized by a low uncertainty avoidance and 'user group 2' with a high. However, even though 'user group 2' is characterized by high uncertainty avoidance in theory, the average rating is positioned rather in the middle. The main concern that more than half of the users from the second group stated, were trust issues. Followed by reasons such as the new and unknown concept, complexity, reliability and safety.

Group Preferences

Literature as well as the expert interviews demonstrated that people from different cultural backgrounds might prefer different group settings and sizes. The survey revealed the following preferences:

Figure 24: Analysis of Group Preferences



The responses from 'user group 1' were balanced. Half of the participants reported that they would prefer a small group with friends mainly due to trust issues and some of them also due to simplicity and comfort. The other half stated that they prefer being part of a big group with strangers in order to separate financials/business from friends and family. Moreover, they indicated that a bigger group would enable more privacy or neutrality as well as economies of scales.

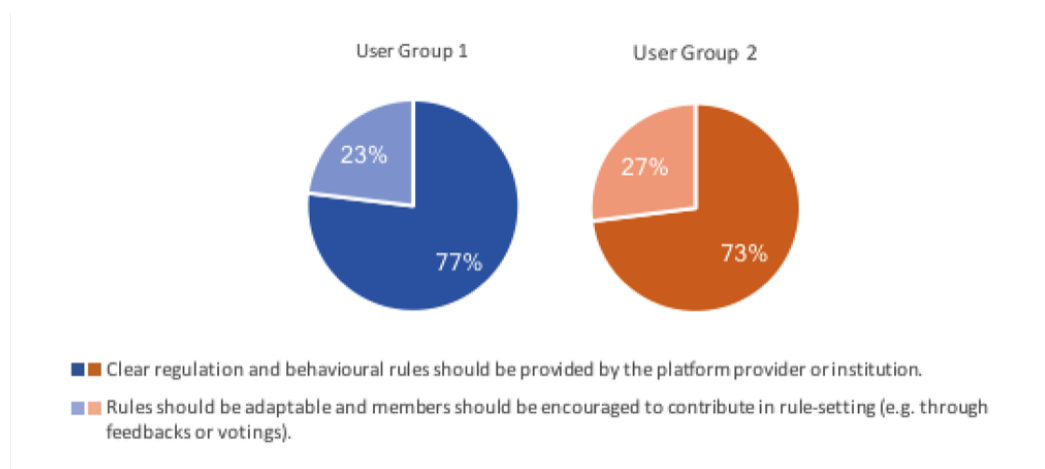
When having a look on 'user group 2', there is a slight preference (61%) for small groups with friends. The stated reasons are similar to the ones mentioned by 'user group 1', namely trust issues, reliability, reduced risk and safety. The 39% of respondents that prefers a large group justified their choice through the benefits of privacy, neutrality and anonymity.

In question 8 of the survey, users were asked whether they are open towards strangers or rather sceptical. Almost 60% of 'user group 1' and 70% of 'user group 2' responded to be rather sceptical since anonymity would create mistrust and increase fraudulent or opportunistic behaviour. This result is somewhat counterintuitive with the theory since Chong (2003) argues that people from individualistic countries (user group 1) would have a higher trust level towards exchanges with strangers. A few respondents from both groups claimed that they would trust strangers if there would be some form of control or regulation which is discussed in the following paragraph.

Need for Control

The literature findings revealed that collectivistic and high uncertainty avoidance cultures would require a more secured environment with formal rules and strong institutional guidelines when dealing with uncertain or unknown situations and people (e.g. Chong, 2003; Chong, Yang and Wong, 2003; Cyr et al., 2005; Guiso, 2012; Park, Gunn and Han, 2012). However, the two user groups had comparable survey results when rating the two statements in figure 25.

Figure 25: Analysis of Need for Control

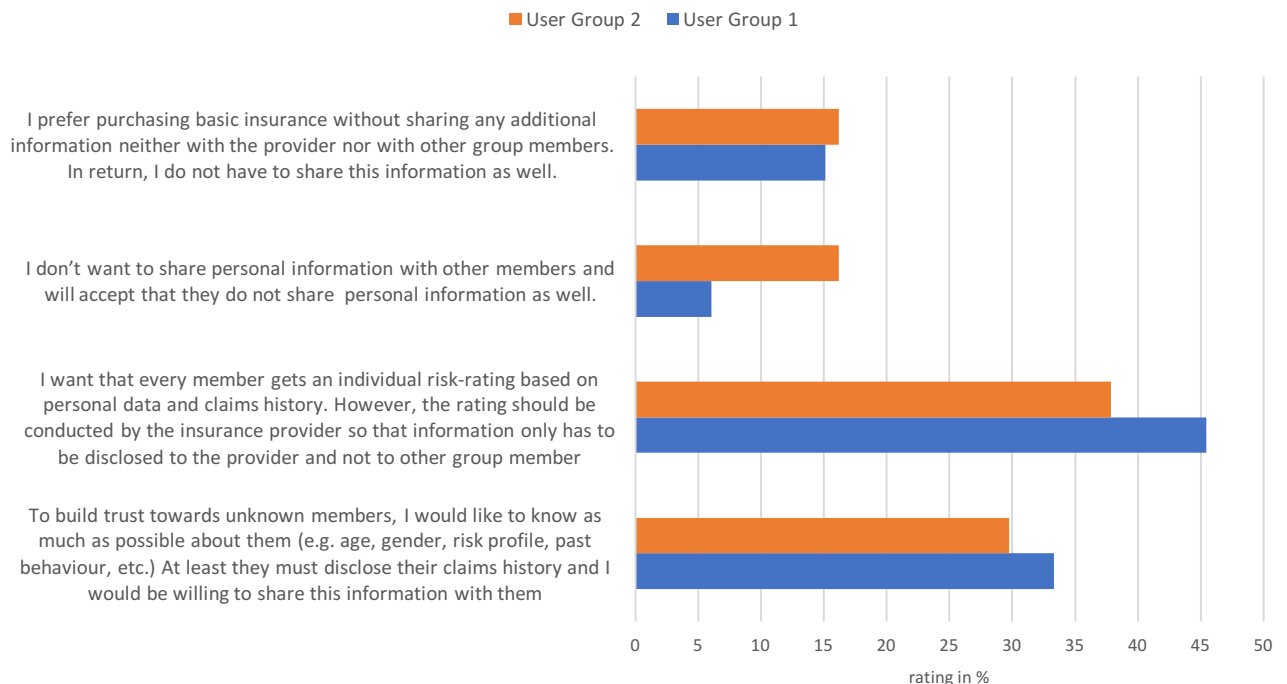


Attitude towards Information Sharing

The survey concluded with a question about information sharing where participants had to choose the one or two most accurate statements out of 4 options. The results are illustrated in figure 26.

Overall, a similar tendency can be seen. Nevertheless, respondents from 'user group 1' (79%) seem slightly more open to share personal information with the provider or group members than from 'user group 2' (68%). Around 32% of participants in 'user group 2' do not want to share personal or additional information compared to 21% in 'user group 1'. Those results correspond with the research of Chong (2003) which emphasizes that cultures from 'user group 1' would be more willing to share information with the public.

Figure 26: Analysis of Information Sharing Attitude



6.2. Consequences and Recommendations

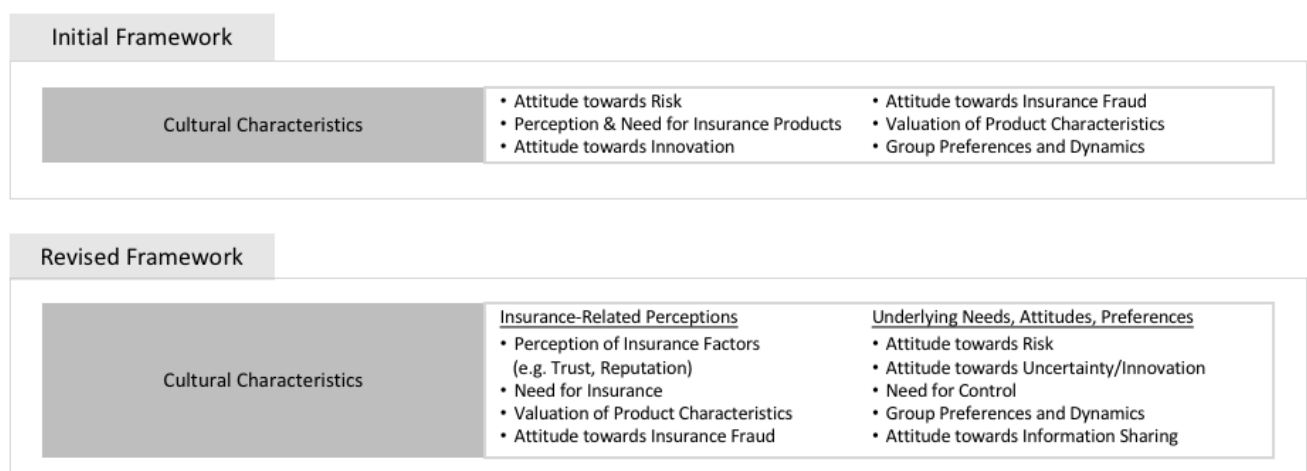
The first part of the survey covered general questions about trust in insurance, reputation of insurers, occurrence of fraud, product choices, information channels, etc. However, in contrast to the expert insights, the results did not reveal any significant differences in the rating of the user groups. Likewise, the opinions and statements about the P2P concept are comparable.

Overall, the analysis has partly proved the theory about cultural differences discussed in chapter 2.4.5. When it comes to the willingness of information sharing, the findings mainly correspond with the literature. Moreover, there is a correspondence that low uncertainty avoidance cultures are more open towards innovative business models and the majority would be open to try out P2P insurance. However, the results also showed that high uncertainty avoidance cultures are not that closed either. Furthermore, the findings prove evidence that collectivistic cultures prefer setting up groups with trusted friends and that they are sceptic towards strangers. However, there is no clear preference for group settings in individualistic cultures and they do not seem very open towards strangers as well. In contrast, when it comes to risk perception, both groups are positioned around the centre on scales 3-4. Those findings are not consistent with the literature and should be further investigated. And finally, when evaluating the need for control, 'user group 2' coincides with the literature findings whereas 'user group 1' deviates.

There are cases where some parts of the survey results are not consistent with the data from empirical research discussed in the literature review or with the insights from the expert interviews. However, it is still suggested including all discussed aspects into the trust framework since it must be considered that the response rate of 52 participants as well as the broad diversity of nationalities might limit the statistical power of the survey.

Based on the insights from the user survey, the cultural attributes were revised and extended. As illustrated in figure 27, the attributes are divided into 'insurance-related perceptions' and 'underlying needs, attitudes and preferences'.

Figure 27: Framework Adjustments for Cultural Characteristics



Cultural attributes might play a decisive role on how the platform should be set up. For instance, if the target group is characterised as risk-averse and sceptical towards new systems, it might be beneficial to set up a platform environment with clear rules and regulations. To answer RQ 2, it can be stated that the attributes discussed in figure 27 reflect possible cultural differences in the perception of trust, risk and control. However, since Hofstede's (1980) dimensions highly rely on cultural stereotypes, it is not possible to clearly assign the differences based on cultural dimensions. Although, the evaluation of cultural differences complements expert insights and user perspectives, the representative nature of the results might be limited due to the number of participants as well as due to the stereotypical view on cultures.

7. Conclusion

The following chapter summarizes the findings of the study, the contribution to the academic literature, reflections as well as suggestions for future research.

7.1. Contribution

The purpose of this research was to explore how the perception of trust, risk and control on a P2P insurance platform environment impacts the decision-making process of a user and the resulting behaviour. Moreover, possible control mechanisms and cultural differences were investigated. Although previous research has established that trust, control, fairness and transparency play a crucial role when assessing risks on P2P insurance platforms (e.g. Christianson, 2016; NAIC, 2017; Strategic Insight, 2016), the correlations of different factors and attributes on positive or negative behaviour have not been academically discussed so far. Therefore, this research contributes to existing literature by examining the interplay between trust, risk and control on P2P insurance user behaviour.

The study aimed to develop a framework which serves as supporting tool for P2P insurance providers in developing a platform environment that positively influences user behaviours. For this purpose, the research combines literature in the fields of insurance, social behaviour, information systems and cultural studies. The overall findings indicated that the levels of trust and perceived risk have consequences on the decision-making process of a user and thereby affect the resulting behaviour. Individuals make decisions based on weighing benefits and costs of transactions. Thereby, high trust levels positively influence the decision whereas high perceived risks increase the perception of costs. The research has shown that there are antecedents of trust and risk which can be impacted or partly governed by implementing different tools and technologies. The antecedents can be distinguished into the following eight characteristics: product/service, group, culture, individual, provider, third parties, information systems and country/market. Depending on the P2P insurance model and orientation, the prioritisation of the characteristics are slightly different. Each characteristic can be split into sub-categories referred to as attributes. Attitudes towards or perceptions of the attributes can be positively affected by implementing control mechanisms on the P2P platform. As a result, trust levels are enhanced or risk perceptions are reduced. Safeguards can be reflected in a variety of mechanisms such as user authentication, reporting tools, social tools, data analytics, feedback management systems, third party integration, etc.

The study consists of three parts:

- First of all, the three research questions of this study were addressed by establishing a theoretical framework derived from the literature findings in the fields of behavioural studies, trust and cultural theories as well as considerations in the field of computer science.
- Secondly, to assess the practical relevance of the framework in P2P insurance environments, qualitative experts interviews were conducted. Based on the results, the framework has been simplified and adapted to the P2P context with a more practical focus.
- Thirdly, a mixed research user survey complemented the findings by investigating cultural differences from the consumer's perspective.

In his studies, Kesselmann (n.a.) discussed the application of P2P insurance platforms across geographical borders and outlined that the expansion might be restricted through regulatory or cultural issues. The expert findings support this view by outlining country-specific differences in regional markets. Moreover, experts also stated that cultural backgrounds and characteristics might impact the need and preference for insurance. Although, the user survey only partly covered the theory about cultural differences, it is proposed adapting P2P insurance concepts to regional features and investigating cultural distinctions.

From a practitioner's perspective, the findings of this study enhance the understanding of complex correlations between trust, risk, control and user behaviour. Moreover, the research provides a comprehensive framework illustrating how control mechanism might be deployed to the advantage of the user and the provider.

7.2. Reflections

The analysis and interpretation of the results are directly linked to the philosophical orientation of this research. With the interpretivist perspective, the findings of the study reflect a socially constructed knowledge and do not correspond with rational, logical judgements. Moreover, it must be considered that the expert interviews only cover the supply side perspective of P2P insurance platforms and do not reveal insights into the P2P user perspective.

The P2P insurance landscape is reflected by a variety of different business models, products, customers and providers. Generally, it can be stated that P2P insurances are all based on peer groups which enables cost savings, increases transparency and creates a sense of fairness. However, some of them are using the community only to benefit on economies of scale whereas

others set the focus on shared values and mutuality. Hence, the results and recommendations of this research are limited to a very holistic, universal view on P2P insurance platforms which is not directly applicable for individual business cases. Therefore, it is suggested adapting the framework when using it for specific P2P insurance models, especially when it comes to the prioritization of characteristics and the assessment of control mechanisms. A business model focusing on the sale of niche products usually differs from a model which is focusing on the group component. Hence, adaptation and extension of the holistic tool is strongly recommended.

The survey about cultural differences only partly proved the theory of Hofstede's two dimensions. Although, the evaluation of cultural differences complements expert insights and user perspectives, the representative nature of the results might be limited due to the number of participants as well as due to the stereotypical view on cultures. Moreover, it must be considered that the response rate of South African and Turkish survey participants was remarkably higher than of other nationalities.

The findings of this thesis enhance the understanding of how users behave on P2P platforms, how they are influenced by a variety of factors as well as how those factors might be governed or controlled. Nevertheless, it should be considered that the framework is built as an overall generic solution and must be aligned or extended when using it for specific P2P insurance models/cases. Thus, the results of this Master Thesis serve as reference point for further research in the field of P2P insurance.

7.3. Suggestions for Further Research

This research has thrown up some aspects in need of further investigations. The framework in this thesis represents a very holistic approach. In terms of practical issues, it is therefore suggested operationalising the trust framework for specific business models dealing with specific requirements. This would enable a more precise prioritization of characteristics and attributes as well as a better assessment of control mechanisms. In this context, it is also recommended to set up a customer journey for the specific model which would enable to identify critical steps during the formation of trust, the perception of risk and in the need for control.

Future scientific research should be undertaken to explore the user perspective on the framework. Qualitative interviews with existing P2P insurance users might reveal novel insights and inputs for a more comprehensive framework development.

Based on the results of the cultural user journey, it would be interesting to further investigate the cultural impact on the perception of insurance, trust, risk and control. Especially, when thinking about the application of P2P insurance across cultures, further research should be undertaken to explore cultural differences. Since the user group categorization based on Hofstede's (1980) dimensions proves to be rather broad, it is proposed conducting further research using a representative sampling size and to narrow down the range of nationalities involved to avoid distorting influences. The research should be done within the region of a specific cultural target audience of a P2P platform.

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9. Declaration of Authenticity

The work I have submitted is my own effort. I certify that all the material in this thesis, which is not my own work, has been identified and acknowledged. No materials are included for which a degree has been previously conferred upon me.

Zurich, 1st of December 2017

A handwritten signature in black ink, appearing to read 'N. Oberlin', written in a cursive style.

Nicole Oberlin

10. List of Abbreviations

AI:	Artificial Intelligence
FinTech:	Buzzword for 'Finance and Technology'
InsurTech:	Buzzword for 'Insurance and Technology'
IoT:	Internet of Things
M&A:	Mergers and Acquisitions
P2P:	Peer-to-Peer
P&C:	Property and Casualty
RegTech:	Buzzword for 'Regulations and Technology'
RQ:	Research Question
SET:	Secure Electronic Transaction
TAM:	Technology Acceptance Model

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13. Appendices

13.1. Appendix A: Overview of P2P Insurance Platforms

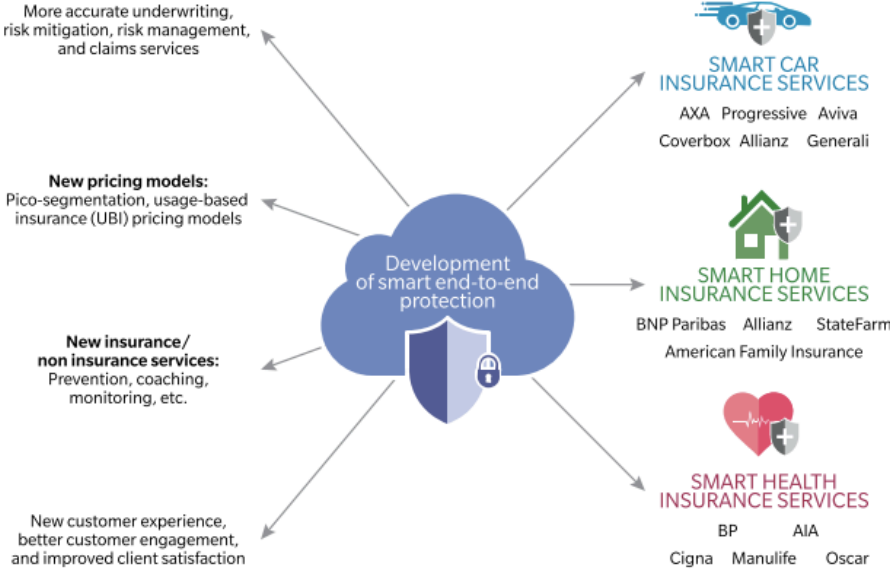
Company	Location	Model	Description
Friendsurance	Germany	Broker	Friendsurance offers a variety of insurance products such as property insurance, private liability or mobile phone insurance through the cooperation with domestic insurance companies. The German start-up pools customers into small groups and the users have the possibility to get money back in the end of claim-free periods.
Lemonade	New York	Carrier	Lemonade is a peer-to-peer insurance where users pay premiums into a group pool. If money is left at the end of the policy period, it is donated to a common cause.
Guevara	United Kingdom	Broker	Guevara connects friends & trusted peers to existing groups for car insurance.
Bandboo	Singapore	Carrier	Bandboo is an insurance platform which offers protection against retrenchment (unemployment insurance)
Inspeer	France	Broker	InsPeer is a French start-up that offers insurance to owners of electric vehicles.
TongJuBao	China	Self-Governing Model	TongJuBao is a P2P insurance platform that helps its users manage risks. They offer special needs products such as for child missing or divorce
Broodfonds	Netherlands	Self-Governing Model	Group of freelancers crowdfunding each other's sick leave
PeerCover	New Zealand	Broker	PeerCover enables users to join or create a group. In case of a claim, the group members can judge and vote whether other members will get covered.
Besure	Canada	Carrier	Peer-to-peer risk sharing for property insurance.
BoughtByMany	United Kingdom	Broker	BoughtByMany works with insurers to develop policies and negotiate discounts for users with special / niche needs (e.g. pet insurance for rescue dogs, health insurance for cyclists).
SafeShare	United Kingdom	Carrier	Another British P2P insurance start-up that wants to provide tailored insurance by using a sharing economy approach.
Cycle Syndicate	United Kingdom	Self-Governing Model	P2P insurance offering bike protection.
Uvamo	Chicago	not clear	American start-up offering P2P insurance.
Gather	USA	broker	American company offering fast, fair, and affordable insurance for small businesses.
Insbee	Singapore	not clear	Insbee is developing Asia's first P2P car insurance platform that rewards people for responsible driving.

Vesicherix	Switzerland	not clear	Swiss P2P insurance community.
WeSURA	Colombia	not clear	Covers different kinds of insurance
Teambrella	Russia	Self-Governing Model	Self-governed insurance community (for all kinds of insurances) built upon Bitcoin
Cycle Syndicate	United Kingdom	not clear	Bike insurance shared over a small group.
Metromile	USA	Carrier	Metromile is a car insurance start-up that offers pay-per-mile insurance and a driving app.

Note: own illustration based on observations as of 29 April 2017 (BoughtByMany, 2017; CB Insights, 2015; Friendsurance, 2017; Huckstep, 2017; Insurance Business, 2016; Kesselman, 2017; Lemonade, 2017; Owyang, 2016; Paperno, Kravchuk and Porubaev, n.a.; Saha, 2016; Schumpeter, 2012; Strategic Insight, 2016; Teambrella, 2017).

13.2. Appendix B: Examples of Innovative Tools & Technologies in Insurance

	Innovative Use Cases in Insurance Areas
Payment Technologies	<ul style="list-style-type: none"> - Innovative examples for mobile and instant payments are on-demand usage-based insurance platforms which enable customers to insure selected products or activities for a specific time and duration. Thus, a customer could instantly buy a 'ski insurance' for the planned afternoon trip (Ferenzy et al., 2016). - Trends towards digital payment methods will generate insights into customer payment habits and help to decrease the processing time for claims as well as other insurance services (Bonaty and Braun, 2016; Liu and Lin, 2014). - New products might be required to protect online wallets or other uncertainties related to digital payment transactions (Bonaty and Braun, 2016; IAIS, 2017).
Ledgers, Smart Contracts	<ul style="list-style-type: none"> - Although blockchain is still nascent, several lines of evidence highlight the potential of using the technology in the insurance industry (e.g. Bonaty and Braun, 2016; Disparte, 2017; Ferenzy et al., 2016; KPMG, 2016; O'Hearn and Howe, 2017; Swiss Re, 2017). - Once implemented, the smart contract independently executes activities such as claims processing or reimbursement based on the contractual obligations. The benefits are reflected in increased efficiency due to faster processing times, less bureaucracy and paperwork, enhanced transparency and trust through data accessibility as well as improved auditability (Bonaty and Braun, 2016; Sheng et al., 2017; Swiss Re, 2017). For instance, if a customer's flight is delayed, the ledger technology would automatically record it and could instantly issue a food voucher for compensation (KPMG, 2016). In life insurance, a smart contract would scan death registrations and immediately reimburse beneficiaries once they are detected. Similarly, smart contracts could evaluate captured data from telematics and assess a claim based on the claimants' driving behaviour. Dynamis, a P2P insurance for unemployment, uses data from the social network LinkedIn to verify the applicants' identity as well as to validate that the claimants' occupational status as well as the efforts connected to job search (Ferenzy et al., 2016). - Nowadays, it is estimated that around 65% of fraudulent insurance claims are not detected. With blockchain technology, recording every transaction (including cross-industry data) on a ledger which is accessible and transparent to others, fraud will be directly reduced and can be detected more easily (Ferenzy et al., 2016; KPMG, 2016). To certify the originality of assets, some companies started to record unique identifiers on distributed ledgers. An example is the UK-based start-up 'Everledger' which implements diamond certifications on blockchain databases (Ferenzy et al., 2016).

<p>IoT in general</p>	<p>- The following figure illustrates the benefits of using IoT in different insurance fields:</p>  <p>- Collected data via the Internet of Things enables insurers to better assess risks and underwrite policies as well as to provide customized pricing models and new insurance products/services (Ferenzy et al., 2016).</p>
<p>Mobile Phone Technology, GPS, Mobile Apps</p>	<p>- Mobile apps are increasingly provided by insurers to support consumers in managing their health or property as well as for risk prevention purposes. Moreover, valuable consumer data can be captured through collaboration with third party app providers (Capgemini, 2017)</p> <p>- On the one hand, consumers increasingly expect omnichannel customer service at all hours and on the other hand, insurers can specifically target policyholders by sending frequent text reminders, alerts or customized newsletters (e.g. with travel insurance in travel season). Moreover, the increased use of digital channels reduces the need for brick-and-mortar stores which decreases operational costs (Ferenzy et al., 2016; Sheng et al., 2017).</p>
<p>Telematics</p>	<p>- In automotive insurance, telematics creates data about the driving style and behaviour of consumers. As a result, when assessing risk profiles, insurance carriers to not only have to rely on basic information (e.g. age, gender, car model, etc.) but can also consider driving habits for setting up individual policies.</p> <p>- At Metromile, a car insurance start-up, the insurance policy is calculated on a 'pay-as-you-drive' concept where customers are charged per driven mile. For this purpose, customers use a small wireless device which tracks the mileage when using the car (Ferenzy et al., 2016; Metromile, 2017).</p> <p>- The US-based start-up Zubie is even more innovative and charges customers based on their driving behaviour. For the 'pay-how-you-drive' concept, a customized premium is calculated based on the driving behaviour data tracked over a period of six months (Ferenzy et al., 2016; Sheng et al., 2017). Moreover, advice or incentives for safe driving can prevent risks as well as reduce emissions or repair costs (Ferenzy et al., 2016). Environmentally-sensitive customers could be provided with personal advice about carbon-friendly driving.</p>
<p>Wearables & Ingestible Sensors</p>	<p>- Health risks will become more predictive and insurance products can become more customized (Ferenzy et al., 2016; KPMG, 2016).</p> <p>- Measures for risk prevention could be initiated (Ferenzy et al., 2016).</p> <p>- Several insurers started implementing personal health technology into automated digital tools and encourage their customers to set personal health goals and get advice to reach them. By using gamification, customers can earn points on their way to a healthier lifestyle and transform them into shopping, travel or entertainment-related rewards (Ferenzy et al., 2016; IAIS, 2017; Pain, Tamm and Turner, 2014; Sheng et al., 2017).</p>

	<ul style="list-style-type: none"> - Oscar Health – an insurance start-up – incentivizes customers if they reach their daily step goals 20 days a month (Ferenzy et al., 2016). Although such programs represent extrinsic motivators, they are perceived as mutually beneficial since they increase health and simultaneously help reducing risks and claims (Capgemini, 2017; Ferenzy et al., 2016). - On the one hand, the application of wearables and sensors will provide customized solutions such as pay-as-you-use insurance. On the other hand, the technology will also enable new services such as remote health monitoring for sick or older people since health conditions can be recorded in real-time and are accessible for patients, doctors as well as insurers (Bonaty and Braun, 2016; Ferenzy et al., 2016; Pain, Tamm and Turner, 2014). - Medtronic offers implantable pacemakers and BodyCap developed an e-celsius pill that can be swallowed and measures the body temperature for medical supervision or also for people conducting extreme sports such as diving or long distance running (BodyCap, 2017; Bonaty and Braun, 2016). Thus, the technology allows early recognition of anomalies, diseases or accidents if elder people live alone. Besides remote health monitoring, care bots could be implemented and replace costly home care services (Bonaty and Braun, 2016). - Currently, a lot of research is conducted in the field of biometric sensors. For instance, Google and Novartis are developing smart contact lenses for diabetic patients and Proteus Digital Health is researching on ingestible sensors which could increase the effectiveness of medical treatment (Ferenzy et al., 2016).
Smart Home Sensors	<ul style="list-style-type: none"> - For property insurance, smart objects could generate valuable data (e.g. use of water, electricity, etc.) which can be used to detect and analyse risks (Ferenzy et al., 2016). For instance, if a sensor reports a damage from a leaking water pipe, it will be recognized instantly and the damage can be reduced or even prevented. Moreover, household premiums could be individually evaluated based on the collected data (Bonaty and Braun, 2016; Ferenzy et al., 2016). - The US insurance carrier State Farm encourages its customers to install an alarm system by providing discounts on the purchase of recognized sensors as well as on the insurance premium. Furthermore, the gathered data will be instantly monitored and reminder or alerts are sent in case of unusual events (e.g. smoke or high moisture). As a result, the customer benefits from a customized insurance service and the carrier reduce or prevent damages (Sheng et al., 2017). - The sensor system Grillo which detects earthquakes and sends alerts to people in earthquake-endangered areas (Bonaty and Braun, 2016).
Drones	<ul style="list-style-type: none"> - Aerial data can be analysed through imagery analytics and therefore, enables an effective and fast tool for claims management and risk prediction (Ferenzy et al., 2016). - The InsurTech start-up 'Aerobotics' provides on-demand drone and satellite analytics to support farmers with seasonal insights or performance advice. By partnering up with insurance carriers they provide valuable insights for claims and loss adjustment and bring existing crop insurance to the next level (Aerobotics, 2017).
Data Analytics	<ul style="list-style-type: none"> - In the past, the goal of an insurance was to protect people against risks and uncertainties while relying on historical data. Nowadays, with a huge amount of past and real-time data, the business has changed and deals not only with protection but also with using data insights and analytics for risk prevention (KPMG, 2016; Sheng et al., 2017). - Effective data analytics will allow better risk assessment, individual pricing, increase efficiency in claims handling and decrease operational costs (Ferenzy et al., 2016). - It is supposed that advanced analytics could detect or even prevent of fraudulent claims by analysing past and present consumer behaviour and investigating abnormalities (Sheng et al., 2017). - Watson Health is a good example for advanced analytics since the machine uses cognitive skills to analyse patient data, make diagnoses and evaluate different treatment options (Bonaty and Braun, 2016).

	<ul style="list-style-type: none"> - Robotic Process Automation can involve a variety of cognitive technologies (e.g. machine learning, natural language processing, computer vision, etc.) to predict future accidents based on analysing driving behaviour or future illness due to the (un)healthy habits (Capgemini, 2017; KPMG, 2016).
Artificial Intelligence (Chatbots / Cognitive Agents)	<ul style="list-style-type: none"> - Healthcare, doctors increasingly use cognitive technologies to support their diagnoses since AI can analyse a vast amount patient data within a short time (Ferenzy et al., 2016). - In the insurance context, the technology can advance various fields such as customer service, automation of claims processing, customization of products and services as well as the creation of new products (Cusano and Starrs, 2017; Deloitte, 2017; Ferenzy et al., 2016). - A study by Sheng et al. (2017) claims that around 90% of the insurance job profiles might be digitised in 10 to 20 years due to AI applications. - Together with machine learning, streamed data can be analysed by an insure bot and instant customized recommendations can be provided to customers (Capgemini, 2017; KPMG, 2016). Several insurance carriers already started to implement chatbots interacting with their customers such as Allianz with 'Allie', Credit Agricole with 'Marc' and RBC with 'Arbie'. In most cases, customers will pose questions and the chatbot will reply with a rather generic answer covering possible responses (Capgemini, 2017). - The artificial intelligence system 'Quill' is an insure bot who is able to generate natural language and written reports or narratives by analysing various data recordings (Bonaty and Braun, 2016). - IBM Watson's cognitive computing platform as well as Amelia, a learning cognitive agent, are interacting with customers in human-like conditions. In case that someone plans to go skiing, and the activity is not covered by the insurance, the agent will send a reminder to ask if it should be included for the specific timeframe. Likewise, if the insure bot recognizes that travel insurance is not covered for the forthcoming holiday, it will be proposed immediately (KPMG, 2016). - In healthcare, bots also analyse data from biometric sensors and provide instant diagnoses or use the data for setting customized policies (Ferenzy et al., 2016). - By implementing cognitive agents, insurers will gain deeper insights into customer needs and habits which allows more accurate risk assessment at lower operational costs and in a shorter timeframe. Moreover, the quality of decision-making will be increased and the agent is available at any time (Bonaty and Braun, 2016).
Regulatory Challenges	<ul style="list-style-type: none"> - Along with the rise of innovative technologies new regulations, policies or standards which increasingly start specifying the generation, storage and analysis of data will arise. As a result, security and data privacy regulations might restrict insurance carriers and start-ups in the use of data or specific data sources (Bonaty and Braun, 2016; Ferenzy et al., 2016). - New data privacy rules such as the General Data Protection Regulation will challenge innovative strategies (O'Hearn and Howe, 2017). - National and international differences in compliance issues could complicate cross-border business activities (Ferenzy et al., 2016). - Along with the rise of InsurTech companies, an increase in RegTech institutions occurs. RegTech companies are dealing with compliance and regulations in the field of technology and support companies in efficiently address emerging issues (O'Hearn and Howe, 2017).

13.3. Appendix C: Semi-Structured Expert Interview Guide

INTERVIEW PROCEDURE AND QUESTIONS

The interview will be divided into the three parts listed below.

PART I

This part contains open questions about P2P insurance based on your own experience.

1. When making a purchase decision, people usually balance perceived benefits and costs. What do you think are the main benefits and costs/risks of purchasing a P2P insurance?
2. Trust plays an important role on a P2P insurance platform. What do you think are the main concerns or inhibitions a consumer might have?
3. Do you think a P2P insurance platform needs to be set up slightly different depending on the cultural context? What or Why?

PART II

The second part will cover questions related to the proposed framework in the document 'Background Information & Trust Framework'.

1. Do you have any questions concerning the theoretical online trust framework proposed in the document 'Background Information & Trust Framework'? Is there something that you would change or add to the theoretical framework?
2. Which formal or informal control mechanisms do you know to enhance positive behaviour within a P2P group (cooperative behaviour)? Maybe also with regards to technologies?

PART III

In this part, the theoretical framework will be applied to the customer journey which is outlined in the document 'P2P Insurance Customer Journey'.

1. What do you think about the customer journey? Is there anything that you would change or add?
2. Which steps during the customer journey are critical and require either a high level of trust or some forms of control?
 - a) Why do you think that they are critical?
 - b) What forms of control could you imagine?
3. In your opinion, which trust antecedents have the highest impact during the P2P customer journey?
 - a) Why and during which stages?
 - b) How could the platform provider positively influence them?
4. Follow-up question concerning cultural differences based on the given answers above.

Note: The interview guide has been slightly adapted to the interview partners. Insurance and digital experts were mainly asked about their opinions whereas the questions for the start-up founders were rather fact-based on their experiences. Moreover, two interviews were held in German and translated into English in the transcription phase (see Appendix E)

13.4. Appendix D: Cultural User Survey Questions

Cultural Insurance Survey

The survey is structured into four parts covering ten main questions.

*Required

Personal Information

1. Nationality *

(Country of Origin)

2. Gender *

Mark only one oval.

- ☐ Male
☐ Female

3. Age *

General Questions

1. How would you rate the following factors in your country/culture?

4. Trust towards insurance companies *

Mark only one oval.

	1	2	3	4	5	6	
low	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	high

5. Reputation of insurance companies *

Mark only one oval.

	1	2	3	4	5	6	
low	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	high

6. Interaction/exchange with insurance companies *

Mark only one oval.

	1	2	3	4	5	6	
low	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	high

7. Occurrence of fraudulent claims *

Mark only one oval.

	1	2	3	4	5	6	
low	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	high

2. How important are the following insurance products in your country?

Please rate the perceived need of buying the following insurance types in your country.

8. Health Insurance *

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

9. Home /Property Insurance *

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

10. Car Insurance *

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

11. Life Insurance *

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

12. Travel Insurance *

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

13. Are there any other important insurance types?

3. If you plan to purchase an insurance, which sources do you use to inform yourself about the insurance provider and the product?

Please rate the different information sources according to your preferences.

14. Website & information material of the insurance provider *

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

15. Recommendations of family members & friends *

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

16. Recommendations on social media channels *

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

17. Direct contact with insurance broker or agent

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

18. Independent rating websites *

Mark only one oval.

	1	2	3	4	5	6	
not important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very important

19. Other important sources:

4. How would you rate people's attitude towards risk in your country?

20. *

Mark only one oval.

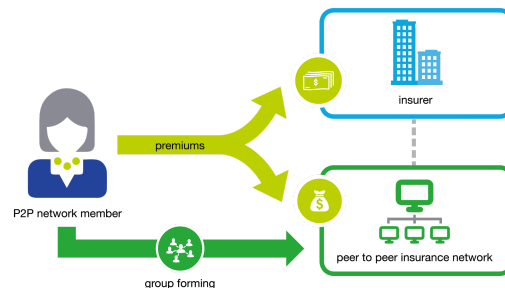
	1	2	3	4	5	6	
risk-averse	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	risk-takers

21. Please provide some examples to underline your rating: *

P2P Insurance Questions

The following section will contain questions about Peer-to-Peer Insurance. Please read the following definition before answering the questions.

What is a Peer-to-Peer Insurance?



Peer-to-Peer Insurance is a risk-sharing network where you share risks in a group of like-minded people. Similar like in traditional insurance, you can choose an insurance product (e.g. property, health, car, life insurance) and you must pay a premium for a certain period. The premium amount will be similar like for traditional insurance, so there are no additional costs.

Depending on your risk profile, you will join a group of people with a similar coverage or you can create a group with friends. The premium of each member will then be split in two parts. One part (e.g. 60%) is paid to the traditional reinsurer and the other part (e.g. 40%) goes into a group fund. During the insured period, small claims are covered by the group fund and cost-intensive claims are paid by the reinsurer. If no or few small claims are made by the end of the insurance period, every group member will get a payback of up to 40% of the premium. As a result, you will never have to pay more than in traditional insurance and there is the option to get money back.

In traditional insurance, there is a conflict of interest where insurance companies are making money by denying claims and individuals feeling legitimated to pose fraudulent claims. Peer-to-peer insurance removes this conflict and builds on the idea, that sharing risk in a community of like-minded people would positively influence fair behaviour. Due to group commitment and increased transparency, individuals will not pose fraudulent claims since this would negatively impact the payback of other members. Therefore, trust in fair behaviour of other members is quite important.

5. What do you think about Peer-to-Peer Insurance?

22. A) What do you think about the P2P Insurance concept explained above? *

23. B) Do you think people from your culture are open to try out an insurance from such a platform?

*Please rate on a scale from 1-6.
Mark only one oval.*

	1	2	3	4	5	6	
not open	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very open

24. C) Please provide some examples to underline your rating. *

25. D) If you rated them as not open (scale 1 or 3). What kind of concerns could they have when purchasing P2P insurance?

(If you rated them between 4 – 6, you can skip this question)

26. E) In general, how would you assess the tolerance or openness towards innovative business models and products in your culture? Do people feel comfortable or curious to try out new concepts? *

Mark only one oval.

	1	2	3	4	5	6	
not open	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	very open

Scenario Case

Imagine that you are going to take out a property insurance on a P2P insurance platform.

You would have to pay a yearly premium of 100\$ (60% going to the reinsurer and 40% going into the group fund).

So, you would have the possibility to get back 40\$ by the end of the insurance period if no claims are made by other members in your group.

6. Would people from your country prefer to set up a small group with friends or to join an existing community with lots of members that they probably do not know?

Generally, it can be stated, that the bigger the group, the higher the potential money payback in the end of the insured period due to economies of scale.

Please fill in your estimated percentage of people preferring to set up a small group with friends and people preferring to join an existing community.

(The total distribution should equal 100%)

27. Preference for small group with friends *

28. Preference for existing community (unknown members) *

7. Why would people from your culture prefer to set up a group with friends or join an existing group with unknown members?

29. *

Please explain the reasons for your choice in question 6.

8. In your opinion, would people from your country trust that unknown group members behave fair or are they rather sceptical towards strangers? Please explain why.

30. *

9. If they would join an existing group with unknown members, how would you assess the need for rules and regulations?

31. *

Please choose the more accurate statement.
Mark only one oval.

- ☐ Clear regulation and behavioural rules should be provided by the platform provider or institution.
- ☐ Rules should be adaptable and members should be encouraged to contribute in rule-setting (e.g. through feedbacks or votings).

10. How would you assess the attitude towards sharing information with the insurance provider and other group members?

When joining an existing group of unknown members, the community is usually built around product categories and similar risk profiles/coverage.

Information sharing will enhance the assessment of risk profiles and the identification of trustworthy people.

Please read the following statements and choose the 1-2 most accurate ones.

32. *

Tick all that apply.

- ☐ To build trust towards unknown members, I would like to know as much as possible about them (e.g. age, gender, risk profile, past behaviour, etc.) At least they must disclose their claims history and I would be willing to share this information with them as well.
- ☐ I want that every member gets an individual risk-rating based on personal data and claims history. However, the rating should be conducted by the insurance provider so that information only has to be disclosed to the provider and not to other group members.
- ☐ I don't want to share personal information with other members and will accept that they do not share personal information as well.
- ☐ I prefer purchasing basic insurance without sharing any additional information neither with the provider nor with other group members. In return, I do not have to share this information as well.

Thank you!

You are now at the end of the survey.

13.5. Appendix E: Coded Transcripts of Expert Interviews

13.5.1. Paul Anderson (Founder Guevara)

Anderson, P., 2017. Expert Interview. Interviewed by Nicole Oberlin. [written] Written Questionnaire, 9 October 2017.

Expert: Paul Anderson, Founder of the P2P Automobile Insurance Guevara in UK Date & Place: 09.10.2017 Written Questionnaire Interview Language: English		
1	1. When a new customer arrives on your P2P insurance platform, what are the main benefits and costs/risks that he might consider before purchasing a product?	
2		
3	- Price	Price - PB
4	- Convenience of purchase	Convenience...
5	- Simplicity of programme	
6	- Quality and breadth of cover	
7	- Potential size and likelihood of any discount or asset being accrued	
8	- The nature of any peers who will be aligned	
9		
10		
11	2. Trust plays an important role on a P2P insurance platform. What are the main concerns or inhibitions a consumer might have on your platform?	
12		
13	- Difficulty understanding the P2P model	Difficulty... PR-P
14	- Price competitiveness compared to other market participants (generally non-P2P)	PR-R
15	- Quality of cover offered by a start-up or innovative insurer	TL-C
16		TL-G
17		
18	3. Which measures or safeguard mechanisms do you use to reduce concerns and support the purchases decision?	
19		
20	- Simplify the P2P mechanisms to allow rapid comprehension	S: CJ
21	- Attempt to offer competitive prices to target segment	A: TA-PS
22	- Allow customers to interrogate the quality of the insurance cover before purchase	A: CM-F
23		
24		
25	4a. In the case that you decide to expand your P2P platform by entering a new market with a different culture: Would you set up your P2P platform slightly different?	
26		
27	Yes, insurance products are commonly very different between regulatory jurisdictions. It is	Yes, insu... TA-CM
28	always worth considering how local people currently interact with standard insurance	TA-PS
29	products before asking them to participate in a P2P programme.	local... TA-C
30		
31		
32	4b. If so, what would you change and why?	
33	It depends heavily on the new jurisdiction, and how the equivalent standard insurance	
34	product is perceived by customers in that market.	
35		
36		
37	5a. In the attachment of the e-mail, you will find a generic P2P insurance customer journey. Could you please have a look on the single steps and assess whether the apply to your P2P insurance platform or if there are some significant differences. If so, which processes are different and why?	
38		
39		
40		
41	1 - For certain mandatory insurance products (such as UK Motor insurance), the customer	1 - For certain mandatory insurance products (such as UK Moto...
42	acquisition process can be quite different from a discretionary purchase. Customers will	
43	typically buy within 4 weeks of their current policy expiring – a process normally triggered by	
44	a renewal letter being sent from their current provider. Therefore, it is never a question of	
45	whether the customer will choose to buy motor cover, but rather which provider they would	
46	prefer to purchase it from. As a result, the costs of benefits of the programme are very much	
47	relative to other (perhaps non-P2P) providers in the space.	
48		
49	2 – At Guevara we found a very large number of ways to mix up the steps from Quote, to	
50	Purchase and Group Selection. For example, the process you outlined could be changed to	For exam... TA-G
51	allow a customer to purchase a policy before they need to select a Group. Or even, allow a	It ve... TA-PS
52	customer to select a new Group after automatically being placed in an initial Group. In my	and...
53	view, there is no 'correct' pathway for this customer journey – it very much depends on the	
54	products, the P2P model, and the way customers would prefer to engage with this more	
55	complex approach to insurance.	

56
57
58 **5b. Which steps during the customer journey are critical and require either a high**
59 **level of trust or some forms of control?**

60 It is critical to give customers a fast, accurate and competitive quote, and also to handle
61 claims quickly and effectively. These elements require more trust between customer and
62 company, not between customers.

63
64
65 **5c. Why do you think that they are critical?**

66 Claim handling is critical because it is the fundamental reason why customers purchase
67 insurance. If a company cannot provide a quality claims experience, its reputation will start
68 to fall very quickly.

69
70 Equally, customers must have some level of confidence that a company can offer
71 competitive pricing. A proposal form can be lengthy and very time consuming for customers,
72 and they must believe that there will be a reasonable result for them at the end of that
73 journey.

74
75
76 **5d. What forms of control do you know or do you provide on your platform? (e.g. tools**
77 **and technologies that enhance trust or reduce risk)**

78
79 Most fundamentally, the company must consider the method and tone it chooses to
80 communicate with customers – technology is simply an enabler of this.

81
82
83 **6. The following table provides an overview of different factors that influence how**
84 **people form trust and how they perceive risks on online platforms.**

Factors	Examples
Individual Characteristics	Gender, age, psychographics, personal motives, etc.
Cultural Characteristics	Individualistic – collectivistic; risk-friendly – risk-averse, open towards strangers – preference for in-group contact, few regulations – need for control, etc.
Product / Service Characteristics	Cost, complexity, level of involvement, continuance intention, functionality, etc.
Market / Country Characteristics	Regulations, competitors, compliances, degree of innovation, technological developments, market growth, etc.
Website Provider / Company	Reputation, trustworthiness (ability, benevolence, integrity), website quality, etc.
Information Systems / Internet	Perceived usefulness and ease of using the platform and the integrated technologies, option to test the insurance service, privacy and security concerns, etc.
Third Parties	Reinsurers, experts, referrals, trusted seals, trusted brands, etc.

95
96
97
98
99
100 **6a. Are there factors that you would add or change?**

101 No

102
103
104
105 **6b. On your platform, which of those factors might have the highest impacts on users**
106 **and why?**

107 Trust is not a static relationship with a single transaction, it continues to evolve over time
108 between customers and the company, based on the dynamics of the relationship and the
109 time. Therefore, this is a tricky topic to address. However, broadly speaking, I would say that
110 customers are initially looking for reasons to trust the company, often using some of the
111 following hallmarks:

- 112 - Is this company regulated?
- 113 - Are other people using it? (or... Have I been recommended by a friend?)
- 114 - Has it been talked about in the news / press?
- 115 - Does the premium and policy feel familiar?

It is critical to give customers a fast, accurate and competitive quote, and also to handle claims quickly and effectively. These elements require more trust between customer and company, not between customers.

CJ
PR-P
TL-C

Mos... CM-F

6a... TF

Trust is not a static relationship with a single transaction, it continues to evolve over time between customers and the company, based on the dynamics of the relationship and the time. Therefore, this is a tricky topic to address. However, broadly speaking, I would say that customers are initially looking for reasons to trust the company, often using some of the following hallmarks:

PR-P
PI and TL
TL-G
TA-PS

H... TA-PC

116	Once they've decided the platform is worth considering, then a second round of questions	Once they've deci...
117	begin to emerge around how a customer should select a group – or specifically, what factors	
118	should they select for to optimise their personal result. In many cases customers are	
119	confused and/or overwhelmed by this step, and therefore will look to the company to offer	
120	some guidance.	
121		
122		
123	6c. How do you positively influence those factors on your platform?	
124	Examine every possible touchpoint with a customer and examine how it impacts on the	Examine...
125	points above. Gather as much customer feedback as possible. Then using the best insights	CJ
126	available, test and iterate your approach until you see a change in the results and feedback.	CM-F

13.5.2. Jacqueline Bohn (Psychologist)

Bohn, J., 2017. Expert Interview. Interviewed by Nicole Oberlin. [audio] Zurich, 28 September 2017, 19:00-19:45.

<p>Expert: Jacqueline Bohn, Clinical Behavioural Psychologist (MSc in Psychology), Federally-recognized Psychotherapist</p> <p>Date & Place: 28.09.2017 Face-to-Face Interview in Zurich</p> <p>Time: 19.00 – 19.45</p> <p>Interview Language: German (transcript is translated into English)</p> <p>Note: The structure of this interview has been modified and mainly focused on the theoretical trust framework and the behavioural perspective. Concrete questions about P2P insurance were not posed, since this concept is new for Jacqueline Bohn.</p>	
1	[Interviewer] Hello Jacqueline, thank you very much for taking your time and participating in this interview.
2	
3	
4	[Bohn] You are welcome. I hope that I can contribute something valuable to your work. I am not really used to those P2P concepts, but I will give my best (laugh).
5	
6	
7	[Interviewer] I am sure you can! Did you had time to have a look on the additional documents about P2P insurance, the trust framework and the customer journey?
8	
9	
10	[Bohn] Yes, I had a look on it and it took me some time to get into this insurance approach. But, I think I am on a good way now ... (laugh).
11	
12	
13	[Interviewer] Good, perfect. Since you were not used to this concept before, I will skip the first part with general questions about P2P insurance and directly commence with the trust framework. I this ok for you? Or do you still have some general questions about P2P insurance?
14	
15	
16	
17	
18	[Bohn] (Ugh) ... yes, maybe some general issues. So, actually you will pay more or less the same premium when you purchase a P2P insurance and probably you even get some money back. So, what are the costs involved? It seems like there are only benefits. Or is it if I have a bad group?
19	
20	
21	
22	
23	[Interviewer] Yes, for instance if you have group members that do not behave fair. And the concept is quite new, so that many people do not know this model, do not trust the provider of P2P insurance and are not sure if they will really get paid in the end of the period or if their damages will really be covered. So, it might seem too much effort to change to a new provider with a new concept.
24	
25	
26	
27	
28	
29	[Bohn] Ahh ... so, it is a lot about social dynamics and group phenomena. And what for what kind of insurances does this exist? Like for car or health?
30	
31	
32	[Interviewer] This can be for all kind of insurances. On the one hand for traditional insurance products such as property, health, car, etc. and on the other hand also for niche needs such as for pets, special objects, child missing's, divorces, etc.
33	
34	
35	
36	Did you had time to have a look on the trust framework?
37	
38	[Bohn] Roughly, maybe you can shortly guide me through it?
39	
40	[Interviewer] Sure! So, when making a purchase decision, people usually balance perceived benefits and costs. Which also impacts whether they decide to behave fair, share information or if they do not collaborate. There is this complex interplay of trust and risk, which can be influenced by implementing control mechanisms. And then you, have external and internal factors that influence the formation of trust.
41	
42	
43	
44	
45	
46	[Bohn] The model is quite complex. And from my point of view, the core of the framework is represented by balancing perceived benefits with perceived costs or risk and the resulting behaviour or intention to act. And then, of course, when talking about risk, trust plays an important role as well, since it acts as counterpart of risk. That is to say, the higher the uncertainty, the higher the risk. The lower the uncertainty, the higher the trust. And of course,
47	
48	
49	
50	

This can... TA-PS

The model is quite complex
TF
Trust plays an

And from... PB
PR-P
PR-R

51	control will enhance trust or reduce risk.	TL-G
52		
53	If we have a look on the composition of the model, I believe that the external and internal	
54	factors are influencing trust as well as risk. And some of those factors, such as cultural	TA-C
55	characteristics can have a much higher impact than others. For instance, if a person	
56	generally feels uncomfortable towards new or unknown situations, it will have a high impact	
57	when considering if the person even wants to try a peer-to-peer insurance or rather not. That	
58	way, the cultural aspect would directly have an impact on the perceived risk.	
59		
60	And then, the control mechanisms are stimulating internal or external motivations and can	CM-F
61	influence risk or trust since they impact the factors. In my opinion, there are some	CM-I
62	characteristics which are more related to formal control mechanisms and others which are	
63	more related to informal control mechanisms. So, the best example can be given with group	
64	characteristics. As I told before, group phenomena will play an important role. And often,	
65	behaviour within groups can be controlled through informal mechanisms. If an individual	
66	identifies himself with a certain community, intrinsic motives will prevail, reflected through	
67	actions that support strong commitment. The fear of social sanctions or the social pressure	
68	will prevent members from acting dishonest. On the other hand, of course, you could	
69	implement clear rules and guidelines of how to behave and interact within a group. However,	
70	the problem with formal regulations is often that they are less strong. So, in case that	
71	someone neglects regulations, he will probably be charged a monetary fee as a sanction.	
72	Which is less efficient. And usually, the penalized person will feel redeemed when the fine is	
73	payed. So, besides the financial punishment, there will be no other consequences. So, the	
74	perceived benefit from acting dishonest or opportunistic versus the perceived cost of paying	
75	a monetary fine could still be predominant.	
76		
77	And then you have other factors such as Information Systems, Product Characteristics,	TA-IS
78	Website Provider and Third Parties, which I would rather see in the context of formal control	TA-PC
79	mechanisms. Or at least, I could not imagine what kind of informal control mechanisms you	TA-PS
80	could implement there. Maybe towards the provider, there might be some forms, (Ugh) ... or	TA-TP
81	wait, is it informal if the website environment, the technologies are based on a gamification	
82	approach and will stimulate joy in using the service? But still, that's difficult since you are	
83	buying an insurance product. So, I believe that only the group part can really stimulate	
84	intrinsic motivators ...	
85		
86	I mean – in general – for the framework, it is very theoretical at the moment. So, if you plan	
87	to use it as an instrument that could support platform providers in their understanding about	
88	how decisions are made, how trust and risk are formed. Then you should probably create a	
89	much simpler version, with direct examples and which is much easier to understand.	
90		
91	[Interviewer] Which steps during the customer journey are critical and require either a high	
92	level of trust or some forms of control? Why do you think that they are critical? What forms of	
93	control could you imagine?	
94		
95	[Bohn] If I would be the user, I think one critical step would already be in the beginning of the	CJ
96	journey. That is to say, if I would decide to purchase the product or not. I think this can be	
97	directly related to cognitive psychology – so, it is about how do individuals undergo decision-	
98	making.	
99		
100	P2P insurance is something new and only few people are buying it, so, people would usually	TA-I
101	undergo a conform decision-making approach. So, they would think: "Most people on the	PB
102	world are purchasing traditional insurance products. If this P2P thing be so beneficial, why	PR-P
103	are there not more people buying it? What is the catch? Or why – at least – did I not hear	PR-R
104	from this context before? How much time and effort does it cost to inform myself about the	TL-C
105	product? So, the decision for the product or even the awareness of the product already	TL-G
106	represent critical steps if you want to target the mass market.	
107		
108	Data provision would be easy, quote selection as well, then group formation ... (ugh) ... could	TA-G
109	be a critical step. And it is difficult to say if I would prefer to set up a group with friends or with	
110	strangers. Of course, I trust my friends more. But then, I would have the effort to find enough	

111	members. So, probably I would prefer joining a pre-existing group.	...
112		
113	[Interviewer] But if you would join a group of strangers. Would you have any concerns?	
114	Or what information would you like to know about them?	
115		
116	[Bohn] (Ugh) ... perhaps, I would like that they disclose their credit investigation information	(ugh) ... perhaps, I would like...
117	(=Schufa-Auszug). Like a history from their previous insurance company. I mean that does	CM-F
118	not work for all kinds of insurances, but for car insurance, I would like to know how many	
119	accidents or damages other drivers had in previous years. And then of course, I must be	
120	sure about the whole identification of other members. That the premiums are safe, that the	
121	members are real, etc. And of course, I would like a contract and that I can easily access	
122	what is included or excluded from the insurance contract. But I don't think that I would like to	But I don't think that I would like...
123	know personal details or something about them. Or just in case that I purchase a niche	CM-I
124	product. Of course, in that situation it would make sense to connect via social media	TA-PS
125	channels and to interact with other members. Standard products are probably more related	
126	to extrinsic motivations whereas niche products, such as diseases, are related to intrinsic	
127	motivations. If you had someone with breast cancer in your family, you are intrinsically	
128	motivated to form this group and would probably like to interact with others, share stories,	
129	etc.	
130		
131	[Interviewer] How do you think that a user forms trust on a P2P insurance platform?	
132		
133	[Bohn] Trust is formed over time and with confirmation. So, maybe if a user would have an	Trust is f...
134	option to test this service, it could be quite useful. Or if the insurance period would be	TL-C
135	shorter, not a year like in traditional insurance. So, that users can form trust quite early.	TL-G
136		Or if...
137	There is this paradox of choice in cognitive psychology which considers phenomenon's of	So... TA-IS
138	decisions. If someone purchases a P2P insurance, he will be happy with it in the very	TA-PS
139	beginning because usually individuals are balancing costs and benefits which justifies the	TA-I
140	purchase decision. But still, it could be useful to create incentives earlier than in the end of	There is this...
141	the period. To convince the user in his decision.	But... CM-F
142		
143	[Interviewer] Would you feel concerned about other members raising fraudulent claims?	
144		
145	[Bohn] (Ugh) ... I mean, it could always be the case that there are members posing	I mean, it could always be the c...
146	fraudulent claims. But still, there is not that much to gain for them, right? I mean why should	CM-F
147	a cheater purchase a P2P insurance to pose fraudulent claims? The effort would just be too	PR-P
148	much. Then it would be easier to stay with the traditional insurers, where you act as an	PR-R
149	anonymous player, and pose fraudulent claims there, right? So, actually, P2P should be kind	TA-G
150	of protected against that. Because you would not gain more money out of P2P insurance	
151	than out of traditional insurance. So why should you behave fraudulent in a P2P group where	
152	you are much more monitored than in traditional insurance?	
153		
154	Maybe, the platform could even highlight this as a benefit. Kind of an automatic anti-fraud	May... PB
155	mechanism.	
156		
157	I think many of the concerns a user might have could be absorbed easily in the beginning. If	
158	they do not really trust in the system or that they really get a payoff. You could work	You could work against...
159	against this by implementing shorter periods – so, that users can 'test' the service. And the	CM-F
160	concern for opportunistic behaviour does not really make sense. And if you increase	ou could...
161	transparency or implement rating systems during claims processing or the option that users	TA-IS
162	can provide feedback and insights, this would further minimize the concern for fraudulent	TA-PS
163	behaviour.	I th... PR-P
164		PR-R
165	[Interviewer] There are also groups with many members, like 1'000-10'000 of members. So,	TL-C
166	in that case, the anonymity increases which could create room for fraudulent claims, right?	TL-G
167		
168	[Bohn] (Ugh) ... the higher the group size – of course the higher the option for fraudulent	(ugh) ... the
169	claims – but still, you will be quite safe because of economies of scale. If 2-3 persons out of	CM-F
170	a group of 2000-5000 members poses fraudulent claims, the effect is quite moderate and	CM-I
		PR-R
		TA-G

171 does not really impact you. However, if you have a group of 10-15 persons, then fraudulent
172 claims will have much higher impacts. So, proportionally, the risk is not that high in a bigger
173 group. I believe it is even safer than in a smaller group.
174
175 What would be also good is high transparency which shows past claims histories, amount of
176 members, payback amount, etc. And maybe the option to exchange with existing members
177 or customers. So, that they can share their experiences.
178
179 [Interviewer] Thank you very much for your inputs! I think we are now at the end of the
180 interview. Do you have any questions or add-ons?
181
182 [Bohn] Your welcome, I hope you can use something out of my answers.
183
184 [Interviewer] I am sure I can. Thank you for participating.
185
186 [Bohn] Good luck for your thesis. Bye!
187
188 [Interviewer] Bye.

higher th...
TA-G
TL-G

What wo...
CM-F
CM-I

13.5.3. Louise De Broglie (Founder InsPeer)

De Broglie, L., 2017. Expert Interview. Interviewed by Nicole Oberlin. [audio] Skype Video Call, 6 October 2017, 14:00-14:45.

Expert: Louis De Broglie, CEO and Co-Founder of Inspeer – the 1st P2P insurance service in France (founded 2015) providing car, bike or housing insurance Date & Place: 06.10.2017 Skype Video Call Time: 14.00 – 14.45 Interview Language: English	
1	[Interviewer] Hi Louis! Nice to meet you!
2	
3	[De Broglie] Hello! Nice to meet you
4	
5	[Interviewer] Thank you very much for participating in this interview, I am very happy about that.
6	
7	
8	[De Broglie] No worries. Your welcome, it's fine.
9	
10	[Interviewer] Is it ok for you if I record the interview, so that I can transcribe it afterwards?
11	
12	[De Broglie] Sure, no problem.
13	
14	[Interviewer] So, I am doing some research about P2P platforms, especially about how users form trust and perceive risks on P2P platforms. And that is why it is very interesting for me to get insights about how existing platforms are running their business.
15	
16	
17	
18	[De Broglie] I already had time to review your document, but I will let you guide the interview.
19	
20	[Interviewer] That's perfect, very good. Maybe before we start, could you tell me a bit about yourself and your start-up Inspeer?
21	
22	
23	[De Broglie] We recently launched a P2P product dedicated for electric vehicles in France.
24	So, we decided to focus on only one community in the beginning. So, you probably see that
25	some start-ups formed different groups but we decided to on one community which is
26	electrical vehicles drivers in France instead of serving multiple communities. Our objective is
27	that once we understand all the issues around this community, to multiply the number of
28	communities that we are managing.
29	
30	So, the mechanism that we put in place is probably quite standard. We are using a scheme
31	that is fully transparent. When people are paying their insurance, a part is going into the
32	mutual pool which is used for small claims and there is a cashback payment in the end of the
33	year, if money is left.
34	
35	[Interviewer] What do you think are the main benefits and costs/risks for a user when
36	purchasing a P2P insurance on InsPeer?
37	
38	[De Broglie] The cost of using our service is not different to any insurance broker, so there is
39	no financial additional cost. And the benefit is to be among people that look like you or have
40	the same passion or use of vehicles. Like the same lifestyle. And to be rewarded as a group
41	for good behaviour in the end of the period if no or few claims are made.
42	
43	[Interviewer] And can members form their own group or are they automatically assigned to a
44	group?
45	
46	[De Broglie] No. I know some platforms manage smaller groups but we believe that the
47	drivers of electronic vehicles are one community, so we are providing one group for all
48	members. We believe more in the marketing effect of having a community based on
49	something than creating sub-groups around risk profiles. In our case, we don't see a need
50	for building groups based on other criteria.
51	
52	[Interviewer] And do you think that a customer might have any concerns when using your
53	service?

So, you probably s...
TA-G

When pe...
TA-PS
and...
PB

And the...
PB
TA-G
The...
TA-PS

we believe that th...
TA-G

54			
55	[De Broglie] (Ugh) ... of course. Because we are a start-up and in insurance, people want to	Because we are a...	PR-P
56	be assured that they get paid. But since our product is backed by an insurance company		PR-R
57	there is no risk. We are able to reinsure them. After, the mechanism, they don't have so	But...	CM-F
58	many risks. They will never end up paying more than the stated premium. Just in case there		
59	are many claims, the payback will be smaller.		
60			
61	But claims are very rare, which might depend on the community since most electric vehicles	But...	TA-G
62	driver have quite safe driving habits.		
63			
64	[Interviewer] You are new in the market and your brand awareness is still in the beginning.		
65	Are you using your reinsurer's brand to build trust? I mean are you displaying that you are		
66	collaborating with a certain insurance company?		
67			
68	[De Broglie] Not so much. Our strategy is more to be identified as insurance provider in the	Our strategy is mo...	TA-PC
69	ecosystem of electric vehicles. And we do this through partnerships, grassroots marketing		TA-TP
70	activities, use of social media activities, etc. So, it is more about being there and being		
71	visible in this ecosystem than to push strongly via the existing insurance company. So, it is		
72	more about visibility.		
73			
74	[Interviewer] Ok, thanks for those insights! If you would plan to expand your business to		
75	another country in Europe or also in other markets. Do you think you would set it up		
76	differently? Are there differences in markets with different cultural backgrounds?		
77			
78	[De Broglie] Yes and no. I mean we would have to research exactly on what the existing	Yes and no, I mean we would have to research exactly...	TA-CM
79	communities are based and how the growth rates look like. For example in France, there is	I me...	TA-G
80	not yet a mainstream market for electric vehicles. The current providers are still pioneers and		
81	there is still this feeling of community base.		
82			
83	So, when you want to enter new markets, you must identify the existing communities. This	you must ide...	TA-G
84	could also be for motorbikes or camping car, something where you identify a real feeling of		
85	community. But maybe in 10 years, if electric vehicles start to become a mass market, the		
86	sense of community would not be the same anymore.		
87			
88	So, it could be that if we plan to extend to Spain or Italy, they do not have the same	So, it cou...	TA-PS
89	understanding of electric vehicles. And if there is not a community, it would not make sense.		
90	So, we would probably do something different.		
91			
92	[Interviewer] And you told before, that you are partnering with existing companies. Is this with		
93	producers or sellers of electric vehicles or what did you meant by this?		
94			
95	[De Broglie] Yes, producers and sellers are a target, but we have other important actors, like	Yes, prod...	TA-TP
96	places where you can charge your car electricity, and many different information websites in		
97	order to gain visibility.		
98			
99	[Interviewer] And would you say that your visibility mainly arises from those partnerships or		
100	from other channels such as social media recommendations?		
101			
102	[De Broglie] It's the sum of everything. There is no miracle. We increase our visibility through		
103	building direct and indirect distribution channels. They are all reinforcing each other.		
104			
105	[Interviewer] And is every customer paying the same amount of premium or are you making		
106	different prices?		
107			
108	[De Broglie] Ahh ... no, no. We quote through individual risk and their contribution to the	Ahh...	CM-F
109	mutual fund depends on their own risk profile.		PB
110			PR-P
111	[Interviewer] And how are you getting access to the data for risk calculation? Do the		TL-C
112	customer have to provide it manually? Because when I built up the generic customer		
113	journey, I identified that on some P2P platforms, customer must provide basic data in the		

114	beginning and then in a later stage they have to provide more detailed data. So, how does	
115	this work on your platform?	
116		
117	[De Broglie] It's like rating standard insurance products. So, we do the calculation based on	It's li... CM-F
118	the given information.	
119		
120	[Interviewer] And is the risk profile calculated also on driving behavior or rather on general	
121	data?	
122		
123	[De Broglie] We are not using IoT, we are using standard pricing methodologies at the	We are not us... CM-F
124	moment. But this can become a thought in future, when it is a little bit more established. But	
125	since we launched this start-up only a few months ago, we did not introduce anything like	
126	this yet. We thought it could be a bit too much to enter with two innovations at the same time.	
127		
128	[Interviewer] What do you think about the customer journey? Is there anything that you would	
129	change or add?	
130		
131	[De Broglie] In our case, I would have to adapt the journey since we do not do those things	In ou... CJ
132	like 'Applying for a group' or 'Group Joining' as we only have one group.	
133		
134	[Interviewer] So, the customer would provide basic data, automatically joining the group and	
135	pay the premium, right?	
136		
137	[De Broglie] Yeah. And for getting different quotes. We are not doing it like Friendsurance	Yeah, An... TA-PS
138	who is providing different quotes for the same product. We believe that we have the best	
139	product solution and provide one product for this community.	
140		
141	[Interviewer] Which steps during your customer journey are critical and require either a high	
142	level of trust or some forms of control? Why do you think that they are critical? What forms of	
143	control could you imagine?	
144		
145	[De Broglie] For me, the most critical steps are the first two. Like visibility and conversion.	For me, the most critic... CJ
146	The rest is easy. After acquisition in insurance you need to push your product. It's your ability	Insuranc... TA-PS
147	to increase visibility. Insurance is not an attractive product for customers, they are usually not	Any...
148	actively searching. So, even if you provide the best insurance solution, you must push it	
149	towards them. Any additional argument, like P2P, the money payback, etc. should be used in	
150	order to better push your product.	
151		
152	[Interviewer] How do you handle the payback in the end of the period? Like in terms of	
153	transparency, can customers see what kind of claims were accepted or rejected and how	
154	much money is left – on a dashboard or something? Or is it more on a mutual trust basis?	
155		
156	[De Broglie] Yes, we will give sort of an information on the fund and in addition, we will	Yes, we will gi... CM-F
157	probably give additional information support on how the payback is made in the end of the	PR-P
158	year. This reporting hasn't been made yet, so I cannot tell precisely. We will put in place kind	TL-C
159	of a dashboard.	
160		
161	[Interviewer] And what kind of technologies are you using?	
162		
163	[De Broglie] Quite simple ones. We need connection to our partners, so we need to plug that	Quite sim... TA-IS
164	but we do not need any state-of-the-art technology. For instance, Blockchain is still too new	
165	to implement it in our service. Maybe in a few years this will change.	
166		
167	[Interviewer] And in the event, that someone has a damage. How does the claims processing	
168	work? Do they have to upload the accident report with pictures or send it manually? And do	
169	you do claims processing manually in-house or is it automated?	
170		
171	[De Broglie] It's mainly manual, old-school claim analysis and reimbursement. However, we	It's mainl... PR-P
172	will move to more and more automated claims processing as we have time to do it. But	TA-PS
173	currently, we are mainly focusing on acquisition. And work on claims afterwards.	TL-C

174
175 [Interviewer] And from the customer perspective, does he have to send the claim per post or
176 is it digitally via the website or an app?
177
178 [De Broglie] For the moment post, but we are working at this. And I must admit that we did
179 not have any claims yet. The product was only launched this July.
180
181 [Interviewer] What do you think about the trust framework. Do you have any questions or is
182 there something that you would change or add to the theoretical framework?
183
184 [De Broglie] Are you talking about the trust in our brand or among the pool?
185
186 [Interviewer] Both of it, like the general trust towards the platform, the product and the
187 community.
188
189 [De Broglie] There are many things that I do not know. One could believe that younger
190 people are more open towards such products but in our case it's the difference. Electric
191 vehicles are quite expensive in France and that is why mostly older people than the average
192 purchase electric cars. That's also a reason why we are using the post way for claims
193 processing, to remove the issues towards technologies or the use of the internet in general.
194
195 I would say that our trust depends a lot on word of mouth, visibility, associations, partners,
196 etc. There are a lot of things around this. For us, the trust comes from the reputation within
197 the ecosystem and after, because they are using the electronic vehicles they trust each
198 other, like mutual interest since they have shared values or goals. Of course, the cost of the
199 product is also essential. You have to stay competitive in insurance, that is one of our main
200 learnings.
201
202 [Interviewer] Ok! And do you have any kind of control mechanisms on your website to control
203 or influence behaviour?
204
205 [De Broglie] Yes, yes! We select a bit the people who are entering in the community. For
206 example – I don't know if you have this in Switzerland as well – we got this system called
207 'bonus-malus' in France. It's a sort of shared rating between insurance companies that
208 displays your claim history. And so we accept only good-rated members on our platform –
209 which also gives some for of control to the existing members since they know that everyone
210 has to undergo this process.
211
212 We are the keeper of the community and so, we need to select people who can enter and
213 dismiss or reject people if they do not fit anymore into the community. And basically, this is
214 quite a strong control mechanism.
215
216 [Interviewer] So, in France you will get access into the users claims history even if he was
217 customer at a different insurance provider?
218
219 [De Broglie] Yes. I mean it is not that easy like it sounds. It's still manual and on demand –
220 quite bureaucratic. So, when deciding for our product, customers have to demand the history
221 from the previous provider and must send the document to us manually. It's not a database. I
222 mean it should be like this, would be great, right?
223
224 [Interviewer] And are there any other control mechanisms?
225
226 [De Broglie] There is, let's say same as in a standard insurance company. All the claims are
227 studied by a specialist, an expert, etc. It's not like a community-analysis of the claim. We are
228 making the job and want to ensure that we identify fraudulent claims.
229
230 Otherwise its similar like existing insurance. We have e-signature so that you can sign the
231 contract online, but the rest is more or less the same.
232
233 [Interviewer] And I saw at other P2P communities, that they kind of have a space like forums,

One could believe...
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There is, let's say sam...

234 chatrooms, etc. where they can interact and communicate with each other. Or provide
235 feedback on how to prevent risks. Do you provide something similar like this or plan to do
236 so?
237
238 [De Broglie] Yes and no. For us, we are working on risk prevention. And there are a lot of
239 existing pages, forums, Facebook groups around the topic of electric vehicles. And for us,
240 there is currently no need to replace them or create an own space. Because those places
241 already exist.
242
243 However, maybe we will do something like this in future, but it is not of high priority now. We
244 will work on this in the following years. There is still a lot left to do ... (laugh).
245
246 [Interviewer] Thank you very much for all your insights! It was really interesting to hear how
247 you are experiencing and proceeding P2P insurance.
248
249 [De Broglie] Your welcome! So what are you going to do with this data now? Is it for your
250 dissertation?
251
252 [Interviewer] Yes, exactly. It is for my Master Thesis. So, I am trying to evaluate how a P2P
253 platform should be set up and if there are any differences in cultural contexts.
254
255 [De Broglie] Cool interesting. Let me know what you found out in the end. Will be interesting
256 to see the results!
257
258 [Interviewer] Sure, I will get back to you by the beginning of February with my results. Just
259 another question, is it okay if I mention your name in my work?
260
261 [De Broglie] Sure, I'm fine with that. Looking forward to the report. Good luck and bye!
262
263 [Interviewer] Bye Louis! Thanks for taking your time!

Yes and no. For us, we are...

CM-I
TA-G

13.5.4. Kevin Häner (Baloise Insurance)

Häner, K., 2017. Expert Interview. Interviewed by Nicole Oberlin. [audio] Telephone Call, 2 October 2017, 11:30-12:30.

Expert: Kevin Häner, Project Manager for the Division 'Business Development & Services' at Baloise Insurance, 10 years of working experience as Claims Specialist at Baloise Insurance Date & Place: 02.10.17 Telephone Interview Time: 11.30 – 12.30 Interview Language: German (transcript is translated into English)	
1	[Interviewer] Hi, it's me, Nicole
2	
3	[Häner] Hello Nicole! You are really punctual ... (laugh)
4	
5	[Interviewer] (Laugh) ... Is it ok, for you? Do you have time now?
6	
7	[Häner] Yes, sure. I'm just getting ready. I had a look on your documents and made some
8	notes. So, I hope it is what you are looking for. I mean the part with the trust framework is
9	very theoretical and maybe not directly applicable in practice, but there are some interesting
10	facts.
11	
12	[Interviewer] Yes sure, that's great. Is it ok for you if record the interview? So that I can
13	transcribe it afterwards?
14	
15	[Häner] Yes, sure.
16	
17	[Interviewer] Ok, so I am going to write my thesis about P2P platform with the goal to
18	evaluate how a P2P platform should be set – including control mechanisms – that will
19	positively influence individual and group behaviour. So, we will start with some general
20	questions about P2P insurance and continue with the trust framework and the customer
21	journey.
22	
23	[Häner] We had quite an in-depth research about the topic of P2P insurance at Baloise. One
24	of our colleagues, Roland Saxer, also wrote his Master Thesis in this area. So, in case that
25	you need some additional information after this interview, I could also connect you to him.
26	So, you would kind of have a holistic view on this topic. I will provide you more like the
27	traditional insights today. And also some insights from the innovation and development
28	perspective of Baloise.
29	
30	[Interviewer] Maybe before we start with the official questions, could you provide a short
31	summary about your background and your function at Baloise?
32	
33	[Häner] Sure, I am working for ten years at Baloise now. So, I started with an apprenticeship
34	at Baloise and did some further training as social insurance actuary
35	(=Sozialversicherungsfachmann) and a study course as insurance industry expert. So, in the
36	beginning, I was working in the claims processing division for several years but after a while
37	it became a bit boring, so I decided to switch to the division 'Business Development
38	Damage'. So, we were kind of a catalyser for change and my core area there is the whole
39	digitalisation topic for claims processing, business models, etc. And I am also responsible for
40	co-operations with start-ups such as the F10 start-up accelerator. Thus, I am also functioning
41	as interface to product management.
42	
43	So, I have a lot of touchpoints with new business models, changes in the claims processing
44	and the implementation of new technologies. And we are establishing a new fraud detection
45	tool, where we implement image recognition, new payment methods, new communication
46	channels for claims – for instance the integration of Facebook and WhatsApp – that are the
47	current topics that I am working on. And it's much more interesting than traditional claims
48	processing.
49	
50	[Interviewer] When making a purchase decision, people usually balance perceived benefits
51	and costs. What do you think are the main benefits and costs/risks of purchasing a P2P
52	insurance?
53	

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PR-P

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- PR-R
- TA-G
- TA-I
- TA-PC

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- PR-P
- PR-R
- TA-PC
- TA-TP
- TL-C
- TL-G

What I also...

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- PR-P
- TA-PS

Especially...

- TA-C

And thing that cou...

- PR-P
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- TA-PS

And thing that cou...

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And as I told...

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- PR-R
- TA-I
- TA-PS

114			
115	[Häner] It could be the case that some people do not feel comfortable to claim in the event of	It could be the cas...	PR-R TA-G TA-I TL-G
116	a damage because they fear the group reaction, because they don't want to have trouble		
117	with friends or peers. I already observed this in practice – it's a bit like the 'bonus-malus-		
118	system' – so in moto insurance people are sometimes not claiming for smaller issues as they		
119	don't want to get a higher risk profile, which could result in higher premiums.		
120			
121	And another concern that I had is, how do you connect those people? I am not sure if a	So, there mus...	CM-F CM-I
122	person would join a community of strangers and how to trust them. So, there must be some		And... PR-R TA-G TL-G
123	kinds of safeguards. Like an integrated rating system or something to from trust. So, you		
124	could rate people or there would be a scoring system indicating the risk profile, claims		
125	history, etc. That would provide some form of control.		
126			
127	[Interviewer] Do you have any questions concerning the theoretical online trust framework		
128	proposed in the document 'Background Information & Trust Framework'? Is there something		
129	that you would change or add to the theoretical framework?		
130			
131	[Häner] Generally, I think it is quite a good summary and I do not have any specific add-ons.	Gen...	TF
132	Although it's a bit too theoretical.		
133			
134	[Interviewer] Which formal or informal control mechanisms do you know to enhance positive		
135	behaviour within a P2P group (cooperative behaviour)? Maybe also with regards to		
136	technologies?		
137			
138	[Häner] So, I noted some points out of my practice experience from traditional insurance.	Firstly rating systems would de...	PR-P PR-R TL-C TL-G
139	Firstly, rating systems would definitely provide some form of control and increase trust levels.	Then also very basic consi...	CM-F
140	Then also very basic considerations, that if someone accepts a contract, that he must sign it	First... CM-F CM-I	
141	with his signature, like with an electronic signature. Or the possibility to upload an identity		
142	card to minimize fraud risk and identify the person. Or, for instance at Lemonade, you will		
143	access the P2P platform via social media channels which also kind of authenticates your		
144	identity. So the platform has access to social media accounts. To minimize risk and		
145	implement control, to ensure that the person is real.		
146			
147	And then, there is also the possibility to reward or incentivize people. For instance, with this	the possibility to reward or incentivize people. For instance, wit...	CM-F PB PR-P PR-R TL-C TL-G
148	yearly claim free premium payback which is quite motivating. Or by providing damage-	So, grou...	TA-G TA-PS
149	reducing solutions from other group members. There are planned models where members		
150	can offer help or support in case of a damage. Or where they can vote whether a claim is		
151	accepted or rejected, so they can provide inputs and feedback. And if the majority accepts it		
152	will be proceeded. But this rating is often only possible for certain products or only for smaller		
153	claims that are paid with the group pool. Or there is the option, that in case your mobile is		
154	broken or your car is damages, that other members within the community directly offer repair		
155	services for lower costs. So, group members would have the option to introduce damage-		
156	reducing measures. Thereby, kind of extending the existing insurance product with an		
157	additional service. Currently, insurers are coming up with ideas into this direction. Because		
158	probably there are like plumbers within a group who have the right skills and could repair the		
159	damage at a lower cost. And this also creates relationships. But of course, there is the		
160	question of whether people really want that or not. This would also reduce the fraud risk		
161	significantly.		
162			
163	[Interviewer] Do you think that this would also depend on the product category? Whether it is		
164	a standardized insurance product that everyone has like property insurance or car insurance		
165	or whether it is a niche product?		
166			
167	[Häner] That's a good question. I think it should be a product with a higher damage cost.		
168	Maybe not for a mobile phone but rather for cost-intensive products where you need		
169	craftsman or a car repair garage. So, I could imagine that it functions for standard product	So, I could im...	TA-PS
170	like property insurance quite well. For niche products, it could be more difficult, but maybe if		
171	the costs are high as well. But there must be a certain damage. Otherwise the effort would		
172	not be profitable.		
173			

174	[Interviewer] So from your perspective, mainly individual and group characteristics are	So fr...	TA-G	
175	influencing the formation of trust? Did I understand that right?		TA-I	
176				
177	[Häner] Yes, I believe so. Out from my daily work.			
178				
179	[Interviewer] What do you think about the customer journey? Is there anything that you would			
180	change or add?			
181				
182	[Häner] (Ugh) ... there are some points where I have some concerns. Generally, I really like			
183	your approach with the trust framework and the customer journey. I mean it is quite	I mean it is quite t...	CJ	
184	theoretical and generic but it involves almost all steps of the value chain. What I saw was –			
185	at the stage of group joining – that I believe the instant group joining might not really work. I	I really h...	CM-F	
186	really have some concerns here. I mean if you have a strong rating system behind, it could		TA-G	
187	work, but the majority would probably not be willing to join a group of strangers.		TA-I	
188				
189	And then, if you want to build a group of friends, it could be difficult to get enough members			And... TA-G
190	so that the group is profitable and can work. Moreover, at the stage of premium payment,	Moreover, at the s...	TA-PS	
191	there would be also some other possibilities. There is this Swiss start-up 'Versicherix' where			
192	you pay into the group pool and all groups pay also into an insurance fund which is then			
193	used for high-cost claims – like replacing the reinsurer. So, group pools are used for small			
194	claims and the overall fund for the bigger damages.			
195				
196	[Interviewer] Ohh ... that's interesting! Thank you for that input.			
197				
198	[Häner] And what I also think is that at the stage of claims handling, there is the option of	And...	TA-G	
199	self-claims handling as well, with in-group members conducting repairs or other services.		TA-PS	
200	Other			
201				
202	[Interviewer] Which steps during the customer journey are critical and require either a high			
203	level of trust or some forms of control? Why do you think that they are critical? What forms of			
204	control could you imagine?			
205				
206	[Häner] I think information search can be quite critical. Out of research and reports, many	I think information sear...	CJ	
207	people are searching on the Google Search function and the whole Google AdWords topic		TA-PC	
208	can get quite expensive for a young start-up. That is really cost-intensive. And then, also the		TA-PS	
209	factors 'brand trust' can be a very critical success factors. So, it would be an advantage to			
210	clearly indicate which existing, well-known brands are partnering with or supporting such a			
211	P2P platform.			
212				
213	What we also see out of the traditional insurance business, is that the provision of basic data			Whta... PR-P
214	should be very simple and not take too much effort. There is also the option to connect via	There is also...	CM-F	TA-PS
215	social media channels, which reduces the need of implementing some of the basic data. But,			
216	here again, if people do not know the new player – the new platform –, I am not sure if they			
217	are willing to provide all that data and access.			
218				
219	And then, when considering the group forming, I have some doubts as I already told you. I	And then, wh...	TA-G	
220	am not sure if you can form a group with friends – which would be great since you trust them		TL-C	
221	– but it's difficult that the group gets big enough. And build a new community with strangers		TL-G	
222	... I am also not sure about that, if it really works and you will trust them.			
223				
224	Out of the Master Thesis from Roland, he identified that it could make sense to target	Out of the Master Thesis from Rolan...	PR-P	
225	existing association and sports clubs. So, you would provide products to them and the group		PR-R	
226	already exists. And nowadays, for distribution, it is always an advantage if you cooperate		TA-CM	
227	with other organisations. For instance, we at Baloise provide an insurance for watches. And		TA-PS	
228	it is easy to provide this insurance product online, but then we recognized that it makes more		TA-TP	
229	sense to collaborate with watch producers and sellers to effectively target the customers at		TL-C	
230	quite low advertising costs. And that could be quite similar for P2P insurance, if they provide		TL-G	
231	niche products and manage to directly target existing communities, groups or associations.			And nowadays, for distr...
232	That would definitely increase trust and that people really purchase the insurance.			
233				

234 [Interviewer] And you mentioned before, that the direct contact would miss on a P2P
235 insurance. Do you know tools or technologies that could leverage this?
236
237 [Häner] I mean, you could use chatbots or something but it is always a bit difficult, I am not
238 really sure about this. Probably it needs a hotline as well. It is quite similar like in e-
239 commerce and you can adapt all the existing tools for P2P insurance platforms, as well. I
240 mean it is also an advantage that you do not need to attend a physical meeting with an
241 insurance expert and that you can purchase the contract and conduct everything online. And
242 I mean there are many existing tools like chatbots, tutorial, videos, fact sheets, hotlines, etc.
243
244 What I really like, is if a kind of guided chat wizard is available. We are doing something
245 similar at Baloise now. So, it is kind of a guided dialogue where the chat bot guides the
246 interaction by providing different possible answers or questions. Or the option, that at some
247 stage on the website, if we recognize that the customer is searching for something, that a
248 chat window opens and asks if the customer needs support. For example, if you are on the
249 product site, the chat would open and ask if you search for a specific product, what
250 information you need, etc. So this is generated out of the analysed usage behaviour on the
251 website. So, we use this in the classical insurance but it is also possible on P2P platforms.
252
253 Another issue is how you calculate or provide the deductible (= Selbstbehalt). Because
254 sometimes this helps also to minimize or avoid risks. If you have a higher deductible, you are
255 less likely to claim for fraudulent damages. And I don't know how this exactly works on P2P.
256 And it would also have an impact on the administrative effort. If deductibles are high, less
257 small or fraudulent claims are made.
258
259 [Interviewer] You told before, that most people do not like it if they must provide lots of data.
260 However, in order to estimate a risk profile, certain information is required. What do you think
261 about implementing options to share data from sensors or trackers or social media
262 channels? Because that way, a lot of data can be directly captured and the customer would
263 not have to hand it in. Somehow like that customer have the option to release certain
264 information channels or generators to their insurance?
265
266 [Häner] I think those approaches are quite interesting and provide a lot of potential. I mean
267 we are also testing such solutions at Baloise. There are some emerging start-ups in the
268 health insurance – I don't know if you know Dacadoo (www.dacadoo.com), they collect all
269 kind of data from fitness trackers and based on the evaluation of the data, they will provide
270 you recommendations of how you change your behaviour to reduce risks. Or you can also
271 place goals like 'I would like to lose weight', 'I would like to stop smoking', etc. and there are
272 doctors behind the app who will give feedback and suggestions. And we are trying to
273 implement something quite similar at Baloise, so that you buy an insurance without any
274 health declarations but you will be required to use the app. Because, scientifically, it is
275 proved that your risk of having an event of becoming ill is much lower if you are actively
276 using this app. And by using the app, there is almost no administrative effort anymore. So,
277 when you start the contract, we don't want to know how you feel today but rather how you
278 will behave and feel in future when using the app. Because, research has shown that your
279 risk of getting ill or getting a disease will be reduced by using such an app.
280
281 I do not really like the trackers which you can install in your car. We were thinking about that
282 as well, but then often, it is only applicable for cars with newer models and the market is
283 quite saturated with such products. But, I actually prefer a tracker that you don't have to
284 install in the car but that you can just use. There are some start-ups in the US which are
285 providing quite innovative solutions. We are also using this with our start-up FRIDAY in
286 Germany. And there is also an App that incentivizes you with reward points if you are not
287 using your mobile while driving or if you drive within the speed limit. And you will get minus
288 points if you exceed the speed limit, etc. And then, you can use those points for different
289 vouchers such as for Zalando. I think that approach is quite interesting since you try to
290 minimize risk through a gamified approach.
291
292 Currently, we are planning at BaloiseCare to support preventative measures, so that you
293 minimize the risk of getting ill. And I am sure that this will happen more and more. But in my

I mean, you could use chatbots or something but it is always a...
CM-F
TA-IS
PB

So, it is kind of a guided di...
TA-C
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Another issue is h...
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I think those approaches are quite interesting and provide a lot of potential. I mean we are also te...
CM-F
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I don't know if you...
And we are trying to implement...
There are some start-ups...
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294 opinion, I am not really a fan of installing various apps on my smartphone. But still, I mean if
295 the insurance company can sell such solutions as add-ons which might result in premium
296 discounts, it is quite interesting! For instance, if someone is using an app he will benefit from
297 discounts or better conditions than if he only is using the standard product. I mean it will also
298 reduce administrative effort. But such solutions are still quite new in the market and thus,
299 often, a maximum amount of damage sum must be specified as it is not really tested in-
300 depth so far. That is why it is still a bit difficult in health and moto insurance. You still must be
301 able to cover high damages. So, such solutions are probably only feasible until a specified
302 damage sum. But it is a topic, that is sure!

303
304 [Interviewer] And to sum up, I have on final question, which is quite general: What do you
305 think, could such P2P platforms be implemented across country borders, so that they sell
306 products in different market or even cultural contexts.

307
308 [Häner] I actually do not have that much experience in this area, so I am not quite sure. I am
309 not sure how to answer. I mean across different countries it is difficult. We were already
310 asked by Renault, a car producer, if we could provide an insurance across borders in
311 different. But this is difficult, because already from a regulatory perspective it is not really
312 feasible.

313
314 So, first of all, you must check if it is legally authorized to do it. In which countries it could
315 work, what are the restrictions, etc. And moreover, I believe that the needs or preferences for
316 insurance products might vary in different countries. Also, the customer groups differ, so it
317 could be quite hard to sell products in different markets. Already when you have a look on
318 the German market. Swiss people are quite risk affine and in Germany many people kind of
319 have an aversive attitude towards insurance carriers. So, you have to target them differently
320 or build and market products differently. So, probably you would have to build new groups in
321 those markets. For me it seems hard to build groups across borders. And if we are talking
322 about other continents like Asia, it becomes even more difficult. I mean no Swiss insurer
323 wants to provide an insurance product for Thai motorcycles – because they just have a
324 different attitude of using vehicles or driving style. That is why I am quite sceptical towards
325 this.

326
327 [Interviewer] Thank you very much! I think we are now at the end of the interview. Thank you
328 for participating, the conversation was very interesting and you provided some very helpful
329 insights. I am really happy about that. Do you have some more questions or inputs that you
330 would like to share?

331
332 [Häner] You are welcome, it was interesting to participate. And if you need further
333 information, just let me know and I can connect you with Roland. And of course, I would be
334 interested in reading your thesis when you finish it.

335
336 [Interviewer] That is great, thank you for the offer. I will probably come back to that! I will
337 hand in my thesis in December and hold the defence in Janaury. So, I can get back to you
338 with the results by end of January.

339
340 [Häner] Sure, that's perfect.

341
342 [Interviewer] Thank you and have a good day!

343
344 [Häner] Your welcome! Bye!

345
346 [Interviewer] Bye Kevin!

But still, I mean if the insurance com...
TA-CM
TA-PC

I actually do not have that much experience in this area, so I am not quite sur...
TA-CM

nd moreover, I believe that the...
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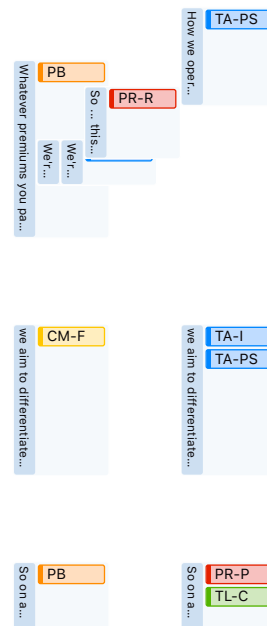
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because...
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13.5.5. Ashley Kee (Founder Bandboo)

Kee, A., 2017. Expert Interview. Interviewed by Nicole Oberlin. [audio] Skype Video Call, 22 September 2017, 09:00-09:45.

Expert : Ashley Kee, Co-Founder of Bandboo Group (Singapore)	
Date & Place: 22.09.2017 Skype Videocall	
Time: 09.00 - 9.45	
Interview Language: English	
1	[Kee] Hello!
2	
3	[Interviewer] Hi Ashley, nice to meet you and thank you very much for participating in this
4	interview.
5	
6	[Kee] Your welcome. Do you hear me properly?
7	
8	[Interviewer] Yes, I hear you fine. Maybe before we start, is it ok if I record the interview
9	because I have to transcribe it afterwards.
10	
11	[Kee] Sure, that's fine.
12	
13	[Interviewer] I structured the interview in three parts and the questions are open-ended
14	questions. So, there is no right or wrong and you can just tell what you experienced at work
15	or what your opinion is. Maybe before we start with the questions, could you just tell us a bit
16	about you and about your company Bandboo?
17	
18	[Kee] Yes sure. So, I am one of the co-founders of Bandboo. Bandboo is basically an
19	insurance platform that enables users to form digital communities online where you purchase
20	insurance when it matters against a pretty fine set of risks which is the insurance portion.
21	How we operate is, we brand insurance as a formal service. We charge a yearly platform
22	fee, to cover against retrenchment. Whatever premiums you pay, you are fully paid for, in the
23	event that we don't use them for payouts. So ... this allows users to enjoy two things:
24	Insurance without any conflict, because we remove the conflict between the insurance
25	company and the user. We're extremely transparent, we detail on every single transaction
26	that takes place on our site, through the use of an in-house built ledger based on blockchain.
27	And because we pay back all excess collected premiums, we allow the lowest possible cost
28	of coverage. So ... in a nutshell, that's our platform.
29	
30	[Interviewer] So the premium is it kind of personalized depending on the risk profile?
31	
32	[Kee] So, we actually collect the same amount from everyone but we aim to differentiate to
33	pricing based on risk of our individuals for our first product which is unemployment
34	insurance. We actually do want to introduce differentiation in pricing to charge users
35	according to their risk. So, on a month-to-month basis, depending on the risk profile of the
36	particular industry and the job and the user's risk status. So ... users might be charged an X
37	amount and depending on the risk status it might be X+1 or X+3 or even below X.
38	
39	[Interviewer] And in the end of the period they will get money back if there were no claims?
40	
41	[Kee] So on a whole, let's say if Bandboo collects one million dollars of premiums and we
42	only pay out two-hundred-thousand for claims, we will return back 800-thousand to the users
43	proportionally.
44	
45	[Interviewer] Interesting. Good - so maybe we can start with the first part - which contains
46	general questions about P2P insurance. When a user is on your platform and he makes the
47	purchase decision for a new insurance product, he usually will kind of balance 'What are the
48	costs and what are the benefits if I purchase this product?'. When thinking about your
49	platform, what are the costs or benefits that users might think about?
50	
51	[Kee] If you look back at how traditional insurance is bought and sold - when you buy a
52	policy you are essentially betting that one day, you will claim on this policy, which is why you
53	are willing to pay on pay premiums. And the insurance company which is selling you the
54	policy, is also betting that you will never claim because it has deemed you as 'safe-enough-



55	risk' which brings us to the imbalance of conflict and alignment of interest between consumer	which...	TA-PS		which brings us to the imba...	PB
56	and company. So, we are trying to totally remove this. By structuring this under the mutual	By struct...	TA-G			
57	insurance pool, users are all coming in to share the risk amongst each other and because	T:				
58	they are able to get back their premiums. There is actually not much. The whole notion of	The whole notion of benefit...				
59	benefit at the end of the day is very different from a conventional insurance purchase					
60	because you now know that if everyone here does not claim, we actually do get the chance	However...	PB			
61	to get our money back. Typically, a P2P insurance does not refund back all the premiums.					
62	They set aside a portion and refunding it if the claim rate is below a certain percentage.					
63	However, we are taking things on a very pure approach and we are refunding everything that					
64	is not used.					
65						
66	[Interviewer] So you don't have any other insurance companies involved which act kind of					
67	like a reinsurer?					
68						
69	[Kee] No. I believe in Europe most of the P2P insurance do it with an insurer. So essentially,	I believe in Europe mos...	TA-CM			
70	they are like a broker, like Friendsurance or Inspeer, they work as an insurance company					
71	and they set aside an amount that can be paid to users. However, when we studied the					
72	landscape here - I think it's significantly different in South East Asia, also because of					
73	regulatory issues. We won't be able to charge for such a system. Which is why we had to					
74	break down the usual insurance model.					
75						
76	[Interviewer] Trust plays an important role on P2P insurance platform since you are sharing					
77	risk in a community. Do you think there could be some concerns or inhibitions that a					
78	consumer might have on your platform?					
79						
80	[Kee] Personally, I think there are all the concerns a consumer have. To give you a quick	Personally, I think there are...	PR-P			
81	example of concerns that my customers have highlighted sent back to me. And this is		PR-R			
82	generally why we lose convergence on our site. They do not trust where the heart of funds is		TL-C			
83	kept. How the funds collected safeguarded, that is one issue. They do not trust how we		TL-G			
84	calculate the premiums. A lot of people always ask what happens if the funds run out? They	they ques...	CM-F			
85	question our transparency, so they want to know how many members we have, how we					
86	onboard customers and how it works when people want a payout?					
87						
88	So, I think when you do such a thing, transparency is a huge part of the system, which is	So, I...	CM-F		So, I...	TA-IS
89	why we decided to use the blockchain ledger, to publish all transaction details on our site.					
90						
91	So ... when we started our scheme - we haven't actually launched the program yet - but					
92	when we started, we wrote detail down from the first thousand users. How many members	we wrote det...	CM-F		How...	TA-G
93	they are at every month. How many claims we face. What the payouts were and from which		TA-PS			
94	industries these payouts came from. So ... we detailed it down and contribute it to every user					
95	on the platform.					
96						
97	[Interviewer] So are you going to use like smart contracts on your platform?	So are you go...	TA-IS			
98						
99	[Kee] Ugh...not smart contracts, but we just use an Ethereum-based ledger which will be	Ugh...	CM-F			
100	updated on a month-to-month basis when online transactions occur.					
101						
102	[Interviewer] Okay. And do you think there would be differences if you set up a P2P					
103	insurance in a country with differing cultural background or national culture?					
104						
105	[Kee] If we would do this in Europe - I mean I have lived in the UK for seven years - I think	If we would do this in Europe - I mean I have	TA-C			
106	the product mix and the comprehension of the insurance market is significantly different	comprehensi...	TA-CM			
107	there. Europe is quite the head of the course. We were probably able to introduce more					
108	products. But there are more mature products such as property and casualty, something					
109	similar like Friendsurance is doing. These products great for home renters. If you look at					
110	Lemonade, they chose to do home rent insurance. This is something that I think would apply					
111	in Europe as well, but would never apply in my region because people just do not rent over					
112	here, it's not a big thing. Whereas in European countries, the culture among the users is to					
113	rent, which creates the need for that product. I mean you have to understand what the	I mean y	TA-CM			
114	market wants and needs before you structure products. So it's very hard to adapt the					

ou have to underst...
se. We were proba...
lived in the UK for...

When you look at the e...

TF

I mean for InC...

I mean for InC...

TA-IS

TA-TP

exte...

TA-C

TA-G

TA-I

I think if we tell people that if they s...	CM-F
At least i ...	TA-C
So ... I d...	TA-C

Start with a group...

CM-F TA-PS

175	administrator and we are the ones, trying to properly run what an insurance company does.	don't actually allow the ...	TA-PC	... no we don't actually...
176				
177	So ... we set the rules. Of course, we make sure that they are fair, otherwise users will not			
178	sign up. And we adapt them to industry standards. We just make the process more efficient			
179	than incumbent insurers. Making it fully digital and make sure that users understand the			
180	product.			
181				
182	[Interviewer] And when we have a look on the control component in the theoretical	ou menti...		
183	framework. What kind of control mechanisms do you have on your platform to for instance in			
184	order to strengthen the group ties, or to ensure that people behave fairly? You mentioned the			
185	linkage to social media profiles such as Facebook or LinkedIn which is also some form of			
186	control. Are there other technologies or tools that you use?			
187				
188	[Kee] Sure, well apart from profiling the risk of individuals joining ... I don't do much to control	Sure, wel...	CM-F TA-PS	b... TA-G
189	that. Of course, we try to balance the risk among a wide base of users to spread the risk. But			
190	apart from that we have not enhanced many other forms of different control mechanisms.			
191				
192	[Interviewer] And are there any forums for the users where they can exchange with each	And are there any...	TA-CM	
193	other?			
194				
195	[Kee] No not right now. We have very strict laws here in Singapore, that are preventing us to			
196	do such innovative exchanging stuff.			
197				
198	But I know what you mean. If everyone knows who everyone within the community is, and if	But I know wh...	CM-I PR-R TL-G	
199	we would let people know that this particular individual as made a claim. The persons will			
200	only pose honest claims which is also one of their core assumptions of why P2P insurance is			
201	actually a better model.			
202				
203	[Interviewer] I had an interview with the founder of the Chinese TongJuBao yesterday and he			
204	told me that they have kind of a dashboard where the users can check how many people are			
205	in the community, which claims were accepted, which ones were rejected, and for which			
206	reasons. Do you have something similar?			
207				
208	[Kee] You had an interview with Tang Loaec?			
209				
210	[Interviewer] Yes, exactly.			
211				
212	[Kee] Ahh ... so his business has been around for a number of years now and I think he has			
213	a lot more data than us, because he's been operating much longer. So ... he's able to tweak			
214	and adjust this platform to the needs and wants of his members. We, however, are not			
215	operating long enough. So ... we, can only show down some dashboard details when			
216	someone joins. But when someone makes a claim, it is still anonymized. We will get the last			
217	name of the individual, and from which industry and companies the claim comes from. But			
218	the problem is, we don't ... we don't actually publish much data. When someone makes a			
219	claim ... we don't actually showcase any rejected claims yet. But we have a whistleblower	whistleblower mec...	CM-F CM-I	But we have a whi... TA-IS
220	mechanism - in the event that, let's say you know company or a person that has come up a			
221	with a claim, you can submit a complaint to the state that I believe that this is a fraudulent			
222	claim or this is not legitimately proved, So you have the possibility to voice your protest. So			
223	... we have that.			
224				
225	[Interviewer] And in the end of the period, how can users ensure that they get the right			
226	amount of money back? Do they kind of see 'Ok, we had six claims and that is the amount			
227	that is left'?			
228				
229	[Kee] How it works is: the premium amount is 220 dollars a year. So ... when all claims are	How it works is: the premi...	CM-F PR-P TL-C	
230	paid out, we will deduct the proportionate amount from the user balance. So ... if one claim			
231	costs this particular user 8 dollars, we will take these 8 dollars away from his balance. And			
232	as the year goes on and more claims occur we will just deduct accordingly from the balance.			
233	So ... on that user balance, less is left. And in the end of the period if users want to quit the			
234	insurance, they can just click withdraw our money and it is sent back to you. So ... we			

235	actually tell the users how much money have left at any time in time.	...	
236			
237	[Interviewer] And if they don't leave the contract they will get a lower premium or how does it		
238	work?		
239			
240	[Kee] Yes. So ... let's say at one year I still have \$200 left for next year if nothing is going	es...	PB
241	wrong. Usually, the premium is 420 dollars, but now the user only must pay up \$220.		
242			
243	[Interviewer] And how do you manage claims processing, is it done manually, inhouse or do		
244	you use certain technologies to automate the processing?		
245			
246	[Kee] It's entirely digital. So ... to verify users, we will ask them for the ID and the actual	to verify users, we will...	CM-F PR-P TL-C
247	retrenchment letter. We have a pension contribution fund to which all Singaporeans have to		
248	contribute to. And we will request to get access to that to verify your salaries and to check		
249	more data. So ... you can send us everything electronically and once it is submitted on the		
250	backend, half of it is automated and half of it is checked manually. But we hope to automate		TA-IS
251	the entire process soon, which is possible.		
252			
253	[Interviewer] So maybe we can continue with the third part which you saw in the PDF 'P2P		
254	insurance customer journey' you could leave open the door going to the next. What do you		
255	think about the customer journey infographic. Is there anything which you do not agree with		
256	or that does not apply with your platform?		
257			
258	[Kee] Well when I looked at it, I just realized how many parts of this we lack. Because we do	Well when I looked at it, I just realized no...	CJ TA-PS
259	not have all these steps and it's structured very differently. I would say we are a P2P insurer		
260	on paper, but we operate very differently from a lot of the P2P insurance companies in		
261	Europe because we don't collaborate with insurance companies. For instance, if you look at		
262	the quote process or the group forming, we don't actually have these two. Because there is		
263	only own group and you just choose which pool you wish to join in. In this sense, we don't		
264	even try to tell the group aspect of P2P insurance but we sell based on products.		
265			
266	So essentially, they are buying a product and are directly assigned to the appropriate group.		
267	The focus lies on purchasing the product and not on the group component.		
268			
269	[Interviewer] So there is no option to form a group with friends or peers?		
270			
271	[Kee] Not right now. This might work for small products, like micro insurance, but we don't		
272	have it yet.		
273			
274	[Interviewer] Is there something else that you would change or add to this customer journey.		
275	I mean it's very generic journey because there are a lot of different P2P models.		
276			
277	[Kee] Have you thought of the TongJuBao model where you can increase coverage? So ...		
278	what we're all talking about here. For instance if you have the latest iPhone X which has		
279	double the price of one's average iPhone, so you can increase your coverage. So ... if		
280	everyone's phone covers 500 dollars, you might recall 1000 dollars because of the higher		
281	coverage. So ... there is a way to increase your insurance.		
282			
283	I think peer to peer insurance models are very different each and it is difficult to have a		
284	universal journey. Did you speak to the other start-up originated by Tencent? It's called		
285	'Shuidihuzhu' and it provides cancer protection.		
286			
287	[Interviewer] No, I didn't.		
288			
289	[Kee] You should check it out, it is very impressive, I will send you the link on Skype [see:		
290	www.shuidihuzhu.com].		
291			
292	[Interviewer] OK. thank you very much! I'll do that. And if you think about your customer		
293	journey. What do you think are the steps which are critical for the user and where he needs		
294	either a high level of trust or some forms of control?		

295			
296	[Kee] I think we are trying to showcase a high level of trust within the customer journey,	I think we are trying to showcase a h...	CM-F
297	because we showed the customer at any point in time how the funds collected have been		PR-P
298	used. How the funds collected still stay in their account, how much they have. And we break		TL-C
299	down exactly how the premiums are calculated. So ... whatever you pay, you know exactly		
300	how the premiums are used for. Unlike the traditional insurance, where your just pay a		
301	premium and you don't hear anything for a year until the premium has to be paid again. So		
302	there's not much. They don't like to tell you what it is used for and I guess we try to break		
303	everything down. So that we are hoping that consumers can see that they have a control		
304	over the premiums and they know what it has been used for.		
305			
306	[Interviewer] And is there any possibility that they can interact with you and provide		
307	comments, recommendation or feedback?		
308			
309	[Kee] We do have a feedback form but I think the closest control that they can have is via	We do ha...	CM-F
310	this whistleblower button, in case they see a suspect claim that might be fraudulent, so that		TA-IS
311	they can report it.		
312			
313	[Interviewer] When you have a look on this trust model, in your opinion, which trust		
314	antecedents have the highest impact during your P2P customer journey?		
315			
316	[Kee] It's hard to say ... I am actually not sure if it really applies to us because of our		
317	products. People our buying our product because they want to be insured for unemployment.	People our buying our...	TA-G
318	And it's the product they care for and not really the group. They are interested to buy a		TA-PS
319	coverage not because they trust the system but rather because there are not many other		
320	alternatives. I mean for us it helps that we are the only ones providing such a product in		
321	Singapore. Actually, there is no competitor doing the same thing. That's why I believe that		
322	trust is not that decisive in our case.	They are intereste...	TA-PC
323			
324	[Interviewer] Ok, thanks, Maybe one final question. Do you think that the cultural background		
325	of people might influence how they form trust or perceive risks? Are there cultural		
326	differences?		
327			
328	[Kee] Yes, definitely. I am not exactly sure how it is within Europe but it seems that P2P	Yes, definitely. I am not exactly sure how it is...	TA-C
329	insurance works because of the trust element. In my perception, it is not exactly the same in		
330	South East Asia. We did some research and it showed that trust in insurance is very low and		
331	customers just want to know whether they get paid in case that something happens. As long	We... cust... TA-PS	
332	as the platform provider can portray that they have funds to cover the claims and you can	As long a...	
333	assure them that you are able to pay claims, they won't care about the rest. It's a very simple		
334	and protective culture that we have here. And we are also very much reliant on insurance	And we are al... TA-PC	
335	prices over here. So ... if you want to bring in the element of trust here, people do not	TA-PS	
336	purchase insurances because they trust their insurance companies. No one trusts insurance	But...	
337	carriers here. But you probably trust your friend who is selling the insurance of		
338	recommending it. If you know that he will help you filing the claim and you will get support.		
339			
340	[Interviewer] So would you say that in your context there are a lot of formal control	So would you say...	CM-F
341	mechanisms, like clear rules, regulations and contract details?		
342			
343	[Kee] Yes, clear rules on joining the platform, very stringent rules. Very ambiguous rules on		
344	claims.		
345			
346	[Interviewer] And are there less like informal activities which might enhance the social spirit.		
347			
348	[Kee] I wouldn't say that this is a very big part today.		
349			
350	[Interviewer] So ... I think we are almost at the end of the interview. Thank you very much for		
351	participating.		
352			
353	[Kee] No worries.		

354	[Interviewer] It was very interesting with many insights into your business. One final question:
355	Is it ok if I mention you by name in my work or would you prefer to stay anonymous?
356	
357	[Kee] Yes sure, no worries. I wish you all the best for your thesis. And do let me know if you
358	need any further assistance.
359	
360	[Interviewer] Thank you so much for participating and all the best for you!
361	
362	[Kee] Bye
363	
364	[Interviewer] Bye Ashley.

13.5.6. Tang Loeac (Founder TongJuBao & PeerCover)

Loaec, T., 2017. Expert Interview. Interviewed by Nicole Oberlin. [audio] Skype Telephone Call, 21 September 2017, 16:30-17:30.

Expert: Tang Loeac, Founder of TongJuBao (China) & P2P Protect Group (planned for Europe & US) Date & Place: 21.09.2017 Skype Telephone Call Time: 16.30 - 17.30 Interview Language: English	
1	[Interviewer] Hello Tang, nice to meet you and thank you for participating in this expert
2	interview.
3	
4	[Loaec] Hi Nicole.
5	
6	[Interviewer] One short question before we start: Is it ok if I record the interview so that I can
7	transcribe it afterwards?
8	
9	[Loaec] Yes, no problem.
10	
11	[Interviewer] As you have seen in the mail, the interview is structured in three parts with
12	some general questions about P2P insurance and some more concrete questions about the
13	theoretical trust framework and the P2P insurance customer journey. First of all, could you
14	tell me a bit more about your background and your peer-to-peer platform?
15	
16	[Loaec] Sure, so that's the question ... (hem)... you know part of where I'm coming from. I am
17	born in France and I have a French father, a Chinese mother. ... (ugh)... I grew up in France, I
18	worked over three continents ... (ugh)... about 25 to 26 years I have worked in finance and
19	out of those, 16 years in China. So, I spent a lot of time in China. (Ugh) ... I've been working
20	in finance, in the banking financial service payment credit for a very long period of times.
21	(Ugh)... in the last 10 years, I've been building some financial activities in China for Western
22	groups ... for European groups. (Ugh)... and scheduling activities ... very significantly ... from
23	zero to two to tens of billions of revenue payments. So that are relatively huge organizations.
24	
25	Then, three years ago, I was looking for something useful – something which will excite me
26	for the following three years. And I was very much interested already by the idea of peer-to-
27	peer concepts. I've been searching while looking at the developments of peer-to-peer
28	lending concepts in China. You may note that P2P lending, of course, is the very developed
29	in the U.S. but in China even more. There are 2000 platforms of P2P lending in China. And
30	basically, the volume of P2P lending in China is three or four times the volume it is in the
31	U.S. Knowing that the rest of the world doesn't count in to have scale for this activity. But
32	obviously, 2000 platforms already are about lost things. Really new or innovative to be – to
33	be done. Directly in the field of P2P lending. So ... I was rather looking for something
34	profitable and I came to this one. The intersection of a P2P approach, which I was interested
35	into – a collaborative approach. And an industry which is at the same time very big but also
36	quite conservative in general insurance. While this can be discussed, everything is very
37	regulated and is on the conservative side. And by the nature of the insurance activity, you
38	need to be ready to take risks but you need to be a little bit risk-adverse at the same time.
39	
40	It kind of looked like there were a number of things to be touched there. And if you look at it
41	more from a user point of view – to set it up rapidly – I would say to everyone want to be
42	protected but no one likes insurers. So ... I was just trying to define myself as not being an
43	insurer today.
44	
45	[Interviewer] And how did you do this?
46	
47	[Loaec] Well basically, people understand that protection is needed. But still they end up in
48	impressions that when you give money to insurance, usually you give money to insurers and
49	they keep it. The only way to be lucky and to get money back is to have an accident. That is
50	not a very exciting perspective for anyone. So ... insurance today is a necessary
51	prerequisite. The fact that it is necessary, doesn't mean it's fair or that people want it. There
52	is a lot of frustration around the feeling that there may not be enough transparency around
53	the feelings and maybe a conflict of interest at the heart of the insurance industry. Because

I've been searching while lo... TA-CM

And an indust... TA-CM

And if you loo... TA-I

TA-PC

TA-PS

Well basically pro... TA-PC

TA-PS

There is a lo PR-P

PR-R

TL-C

54 basically, the more you reject claims the more you are profitable. Of course, it cannot work
55 like this on the long term. Of course, people are ethical. Of course, there are our regulators,
56 etc. But users whose claims are sometimes rejected – even for very good reason – tend to
57 have difficulties accepting it. So, when we came to the P2P insurance approach, we decided
58 to do it a bit differently as actors such as Friendsurance, Guevara or others in different
59 European countries, mostly because they all work on the brokerage model. So, they are
60 incorporated in the license as an insurance broker, say recruit customers on a peer to peer
61 basis, but do not structure the risk and do not structure the coverage merge and they
62 basically source their insurance products from existing insurance companies.

63
64 So ... of course, it's extremely interesting already. Bring users together on a peer-to-peer
65 basis and they use those communities to negotiate with insurers to have a capacity, to have
66 a bit of payback or all the type of benefits. But that does not allow to be very innovative in
67 terms of product. And this is the way that we said we want to go, with all respect for people
68 like Friendsurance – who have been innovative by being the first in the market etc. What we
69 do is structured differently. We bring users together in communities and we allow them to
70 share the risk between them and provide a framework agreement. And with this framework
71 agreement – say a community of thousands of users – they share the same agreement and
72 they are protecting each other under this agreement. So ... it's not a risk transfer towards
73 third party insurers like insurance carriers or like the brokerage model of P2P insurance. It is
74 real risk sharing and we have products which are structured in their entirety among risk
75 sharing without traditional insurers in the middle.

76
77 And the company of course is a service company so we're providing platforms with
78 communities as a service and we are providing our financial experts in terms of modelling of
79 risk, modelling of finance and we're handing the claim management for the communities. But
80 we do not take the risk or we're not an insurance actor. So ... we don't take over the risks.
81 The users carry them themselves within the community and because it's a large community,
82 there is a lot to share the risk. That is one of our big differentiators compared to most other
83 peer-to-peer insurance players: we search for new products.

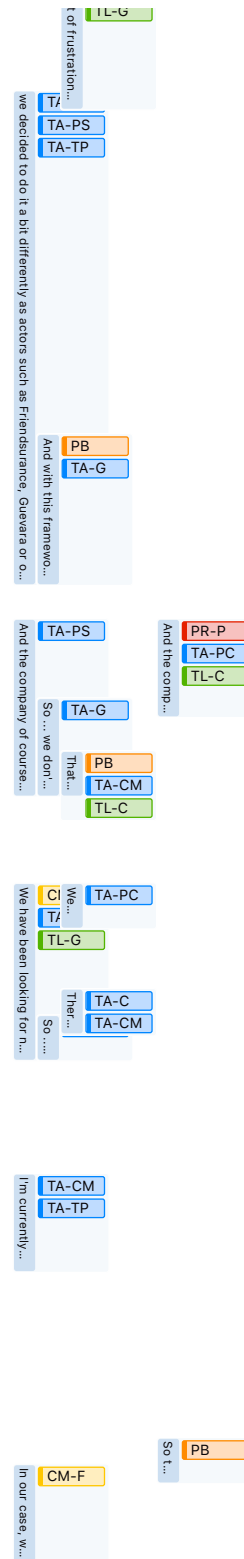
84
85 [Interviewer] So how did you differentiate into new products?

86
87 [Loaec] We have been looking for niche social risks or all these types of issues which are
88 basically ignored by insurers, or only partly covered by insurers. And we tried to develop
89 specific answers to specific risks. You probably have seen some on our Chinese website.
90 We have been structuring some marriage divorce type of insurance, we have been
91 structuring a cover which is specific for children going missing. There is a huge social issue
92 with child abductions in China. So ... we were able to address social issues to which we tried
93 to bring answers when existing insurers are not on it.

94
95 I would tell that that is basically the main difference. We've been developing for two straight
96 years in China. Currently I've been investing part of the capital of the Chinese activity to
97 financial companies who are interested as strategic investors or partners. And who might
98 take over the management of the change activities while I'm currently building a pilot of the
99 model for the European market. I will continue to push the same idea but maybe I will do a
100 bit more partnering with existing insurance players whereas in China we mostly did it on a
101 set alone basis.

102
103 [Interviewer] Thanks sharing your experiences Tang. So, let's start with part one, some
104 general questions about P2P insurance. When making a purchase decision, people usually
105 balance perceived benefits and costs. What are the main benefits and costs/risks of
106 purchasing a P2P insurance on your platform?

107
108 [Loaec] So the most simple and visible benefits is very often the amount of money that
109 results for the user. In our case, we separate very clearly what is the fee which is allowing us
110 to support our operating cost and what is the model which is there to cover the costs. And
111 the principle is whatever money is there to cover up the cost of risk goes eventually 100
112 percent to the user.



114	Sure, there are claims and indemnities which are paid out but the excess money will be	So ... there's...	PB	TA-G	TA-PS	Of c...	CM-I
115	returned to the user. So ... there's already this concept of 'I can get money back and I will						
116	pay the true cost of the risk that I'm carrying with the rest of the community'. This is a strong						
117	differentiator, no doubt. Of course, there are other benefits, as well, such user						
118	empowerments, the communities, etc.						
119							
120	We have a risk-sharing model. What does it mean? It means that in case of extreme	We have a risk-sharing...	PR-P			We have a ris...	CM-F
121	redistributions you may have an indemnity which is slightly reduced. So ... it could be that						
122	instead of her receiving 100 percent of the target indemnity, you could end up receiving only						
123	98 or 95 percent of it. Because within a given year or given months there has been really a						
124	peak of the risk which was going much beyond that ninety-nine-point-nine percent of cases						
125	of statistical calculation which was covered by the level of risk money.						
126							
127	[Interviewer] So, based on the first question, let's continue with the next one. Trust plays an						
128	important role on a P2P insurance platform. What are the main concerns or inhibitions a						
129	consumer might have on your platform?						
130							
131	[Loaec] Well, when you have a new model and a new brand name, obviously, that's a lot of					Well,...	PR-P
132	new things at the same time. So ... we have one strength and one weakness in terms of						TA-PC
133	trust. The strength we have is strong transparency. When someone using our platform, he	The stre...	CM-F	PB	PR-P		TA-PS
134	gets a lot of information and it's much more than any insurer will ever share with you. About						TL-C
135	the health or about the developments of the community and its claims.		TL-C				
136							
137	Usually, the first period of the insurance completion is resolving the issue of trust because	Usually, the fi...	PR-P	PR-R	TL-C		
138	there is all this information and there is the money back at the end of the year. And when you						
139	reach the end of the period – the end of the year, if it is a yearly contract – people get money						
140	back and then the trust issue has totally disappeared. And that's also the time when they					And...	TA-C
141	start to recommend our platform to their friends. So, we are capable of resolving the issue of						TA-G
142	trust after one simple period. And after that, it doesn't really come back. But the difficulty for	But t...	TL-C				TA-I
143	us is the trust at the time of the first hiring, the first purchase of the insurance.		TL-G				
144							
145	We don't have a brand which is known among all the planets, we are a non-regulated entity,	We don't...	TA-PC				
146	we are not sleeping on the pile of golds like the insurance companies. So ... the first decision						
147	for purchasing an insurance on our platform is essential for us.						
148							
149	[Interviewer] How big are the groups or communities that share risks on your P2P platform?						
150							
151	[Loaec] So the average size of the community we will operate goes to around three to five						
152	thousand. That is an average, some are bigger. In practice, we were launching communities						
153	based on the beliefs that we could very rapidly response.						
154							
155	[Interviewer] And do you experience any concerns about fraudulent behaviour within the						
156	group?						
157							
158	[Loaec] Obviously, there is always a concern about fraudulent behaviour but there are two					Obviously, there is always a concern about fr...	PR-R
159	type of frauds. Right. There is organized fraud, criminal organized fraud and there is the						TL-G
160	individual abuse of a system. So as far as the organized fraud is concerned, we are relatively						
161	protected. A platform needs a reinsurance to protect it. You are in a situation where people	You are i...	TA-G			A...	CM-F
162	need to put money at the beginning, they usually wait for a non-claim period before they do						
163	any claims. But if they do have claims they must receive the money within time. For criminal						
164	organizations, it is not really profitable since they would have to file the claim and wait for						
165	months until they get the money. It's very easy to have a high level of fraud in credit for	It's very easy to have a hig...	TA-PS				
166	example but it's a bit more difficult to do it in insurance, especially as we are mostly						
167	playing on relatively small risk cares. We do micro insurance, we do small type of risks but						
168	we do not have very high claim values.						
169							
170	We don't accept claims for very high risks. So that does not provide a lot of attractiveness for					We don't accep...	PR-R
171	organised fraud. Of course, there might be individuals that could be tempted to treat the					we h...	TA-G
172	system. But the only thing that I can really say about that is, that we have been very happily						
173	surprised by the low level of claims in our community. We have been planning based on a	We	CM-F				

174	certain percentage of negative selection and a certain percentage of fraud rates. But the	have...	claims for very...
175	reality of the claim level that we have, has been much lower than what we expected.		
176			
177	So, after two years, we don't appear to have a high level of abuse in terms of behaviour. The	The seco... CM-F	
178	second thing, which is interesting, is that we have a model which allows the users – the	CM-I	
179	community – to recommend and to vote on change on the claim rules.	TA-G	
180			
181	Basically, we are very transparent about the reasons for claims and the reasons for claim	Basically, we are very transparent about... CM-F	we g... PB
182	rejection every month and we give users the possibility to say "I don't think that is fair. Why	CM-I	PR-R
183	don't we change it and campaign against that within our community?". And if they reach 5	TA-PS	TA-G
184	percent of people supporting their request, then a vote is organized to review the claim		TL-G
185	process. And what we see is, that whenever there is such a vote which is requested, people	And... TA-C	
186	tend to be pretty conservative, but try to protect that. So, they understand that we cannot do	TA-G	
187	anything or accept any type of claims. They understand also that the committee will be losing	TA-I	
188	its control to the point where anyone can take advantage of the rules. So ... in two sort of the		
189	cases, roughly, the more prudent options prevail, which is showing that the user community	he u... TA-G	
190	is very reasonable when it comes to take serious decisions.		
191			
192	[Interviewer] You told me before that you plan to launch a similar business in Europe. Are		
193	you planning to set it up slightly different depending on the cultural context? And if so, what		
194	would you change and why?		
195			
196	[Loaec] Of course, there will be things that are set up differently. But in fact, they may not	Of c... TA-C	
197	relate to the different cultural acceptance of communities or risk sharing. So very often, I		
198	have these questions... whether it works because it's China ... and there is a different picture	And in practice, the China of today is not an environment where...	
199	et cetera. And in practice, the China of today is not an environment where there is a very		
200	high confidence in the in the society compared to the rest of the societies.		
201			
202	So ... I wouldn't say that the Chinese are more prone to be confident in their community or		
203	their own people than that would be in Europe. In Europe, you have many cases of mutual	In E... TA-CM	
204	insurance, of cooperative systems, which exist already. So ... the culture of participating in a	So ... the... TA-CM	
205	community which is fairer than the one of big insurers already exists. This idea is already		
206	here. It may not be applied in mutual insurance to its full potential. But the idea is here. And		
207	the idea is quite broadly accepted. I think that the main difference is, that China is a market		
208	where there is a lot of habitat for innovation. From a business perspective, there is much		
209	more space for development and innovating in China. Whereas in Europe we have very		
210	dense, existing, institutional and financial frameworks. And it's much more difficult to find the		
211	space to build something new, in general. So that's one of the reasons why in Europe, we		
212	are more looking more into a B2B approach while in China we initially went on a full B2C		
213	approach.		
214			
215	[Interviewer] Thank you for all these interesting insights. Now I would like to continue with the		
216	second part. Do you have the documents that I sent you in front of you?		
217			
218	[Loaec] Yes, let me just open them ...		
219			
220	[Interviewer] Do you have any questions concerning the theoretical online trust framework		
221	proposed in the document 'Background Information & Trust Framework'? Is there something		
222	that you would change or add to the theoretical framework?		
223			
224	[Loaec] Hem ... You are mentioning all the factors as influencing the trust level, but do they	Hem ... You are m... TF	
225	not also influence the risk perception as well? ... It is a nice and detailed theoretical analysis		
226	of the different elements which can have an impact on trust. We have not been operating		
227	with a detailed framework of analysis of how trust is formed – but on a more intuitive basis,		
228	on a test and measure basis.		
229			
230	In China, there are two different groups of people who will use our product. You have a group	In China, there are TA-G	
231	of people, which has a very strong request in understanding what is happening and in	TA-PS	
232	understanding all the criteria. They are asking a lot of information and want to build rational		
233	beliefs. And you have all the people who are just not into the analysis of the mechanisms of		

234 the product and of the models and who are just reacting based on "Oh, I could do protect
235 against this, that's not too expensive! Let's try and see." And both groups of people need to
236 **get on board. Although, they are radically different.** To one category, you would need to be
237 able to explain everything in as much detail as possible, so that they could get rid of their
238 concern, of not being sure about the risks involved. And the other category, who does not
239 want too much information, but to take decisions on a good basis – more on a daily basis or
240 on a contract basis.

241

242 We have sometimes been trying, on some parts of the website, to explain what we're doing.
243 Well, to answer a lot of questions. But at the end of the day ... what was the biggest impact
244 for us was to be able to reduce the barriers to entry, by launching micro insurance products
245 knowing the cost of research for a user to test a model **and then once he's been going**
246 **through a full cycle – a full insurance period –** having been building his trust by
247 experimenting a real case of product purchase and usage. And then, being able to move to
248 higher cost or higher hurdle products.

249

250 [Interviewer] Which formal or informal control mechanisms do you use to enhance positive
251 behaviour within a P2P group (cooperative behaviour)? Maybe also with regards to
252 technologies?

253

254 [Loaec] So we have a lot of user interaction through social media groups. We initially had a
255 small forum on our website, where users can go and communicate on it. But frankly said, the
256 90 percent of the user interaction is through social media groups. So ... in China this is
257 mostly WeChat. Of course – which is the dominant social media ecosystem. So ... both, at
258 the time of the recruitment and post-recruitment, we have social media communities where
259 people exchange a lot and I suppose that's what's building the interaction. We try to provide
260 two elements of transparency to build trust. One is mostly a dashboard and reporting. About
261 how many users have any claims. How many claims were accepted. How many claims
262 rejected and for which category of reasons they were rejected. Allowing the user to build an
263 experience curve.

264

265 When you buy this kind of insurance for the first time, you have many parts of the product
266 that you don't understand. I mean, many people, when they bought a Smartphone for the
267 first time, the we're far from knowing what it can do but they use it every day and they learn
268 from it. The problem in insurance is that you're buying an insurance product and then nothing
269 happens. And if everything goes right during six years or seven years, nothing will happen
270 just because you had no accident.

271

272 So ... when you purchase an insurance product, you have a signing area on one page of
273 something which has 40 pages of contract behind it. So ... you will not every detail that is
274 included. But five years, six years later you do not even remember that, you just remember
275 that you have been paying for six years to cover you against a risk. And then, when the risk
276 is coming, you are at the risk of being outraged because the insurance is not accepting your
277 claim for a reason you've never heard about. For us, as we provide every month the cases
278 for rejections and the cause of rejections. We've tried to build a user curve into
279 understanding 'Yes this type of policy covers this type of risk, in this kind of situation, but not
280 in this other kind of situation'.

281

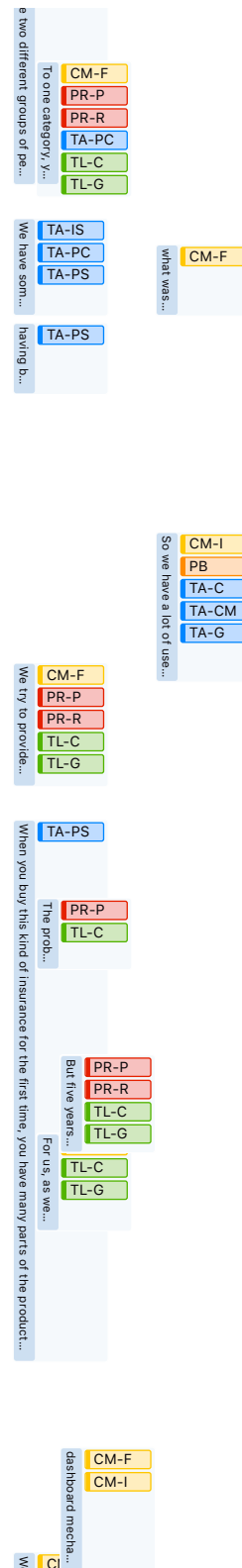
282 So, there is really an understanding of the product which is much higher and which allows
283 people to be prepared if there is a real case. So, they will not be surprised about acceptance
284 of rejection of the claim. So ... we are kind of removing the frustration and removing the trust
285 issues at the time of the claim.

286

287 [Interviewer] Do you use any special technologies for claim processing?

288

289 [Loaec] We have a kind of dashboard mechanism that gives the users some degree of
290 control. First of all, the user will be informed about why it works and then – as I mentioned to
291 you earlier – he is able to vote to change the way it works, if they want to change it for the
292 future. It is not a mechanism to accept or reject individual claims – because it would not be
293 admissible – but to change the rules for the future. To come back to your questions: We have



294	fraud scores that we are using to rate the claims according to – of course the profile of the	have fraud scores that we are...	
295	user – but also to track his pre-purchase and post-purchase behaviour.		
296			
297	So ... we evaluate – out of the information from the channels the user is coming from – why it	why it is our p...	PR-R
298	is our platform where he is going to purchase and some of the information about his		
299	behaviour within the community after he has joined, to kind of assess a higher or lower risk		
300	or fraud probability, depending on the claim, the claim paying, the claim amount, etc.		
301			
302	So ... we use this to be able to simply file the claim processing mechanics. To be able to		
303	accept quite rapidly with a low level of checks for the majority of the claims. And to focus the		
304	checks for different types of risk of fraud on a limited number of cases which may be around	So that is a m...	CM-F
305	10 percent of the claims at the end of the day. So that is a mechanism ... that is a classical		
306	financial mechanism ... which is used probably more into banks for financial counselling or		
307	retail banking than in insurance business. But that does help us a lot to be able to manage		
308	the claims.		
309			
310	So, at this stage, I will say that most of the data that we are using are models and scores	So, at this stage, I will say t...	CM-F
311	which allow us to validate the risk of fraud. Based on the individual customer profile,		
312	behavioural information and also the overall behaviour within the community we use data		
313	analytics. And we improve it as we grow, as well as with increasing volumes of the		
314	communities and the increasing volumes of the claims. So ... we are able to improve it over		
315	time from a model or page which was based on hypotheses to a model based on that		
316	analytics.		
317			
318	[Interviewer] Very interesting, thank you. I think we can proceed to the last part of the		
319	interview. What do you think about the customer journey which is outlined in the PDF? Is		
320	there anything that you would change or add?		
321			
322	[Loaec] So ... where do we eventually differ from this process? One thing is that we provide	So ... where do we eventually differ from this process? One thing is that we pr...	CJ
323	a much shorter path to on-boarding the user. The process ... where you are providing		
324	basic data, getting quotes, group forming, applying for a group, group joining and premium		
325	payment. We have kind of tried this kind of path ..(ugh)... with some models. We have two	We have two type of models of com...	TA-G
326	type of models of community. We have one type which we call 'the massive open-online		
327	community' and another type that we called 'the for-peacers', so basically the P2P private	The product communit...	CM-F CM-I
328	pooling's or private communities. The product communities were meant, initially, to allow		
329	people to create their own groups and define some of the features. Which is a bit like your		
330	model at least like applying for a group and joining the group.		
331			
332	We tried to do that process and – and frankly – it was not very successful in terms of hiring		
333	or acquiring people. And the other thing which was not really successful in terms of hiring or		
334	acquiring users, was to ask the customer to provide a long list of basic data information to		
335	process some underwriting at the beginning. The reason why it was not very successful was,		
336	because on the private community approach we were still expecting people to have a		
337	minimum level of ambition in terms of scale of communities they will reach. So ... we were	So ... we were accepti...	TA-G
338	accepting people to create communities only if they were having a target of reaching 100		
339	percent within six months.		
340			
341	Basically, people were not comfortable about setting such ambitions. And communities which		
342	were created, were stagnating at a lower level of members. So ... we are still interested in		
343	the small community logic, but from a pragmatic point of use, we have decided to push only		
344	what we call the massive open-online communities. Which are large communities with very	Which are large c...	CM-F TA-PS
345	little discriminations at the time of joining and associate it with a model of on-boarding, where		
346	the initial subscription requires very little information. The payments can be done on the		
347	basis of very little information. There is an account validation process, post-purchase, which		
348	allows us to ask for the additional information – which allows to build the data mining behind.		
349			
350	So ... in the process, we have to tell that we move practically directly from providing basic	So ... in the proces	CJ
351	data – and the data is really basic – to premium payment. And when the premium payment is		
352	done, the person is joining the massive open community. And it is based on the initial pricing,	And it is	CM-F TA-PS
353	which is the same within a given community. The only variations can be for the amount that		

354	you want to protect and you pay on a flat basis according to the amount that you want to	based on...
355	protect. So that the qualities maintain but people can decide to subscribe for different	ss, we ha...
356	amounts.	
357		
358	They tend to have different risk profiles, but remember that a lot of what we have been doing	
359	is based on risks, where there is little experiment and little historical data being available. So	
360	of course, not everyone has the same risk of divorce.	
361		
362	Obviously, it is being assumed that someone who is married for seven years might have a	Obviously, it is being assu... CM-F
363	higher risk to divorce than someone after three years. That is a kind of popular belief. But we	PR-P
364	also saw that it will be a bit unreasonable to base the pricings of different people on	TL-C
365	hypotheses of risk which are not really proven. So, the first thing we did when we were	
366	launching a new type of cover ... a new type of risk ... we decided that before differentiating	
367	the price of different category of people we will wait until we have enough historical data over	
368	a two or three years' period to really be able to pay a rationale for that.	
369		
370	The second thing is, that on some type of risk coverage we have a mix of self-protection but	some type of risk coverage... CM-I
371	also of a charity element in it. So that's the case for example for a risk like the child missing.	TA-G
372	We have a model, which allows to fund effective and immediate search, whenever someone	TA-PS
373	would declare the disappearance of their children. So ... they are paying not only a financial	
374	indemnity but also for the service which allows to pay investigators, specialists to be on the	
375	ground with. Well, what is important to answer the question is that there is a strong solidarity	
376	feeling and caritative feeling in the people who are doing so.	
377		
378	Obviously, we know that for example in China there are less risks for child missing in big	
379	cities, than they are in rural areas. Because in big cities there are so many cameras	
380	everywhere – every 15 minutes or so – and that's why it's very difficult to be criminal.	
381		
382	But the people kind of accept that also and they do accept the logic. Well, this is really a	But the people kind of accept that also and they do ac... TA-G
383	social area and we want to do that because people can protect their child against something	TA-I
384	– which is the worst possible thing that can happen to one on the world – for quite modest	TA-PS
385	costs.	
386		
387	But they would also accept that they support or help to support all the people who would be	And on this kind of product... CM-F
388	more exposed than they are. And on this kind of products, we haven't been experiencing a	CM-I
389	very strong desire to go to extremely rigorous risk profiles – having very rich people with low	
390	risk paying little and poor people with a higher risk paying much more. So ... there is a	
391	dimension of social good. Even so, the fact, that this is about protecting your own family,	
392	there is also an element of "I don't mind, there is no need to count the nitty gritty of it". And	
393	people are happy with it if they know that every year, part of the money is used to save some	
394	other children from poorer families in a much more exposed area.	
395		
396	[Interviewer] Let's continue with the next question ...	
397		
398	[Loaec] I just saw that we are running out of time because I have only a few minutes left	
399	since I have to take care of my child after school.	
400		
401	[Interviewer] Sure, no worries. I will just have a look what final question I would like to	
402	address. ... (checking interview guide) ... When you have a look on the customer journey,	
403	which steps do you think are most critical and some forms of control must be implemented?	
404		
405	[Loaec] There is only one thing which is really critical for us. This is the conversion rate. The	
406	customer is interested in the product ,but will he decide to purchase or not?	
407		
408	[Interviewer] And from a customer's perspective? What might be critical?	
409		
500	[Loaec] What is critical are the steps between the decision for the product and the premium	criti... TA-PS
501	payments. In our case, the fewer steps, the better. And in your journey – where you must	
502	undergo three, four, five, six steps – the chances that the customer will get on-board are	
503	lower. This is like online recruitment.	

504
505 So ... when you have a six-click-process, you have nearly lost 100 percent of the customers.
506 That doesn't sound very nice in terms of your customer journey but that is a real issue. If you
507 have a process where you need to click six or seven times, there will be no one any more.
508 Because everyone just walked out.
509
510 [Interviewer] Can users see on your platform, whether some friends of them are using your
511 service or like recommending?
512
513 [Loaec] Only if they are referred by a friend. So, we have different referral mechanisms which
514 are ... of course ... special, significant and very helpful for recruitment. But there is no
515 mechanism of searching in the community database at this stage.
516
517 [Interviewer] And is there any like feedback or rating system, that they can use to rate their
518 friends or provide feedback about other users or not.
519
520 [Loaec] Not at the current stage. I mean they can interact with other users but they do not
521 rate the trustworthiness of others.
522
523 [Interviewer] And how do they connect with this? Via WeChat?
524
525 [Loaec] They connect online on our platform but there is also a number of other social media
526 pages which have based groups. Both for prospects and for existing user within each
527 community.
528
529 [Interviewer] Interesting, thank you very much for those insights. We are now at the end of
530 the interview. Thank you very much for participating, I am sure there are some very
531 interesting insights that I can use for my study.
532
533 [Loaec] Your welcome. Good luck on your research. You're structuring it in a very interesting
534 way. I am a very practical person so maybe answers sometimes look a bit too simplistic.
535 (laugh)
536
537 [Interviewer] One last question, is it ok for you if I mention you name in my work or do you
538 prefer to stay anonymous?
539
540 [Loaec] Sure you can, there is no problem.
541
542 [Interviewer] Thank you very much.
543
544 [Loaec] All right. Great evening and good luck on your thesis.
545
546 [Interviewer] Thank you very much, have a nice evening. Bye, bye.
547
548 [Loaec] Bye.

Only...

CM-I
TA-G

They con...

CM-I
TA-G

13.5.7. Daren Rudd (Cognizant)

Rudd, D., 2017. Expert Interview. Interviewed by Nicole Oberlin. [audio] Skype Telephone Call, 29 September 2017, 10:30-11:30.

Expert: Daren Rudd, Chief Architect for UK Insurance at Cognizant Date & Place: 29.09.2017 Skype Telephone Call Time: 10.30 – 11.30 Interview Language: English	
1	[Interviewer] Hi Daren!
2	
3	[Rudd] Hey, Hi! How are you?
4	
5	[Interviewer] Fine and you?
6	
7	[Rudd] Yeah, good. Thank you.
8	
9	[Interviewer] Thank you very much for taking your time to participate in this interview. I am
10	very happy about that! Is it fine for you if I record our talkings in order to transcribe them
11	afterwards?
12	
13	[Rudd] Yes, sure. No problem! It's quite interesting to participate since the topic is quite
14	relevant at the moment.
15	
16	[Interviewer] Perfect, thanks. So, I structured the interview in three parts and will start by
17	asking some general questions about P2P insurance. Following, I will ask some questions
18	about the theoretical trust framework and the customer journey that I sent you via mail.
19	
20	[Rudd] Sure.
21	
22	[Interviewer] So, first of all: When a user is on a P2P platform and he consider buying an
23	insurance product. What are the main benefits and costs that he might balance before the
24	purchase ... from your perspective?
25	
26	[Rudd] So are we talking about personal lines products or commercial business products?
27	
28	[Interviewer] Ah, I am referring to personal lines products such as Health Insurance, Car
29	Insurance or Property Insurance.
30	
31	[Rudd] Ok, so I think – at least in the UK market as I know this one quite well – it is very
32	price-driven. So, the first factors is all about the price. Particularly in the UK where there is
33	quite an increased rivalry for P&C products, so it's really about the price. As a result, a
34	customer will first consider the competitive price as main benefit. I mean the key feature that
35	you get when buying an insurance is the claims experience when you actually have a claim.
36	So a lot of people consider things such as 'Does the model really work out?' or 'Does it pay
37	back?'. Another important factor is brand reputation. For instance the car insurance 'Hey
38	Guevara', they have a good product but most people do not know them and so they will
39	disappear over time. So, this is the challenge of brands, they really must compete against
40	the bigger insurers, who can spend millions of millions to market their brands. And I just saw
41	a graphic the other day in a webinar about search terms. So, insurance is by far the biggest
42	paid search term. So, the challenge you've got a P2P platform to make people trust your
43	brand. Consumers want to know 'How much will it cost me and is it going to pay out?'. Does
44	this answer the question?
45	
46	[Interviewer] Yes, I think so. So, in summary you are telling that the biggest concern that a
47	consumer has when entering a P2P platform, is the trustworthiness of the brand, especially if
48	it is not that popular and the concern that the platform might fail in paying its duties? Right?
49	
50	[Rudd] Yes, exactly.
51	
52	[Interviewer] If you want to set up a P2P platform in a different cultural context. Do you think
53	that the provider has to set it up differently? Are there different preferences or needs, for
54	instance in Europe, Asia and America?

So a lot of people consider things su...

CM-F
PR-P
PR-R
TA-PC
TL-C
TL-G

Ok, so I think – at...
PB
TA-CM
TA-PC
Another impo...

55		
56	[Rudd] Absolutely! I think cultural reference is massively since this is not only about insurers	Absolutely! I think cultural reference is massively since...
57	but more about groups and culture. I was also looking at the model that you sent me and I	TA-C
58	think the whole social contract and the related behavioural piece is massively important. I	TA-G
59	have a couple of experience in taking UK products into Europe and we were working with an	TA-CM
60	online platform to sell some specific insurance product. And the interesting part was, that in	And the interesting part...
61	France, users felt that they were asked too any questions during the purchase process, and	TA-PS
62	we actually had to reduce the amount of questions. Because the French people were	
63	bothered to answer. But when we took this model to Germany. We recognized that they	
64	thought the products are of bad quality as there are only so few questions. So, they wouldn't	
65	buy it. So, we had to introduce more questions. So this is very different. The group dynamics	
66	and the culture. I mean there are also markets where they barely sell insurance products via	
67	direct channels but mostly via social brokers. An even the UK is very different than many	
68	countries in Europe from a purchasing point of view.	
69		
70	[Interviewer] So, do you think that platforms have to change the ways of how they are selling	
71	their products or rather how group constellations are formed and guided?	
72		
73	[Rudd] So, I looked through the model and I think it would be very interesting to see which of	So I looked t... TF
74	the factors are of a higher priority. For instance, when you look at the external factors, some	
75	of those will have a higher impact than others which are less important. First thing that I think	First thing that I think... CM-I
76	about is, that probably the group characteristics is the most important part of this. We have in	TA-G
77	the UK some schemes that sell insurance to the caravan clubs. So the caravan club is	TA-PS
78	already there, with people owing caravans, they are enjoying this lifestyle – and the	TA-TP
79	insurance is then adapted to them and the group already pre-exists. So, the group	
80	constellation can be a primary concern about how you are going to sell products.	So the carava... PB
81		
82	When you look at P2P networks, such as BoughtByMany, I think especially they that you	
83	form the groups, how they are coming together and how you are building this social	When you look at P2P... CM-I
84	cohesion. With that you can also drive behaviour. So if you have people that like pet dogs	PR-R
85	and they come together on a platform, this social constellation is quite powerful and	TA-G
86	important. A attended a webinar the other day and on guy from a P2P platform told that they	TL-G
87	use analytics to identify to which group a new customer might belong.	
88		
89	[Interviewer] And in general, did you understand the trust framework or do you have any	
90	questions, changes or inputs that you would like to add?	So, the only t... TF
91		
92	[Rudd] So, the only thing that I would do – I mean for me, the framework makes a lot of	
93	sense – I think on the left hand side of the framework, where you have the external factors, I	So, t... CM-I
94	would love to see is a priority on those different factors. That helps to extract characteristics	TA-G
95	that are much more influential.	When yo... TA-CM
96		
97	So, the P2P network can influence group dynamics by creating the network and the social	But... TA-PC
98	environment for these people. When you think about market dynamics and economics, I	What is it... TF
99	believe it is not possible to influence or control those factors. But of course, they will also	
100	have an influence. But many of the other external factors can be influenced by the provider,	
101	so it is possible to find a way of control there. So it comes towards the question you are	
102	arching with this theory about trust. What is it that you can use to advise peer to peer guys	
103	on what they should do. So, you need to give them some education about where their time	
104	and effort is best spent.	
105		
106	[Interviewer] When you are talking about group characteristics, what kind of tools or	
107	technologies do you know that can positively influence the individual and group behaviour?	
108		
109	[Rudd] Right ... (ugh) ... so the first one, I think, is to create an environment where they can	Right ... (ugh) ... so the fir... CM-I
110	be social together. So, you need to create the building tools, you need to actually have this	TA-G
111	community working. Because if you think about it, no one likes to buy insurance. It is way	
112	done on the line of purchase. And that is not why they are coming to the site. Most	
113	purchases of insurance are done last minute, like very quickly, and when finished, most	
114	people don't want to come back and think about it. But you want the community, so actually,	

115 it is the P2P network that you have build. Unless you buy insurance on a regularly basis. It
116 needs to be ... (ugh) ... the social cohesion. If you want to get the benefits of peer-to-peer
117 networks – which is the social network and the influence on behaviours – than you have to
118 give them reasons or tools to influence that behaviour. So, the social network that you use to
119 create communities is going to be a key part of it.

it one, I think, is to...
If you want to...
PB

120
121 And then there is transparency and the ability to do the claims processing. I know there is ...
122 (ugh) ... how is it called ... there is a provider ins Scandinavia that is based on Facebook only
123 and they are doing their claims adjusting on Facebook directly because it is exposed and
124 open. And because people will only claim if they really have to. But I don't think that that
125 network will really work that way, but you have to be as transparent as you can in terms of
126 how the groups are performing. So, from a tools perspective, it's all about the social tools to
127 create a community that is persistent and carries on. Something to commune around.

A... PB
there is a provider ins...
CM-I
TA-G
TA-I
TA-IS

128
129 And then you start getting insights into people's behaviour. Where people get benefits from.
130 Getting other benefits than from potentially changing the behaviour to avoid claims. So, you
131 got the ability for people to talk about what is going on. If it is Health Insurance, you want
132 people to talk about how they feel. So, it is all about mutual interaction. So ultimately,
133 insurance is moving to a risk reduction model. And you want take that, to give them the tools
134 to help them.

And then you start get...
PB
PR-R
TA-G
TL-G

135
136 [Interviewer] And about what kind of incentives are you thinking about? For instance in
137 Health Insurance?

138
139 [Rudd] (Ugh) ... that is interesting, isn't it? I know people become more and more used to
140 providing content for free. Because it all the community, so they want to share. I mean there
141 is a gap between giving people incentives as they are doing by talons and stuff to motivate
142 people to going to the gym 3 or 4 times a week. But in the P2P community, people would
143 rather do it because they enjoy it. It is part of the community.

Ugh) ... that is int...
CM-F
CM-I
TA-G
TA-I
But i... PR-R
TL-G

144
145 If you are in a community for pet dogs, than you are talking about pet dogs. And if someone
146 gets a problem, than you want to help him. That is the community. So, again I think the
147 incentives – some of them are self-motivating – they do it with computers and self-service,
148 they create a community of people. And there is also the option to reward people with points
149 and stuff, so this is rather financially. But if it than becomes a self-playing network where
150 groups of experts who come together and they reward it through visibility in the network and
151 the other financial rewards as well. So that people are incentivised to add and contribute to
152 the network. So again, it is all about community. The P2P network, you want the biggest
153 network, you want more people come to you and then you want draw that. And if you think
154 about the model going forwards, it will be about competing communities. So, if you are in the
155 P2P network insurance for pet dogs – I don't like pet dogs, by the way (laughs) – then
156 potentially there will be another competing pet dogs community. So you are not competing
157 on price now of the insurance product, but you are competing on your community. Because
158 you want more people in your network. More people that trust you, more people that join,
159 economies of scale within your pool. If your pool is too small, it is not that good. The insurers
160 or the reinsurers want the big groups. So all you want is to know how to get people, which
161 incentives are needed to onboard customers, to influence that social network. And how do I
162 leverage that. A lot of people will join a community because it is their community and it feels
163 good to be part of it. Just as much or even more than if you get financial rewards.

If you are in a...
CM-I
TA-G
And there is also the option to reward people with points and stuff, s...
C...
TA-G
More people that trust...
PR-P
PR-R
TL-C
TL-G

164
165 [Interviewer] What do you think about rating systems or feedback mechanisms where you
166 can rate other members?

What...
CM-F

167
168 [Rudd] So, I think what is interesting is that you than come into social dynamics. And when I
169 was talking to others about the whole social thing here, there is a ... (ugh) ... so, if you take
170 the scenario that I've got a group of friends and I am going to set my P2P network up. And I
171 know that Jeff always loses his phone on Friday night because he gets drunk. But he is one
172 of my friends, but I set this network up and I don't want Jeff in my group, because we all
173 know that he is going to lose his phone quite often. So, if we exclude him from this network,
174 it than has a social implication as he will start asking why we are going to exclude him. So, I

So, I think what is interesting is...
PR-R
TA-G
TL-G
And I know that Jeff a...
CM-I
So...
CM-F

175 believe a rating would work if the social network is not too close. I mean in a family network
176 where people are very close personally, that would create another dynamic if you do a rating.
177 I mean I work in a company with lots of people, so people do constantly provide feedback
178 about others. But you always have to weigh whether a rating will really work or what impact it
179 might have on the social dynamics of a group. If a network is too close, than a rating will not
180 work. But it might work if it is another community.

181
182 So, there is the question about what you are going to rate in the model. Are you going to rate
183 if they claim a lot? Or what would you be rating them on?

184
185 [Interviewer] So, do you think that it might work if you rate the risk profile of other members
186 more on a general basis and not personal characteristics. So that if people show a different
187 risk profile or risk score based on the ratings, they will be proposed to change to another risk
188 group?

189
190 [Rudd] Ugh ... yeah ... I mean those models, usually the insurers rate the risk profile and not
191 the members. It is an interesting question and I am not really sure about how it could work. It
192 also depends on how visible you would make that. Is it that you are going to take someone
193 out of the group because they are showing bad behaviour? Or is the propensity to claim? I
194 mean it is part of the insurance to know whether Jeff is in the network or not. I mean if you
195 claim once or twice it is a different issue but if someone really claims a lot ... your costs will
196 go up. So you want to manage that. Most rating models they won't use that model. But P2P
197 platforms will need new innovative models. Because it is all price-driven – but I haven't got
198 an answer to that. I mean if you can define what exactly it is that users can rate on, on
199 behaviours or other stuff, how would it be done? What factors are you going to use? I mean
200 over time, what will come with this, is that you maybe start to track behaviours. So, people
201 who contribute heavily into the community do they seem to claim less? So with lots of data
202 insights, you will be able to analyse that. So, one of the key things on a P2P platform will be
203 how you manage that ... how you analyse and collect data and other factors outside of just
204 the pure insurance product.

205
206 Because normally insurers need to know who you are and what you want. So that is
207 insurance, and they don't know more about how you behave. But here you got communities
208 and I can actually analyse how you behave within the community which may actually indicate
209 something about your risk profile. But who makes the choices about whether someone stays
210 in the community or not?

211
212 [Interviewer] And in this context, what do you think about integrating sensors or trackers that
213 provide insights into behaviours? Like data from smart health, smart homes, smart cars?

214
215 [Rudd] So, that will come over time. We are working on those topics on the moment and ...
216 yeah ... they are rather on preventing the actual risk of loss apart from sentence on you as a
217 person. But if it is around health, absolutely, you can judge behaviours. But in property
218 insurance, if it allows to judge that the house will be flooded, it is a fact and not about
219 behaviours. But if it is to influence behaviours, like in health or car insurance. So, its
220 leveraging those sensors to influence someone's behaviour. Health is probably the best
221 example apart from driving. So, if someone has a watch and I am influencing his behaviour
222 to get up a bit more and walk a bit more, to stay healthy, so that's in the insurance interest as
223 well. And it will be in the networks interest. So, they can kind of gamify that and use this to
224 kind of leveraging the community and make everyone healthier, because you are competing.

225
226 So, it comes back to using the community to amend behaviour. I think this is a very
227 humanistic, behavioural manner. Because technology is there and it is only about how to
228 implement it. That is where the model can start to get really strong. Usually you buy
229 insurance once and than it is done. But here the real value will be inside the community. And
230 people are going to look after themselves, changing their behaviour, start eating healthier
231 food, go to the gym and so on. So you can see those P2P insurance built on the back of
232 strong communities.

233
234 [Interviewer] Ok, thanks for these insights. Maybe we can continue with the third part of the

I believe a rating would...
that you then come int...

So, I...
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I me...
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Most rating models they won't use t...
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So with lots o...
TA-PS

Because normally...
TA-PS
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PR-R
TA-G
TL-C
TL-G

So, it comes back to using...
TA-G
TA-IS

Because technology is...

235 interview. I don't know if you had time to have a look on the customer journey or not?
236
237 [Rudd] Yes, I did.
238
239 [Interviewer] The journey is quite generic, but is there anything that you don't agree with, that
240 you would change or add?
241
242 [Rudd] The only thing that I would probably change is ... (ugh) ... so the start of the model is
243 very traditional. So, that you start looking for your insurance. But in my perspective – I think –
244 that the start of this model is already in a group. I am not discovering insurance products but
245 this kind of insurance is pushed to me. So, for instance, the caravan club, they don't go
246 looking for new insurance, but this insurance is pushed to them. So it is about being part of
247 this group and not the traditional search for information. This model says that a group of
248 people is coming together to create an insurance – which is a possible way how it might
249 happen. But in my opinion, this is very difficult since it is hard to get a big enough group. So,
250 for me, it is more about pre-existing groups. So the products should be built for pre-existing
251 groups. Maybe you can implement this in the model.
252
253 And the other part of the model is, when you get to the premium payment and the claims
254 handling. I think there is a stage in the middle which is missing. Which is to manage the
255 network and to change or influence behaviours. So, the benefit of this model is that it cost
256 me less to market – since there is a pre-existing group that I can target – and the whole
257 concept is very socially oriented. So in the middle, there should really be a step which is
258 about managing the community, interacting and communicating with the group and using it to
259 influence behaviours.
260
261 [Interviewer] That is a very good input!
262
263 [Rudd] And then again, we have this very traditional termination of contract renewal. That is
264 very assumptive that we are running on an annual policy. Why would I have an annual policy
265 in this model? Why don't I go to a monthly or pay-as-you-go approach. I mean this approach
266 is very traditional, like it has been existing for years. Why should we move to an annually
267 contract if we don't need it? You are part of the community, so we should stop thinking about
268 limited contracts, but rather the community in the middle. So, from my perspective, the last
269 step is more about retention than termination. So, it is not about renewing the contract but
270 rather about managing the group and changing the behaviour again. So, it is more about an
271 ongoing contract. I mean you don't join Facebook only for a restricted period.
272
273 So, I think the way that you looked at this journey is from a very traditional perspective. For
274 more modern P2P networks, you might start looking for more innovative ways of doing it. So,
275 the risk-rating model could be much more based on a pay-as-you-go approach. So, maybe if
276 someone change his behaviour and his risk profile, it makes more sense to charge on a
277 monthly updated basis. So again, I think the end part of the model is tracked on a very
278 traditional annual policy lifecycle. The whole piece about managing the premium, the claims
279 – I would turn that into a virtual circle rather than linear steps. But the rest of the model
280 makes sense. Like joining the network, submitting basic data, etc.
281
282 [Interviewer] Thanks a lot for these helpful inputs, I will definitely try to integrate your ideas.
283 When talking about the customer journey, which are the most critical parts? I mean you
284 already told about the group interaction ... but are there any other things that are crucial and
285 require either a high level of trust or some forms of control?
286
287 [Rudd] (Ugh) ... I think if the model is that I am going to form my own group, I acutally don't
288 believe that group will form spontaneously. So, I believe you will not form your own group but
289 that it is rather about pre-existing groups. If you join a group or put a group together, this is a
290 very critical step that requires trust. Because I have to know that these are people that I can
291 trust, also if I bring in new people. That is why the model works better if I already trust those
292 people. Which takes the risk a step down. And the other critical one is around claims and the
293 whole claims experience. I mean if you buy an insurance, all comes down to this claims
294 experience. If the claims experience is poor – I mean however it works in terms of the peer

CJ

TA-G

the start of this model is already...

the only thing that I would probably change is ... (ugh) ... so the start of the...

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Which is to manage th...

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TA-G

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PR-P

TA-PC

TA-PS

TA-G

295 group paying out or the reinsurer stepping in in terms of a major loss – this is really critical.
 296 The whole thing will fall down and you only have to get it wrong once – so, the benefit of this
 297 model is that I already trust the community. So, I am buying this insurance because my
 298 friends or my community recommended it. And we know that social networks can turn
 299 naughty very quickly if something goes wrong. So, this might be an issue on P2P insurance.
 300 So, if you are not absolutely managing those claims in a proper way, quite quickly it could
 301 escalate and you can lose the group. It only needs 1-2 bad experiences. So this is very
 302 critical and probably most important.
 303
 304 [Interviewer] What do you think about implementing some tools so that group members can
 305 share experiences, provide feedback or even change the claims processing rules?
 306
 307 [Rudd] I think that whole opinion piece is very important. So, traditional insurers will sell their
 308 product to you and hope that they will not hear from you for the next year. But P2P is about
 309 who is motivating the community to share opinions which will also need some degree of
 310 moderation. So the platform has to manage the feedback and the opinions efficiently as they
 311 might be also very valuable. For instance, BoughtByMany, they are constantly looking what
 312 is going on within the communities. And if they track any problems, they adapt or bring in
 313 new products to deal with those products. So, the whole community management is of high
 314 importance for successfully running a platform and many insurers. You have to listen to your
 315 customers and interact with them. Having a true relationship with people within the
 316 community is as important as a good marketing strategy. You must allow people to comment
 317 and express their opinions. That really makes sense.
 318
 319 [Interviewer] During the group forming process, what kind of information would you like to get
 320 in order to trust other group members – especially if you do not know them personally, if you
 321 are in a group with strangers?
 322
 323 [Rudd] (Ugh) ... I suppose it depends on the transparency. The group must be fairly open.
 324 So, if I would do it, you must show a certain amount of information to the others and the
 325 others to you, so that you are trustworthy and that you can trust them.
 326
 327 I – personally – have a hard time to believe that that part of the model would really work if
 328 you form a totally new group. If I have random strangers and no idea if they are socially
 329 similar to me, if they have similar values or not. If I do not know who you are and why you
 330 are on this platform, it is hard to build trust.
 331
 332 In case that the group is already there and I will join a group, I would like to know as much as
 333 possible about that group. The history of that group, the claims history because this is an
 334 insurance thing. How the performance is. So it is ... it's almost how an investment model is –
 335 like a P2P investment model. So, you choose your investments by relying on other people's
 336 recommendations. That are not people who are trained but you see how they perform and
 337 you will make a judgments if they seem trustworthy to you and if you want to follow them or
 338 not. So, this is probably rather if you are joining a pre-existing group than if you create a new
 339 one. So, I come to the end that in my case the group must be pre-existing otherwise I do not
 340 think that it really can work and that I would trust in the concept. You have to go out for the
 341 social groups that already exist, so that you can join the groups like in the social broker
 342 model.
 343
 344 And when I get to the quotes – choose and request a quote – I would look if there are
 345 different groups that I could join. What are the differences, is it the price of the premium, the
 346 claims history, etc. If I have a choice of groups, then the competition between groups will
 347 increase as well.
 348
 349 [Interviewer] If you think again about all the factors that influence trust – from the trust
 350 framework model. When having a look on the customer journey, which factors – besides the
 351 group characteristics will have a high impact?
 352
 353 [Rudd] So, I think ... (ugh) ... one of the high facts is: If a group has been running for a
 354 certain time, I want to know how it was performing. What the history is. So that I know if it is

am going to form my own group...
 so, the benefit of this mode...
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 I think that whole opinion piece is very important...
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 Ugh) ... I suppose it depends on the transparency. The group must be fairly open. So, if I would do...
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 If I have r...
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 In case that the group is already there and I will join a group, I would like to know as much as possible about that group. The history of that group, the claims history because this is an insurance thing. How the performance is. So it is ... it's almost how an investment model is – like a P2P investment model. So, you choose your investments by relying on other people's recommendations. That are not people who are trained but you see how they perform and you will make a judgments if they seem trustworthy to you and if you want to follow them or not. So, this is probably rather if you are joining a pre-existing group than if you create a new one. So, I come to the end that in my case the group must be pre-existing otherwise I do not think that it really can work and that I would trust in the concept. You have to go out for the social groups that already exist, so that you can join the groups like in the social broker model.
 CM-F
 CM-I
 So, you choose your h...
 I would look if...
 CM-F
 CM-I
 So, I think ... (ugh) ... one of the high facts is: If a group has been running for a certain time, I want to know how it was performing. What the history is. So that I know if it is

355	a group of trustworthy people. Can I identify with that group? Do I understand who they are?	k ... (ugh)...	TA-G	
356	I would also know how big the group is. The bigger the group the higher the risk but you		TL-C	
357	have economies of scale.		TL-G	
358				
359	[Interviewer] So, to recap, in your opinion, the individual, cultural and group characteristics	So, t...	TA-C	
360	will have the highest impact on how people form trust?		TA-G	
361			TA-I	
362	[Rudd] Yes, I think so. I mean product is important as well. And if I am in a group and we	es, l...	TA-PS	
363	have the possibility to purchase different products, that is great. But in sum, I think this			But i... TA-G
364	platform is all about the group. For insurance products, a lot of people in the UK do not really	For insurance pro...	PB	
365	take a lot of attention of what exactly they are buying – they will look at the price first. So,		TA-G	
366	they look at the price, the brand and not really on the extras. Most of them do not even know		TA-PC	
367	what the bought. That's why I think product is not that important. Group history is very		TA-PS	
368	important.			
369				
370	[Interviewer] Ok, thanks a lot. Maybe one final question before we finish. Do you think these			
371	P2P platforms could function across borders? Like geographical borders, in different			
372	countries and maybe different cultures?			
373				
374	[Rudd] That's a good question. I think this may come down to an age thing. I listened to the	That's a good question, I think this...	TA-C	
375	radio the other day and the whole Brexit thing. So, the younger generations are much more		TA-I	
376	used to work in a flexible environment across boundaries. So, this concept will be age			
377	specific. I think it may be age related and young buyers will identify with different cultural			
378	groups. In comparison to older generations which are more based on country boundaries. I			
379	think it could work if the group is strong enough. Also when I look at the younger colleagues			
380	in our office, they feel much more comfortable to act in virtual environments and different			
381	locations. A lot of them travel a lot as well. So, that model will work across border but it will			
382	be age related.			
383				
384	[Interviewer] Would it also depend on the product, I mean if it is a general insurance product			
385	that everyone has to purchase or rather a niche product?			
386				
387	[Rudd] Ugh ... I think group comes first. You will buy multiple products as a part of the group	the product w...	TA-CM	You... TA-G
388	so the product will have less impact. But the brand will have an impact as well. If aI join a		TA-PS	
389	group I may buy products from a specific brand. So, it is probably a mix of factors. If you			
390	have a global brand it is much easier than if you are not that popular. But product is not that			
391	relevant in that context.			
392				
393	[Interviewer] Thank you very much for all these interesting insights, Daren! It was a pleasure			
394	to have this interview with you. We are now at the end of the questionnaire. Do you still have			
395	any questions or general inputs that you would like to add?			
396				
397	[Rudd] (Ugh) ... what will your next steps be and until how do you finish this dissertation?			
398	Where will you take this?			
399				
400	[Interviewer] I will have two more expert interviews and after that, I will analyse the results			
505	and refine the proposed framework. Following, I will test and apply the framework in different			
506	cultural contexts by using user interviews.			
507				
508	[Rudd] Very interesting. Is there a possibility to have a look on the results when you finished			
509	the thesis? Because I am also writing lots of white papers and its always interesting to have			
510	new insights from other researchers.			
511				
512	[Interviewer] Sure, I will have my defence in January and by the end will get back to you by			
513	the end of January. Hope this is fine for you?			
514				
515	[Rudd] Sure, sounds perfect. Thanks!			
516				
517	[Interviewer] Thank you Daren! For taking your time and sharing your experience.			
518	[Rudd] Your welcome, good luck with the rest of the paper.			
519				
520	[Interviewer] Thanks! Bye, bye.			
521				
522	[Rudd] Bye! And sorry for the background noise!			
523				
524	[Interviewer] No worries, Bye!			

13.5.8. Hugh Terry (Editor 'The Digital Insurer')

Terry, H., 2017. Expert Interview. Interviewed by Nicole Oberlin. [audio] Skype Video Call, 28 September 2017, 16:00-17:00.

Expert: Hugh Terry, founder of the digital insurance forum 'The Digital Insurer' (www.the-digital-insurer.com) & 12 years working experience as Director at Insight Consulting (a company providing consulting and business development services to life insurance companies in the Asia Pacific region)
Date & Place: 28.09.2017 | Skype Video Call
Time: 16.00 - 17.00
Interview Language: English

1 [Terry] Hello.
2
3 [Interviewer] Hi! How are you.
4
5 [Terry] I'm very good thank you. I just turn on my camera. I'm here in the UK.
6
7 [Interviewer] Nice to see you.
8
9 [Terry] Likewise.
10
11 [Interviewer] Your webinar last week was very interesting! I could not attend all the sessions,
12 but I attended the first day and half of the second one.
13
14 [Terry] Well the recording comes out soon so you can always see the last bit. But did you
15 enjoy it.
16
17 [Interviewer] Yes, it was really interesting and helpful and I think I will even use some
18 screenshots infographics for my thesis.
19
20 [Terry] Well. If you ...(ugh) ... in a couple of days, you'll get e-mailed the link to the
21 recordings. So, you can grab a few shots as well for them if you didn't get them.
22
23 [Interviewer] Yes, that would be great. Maybe before we start, is it ok if I record it because I
24 have to transcribe it afterwards?
25
26 [Terry] Yeah, no problem. I'm not super ready but let's do it.
27
28 [Interviewer] OK. I don't know if you had time to have a look on it already or not.
29
30 [Terry] Only a little bit. I think the theoretical framework is something that maybe you can
31 guide me through. And then we can discuss it as it goes along, because I don't have a strong
32 view on that at the moment, so, I am still thinking about it.
33
34 [Interviewer] Sure! So, I structured the interview in three parts and we will start with some
35 more general questions about P2P Insurance and continue with the framework and the
36 customer journey afterwards. So, first of all, when a user is on a P2P platform and he has to
37 decide whether he wants to purchase the insurance product or not he usually balances the
38 cost and the benefits of purchasing the product. What do you think are the costs and benefits
39 that the user thinks about?
40
41 [Terry] (Ugh) ... clearly, they're gonna be going in with a specific need. And so they're going
42 to be focused primarily on saying 'Well what do I want to get protected?' and understanding
43 what they are going to get protected first. And then, clearly, they are going to move on to the
44 costs of doing that. And I think the challenge you have in some insurance products, is that
45 there's quite a lot of commoditization, right? So, people tend to go directly to the cost side of
46 the equation and then sort of make a purchase decision primarily on cost. So, I think the
47 challenge to get to a customer who's going to be on P2P is around what is safer for them.
48 And probably from that cost side, is there a cost benefit for them in terms of what they're
49 doing. And the other side would be, probably the more nicht products. Is this solution

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clearly, they're gonna be going in with a
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And probably TA-PS

50 providing me something that I can't get elsewhere? So I guess there's maybe a split between
51 a more mass market approach and a more specialised niche product.

52

53 [Interviewer] Good, thanks for those inputs. On P2P platforms, the element of trust usually
54 plays an important role. Do you think that there might be some concerns that a user might
55 have when he enters the platform and thinks about purchasing the product?

56

57 [Terry] (Ugh) ... definitely, right? And I guess you got to there say 'Well, what sort of peer-to-
58 peer model are you offering to the customer?'. Which I think is the important thing.

59

60 So, can a pure peer to peer model work in insurance? And I think there's very few examples,
61 that I can think of, where you'd say this is pure peer to peer. And you trust on the group to
62 pay your money back. So, you don't see that a lot, right? What we're seeing is hybrids in
63 insurance and that's what I mentioned to you. That's the key difference between peer to peer
64 lending versus P2P insurance. So, in P2P lending, it's perfectly ok from a consumer
65 perspective to go in and say I would take a loan and I would pay the interest rate. They don't
66 really need to know anything else. You know if the platform goes bust after they've got their
67 loan and their money, you know, it doesn't matter, right? It has no no real impact. They've still
68 got an obligation to repay. But there's no really negative outcome. Whereas it is the reverse
69 on a P2P insurance platform. So that's a big issue. And I think that's why most of the models
70 are hybrid, right? So, the Lemonade model is a give-back, right. So, it's described as peer-to-
71 peer as than a charity give back program. The one that you see in Friendsurance is
72 deductible. So, it's only a certain layer that has been effectively put onto a peer to peer
73 model.

74

75 And then it's mutualization, right? So, this does go back to the origins of insurance. Right?
76 You know peer-to-peer could just be a 21st century name for – you know – the way
77 insurance used to be when it was called mutual insurance, where people who had things in
78 common got together, so that they could collectively manage that risk better.

79

80 [Interviewer] So, do you think the user mostly has concerns about the product and the
81 provider or is it more about the group component, like sharing risks in a group?

82

83 [Terry] So, I think the issue would be: How do I make sure ... (ugh) ... if I was going on a P2P
84 platform and, you know, I'm only one consumer, right? So, I would be concerned to make
85 sure that, you know, I would get paid right in the event that I made a claim. And how does
86 the structure allow you to do that? And I think a lot of time when you buy insurance, people
87 will just say 'Oh, it's an insurance company I trust it, I will make my purchase, right'. And
88 there's a whole set of regulations around, to help make sure that if something does go
89 wrong, customers still don't lose out.

90

91 So, an unregulated pure P2P insurance, I don't really see it myself. Although, I gave you an
92 example in Singapore with Bandboo, I am not sure if you already spoke to Ashley, but that is
93 quite extreme, right? As a model ...

94

95 [Interviewer] Yes, I spoke to him. But since they share the risk in quite huge communities and
96 they have quite a lot of regulations, I almost found the other model, the TongJuBao one more
97 impressive. Because users can kind of decide if they want to change rules of the claims
98 processing.

99

100 [Terry] OK. Yeah, I think there are obviously lots of different models. As a result of that. The
101 easiest run in my mind, to some extent comes down to niche propositions – to get insurance
102 that you otherwise wouldn't be able to get. And collectivizing that almost from a distribution
103 and fulfillment perspective. And some of the models in the in the U.K. such as
104 BoughtByMany are quite an interesting. I wouldn't call them pure peer to peer but it has
105 peer-to-peer elements to it, or social elements if you like, or community elements to it. So, I
106 quite like that community element. And it is possibly a better word than peer-to-peer in some
107 respects, I think in terms of consumer perceptions.

108

109 [Interviewer] And do you think if you set up a P2P platform. Would you set it up differently in

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110 different cultural contexts? Like if you set it up in Asia, America, Europe?
111
112 [Terry] (Ugh) ... possibly. Because you know, I suppose it comes down to how you have to
113 represent that product and what needs that product is meeting. So, I think that's inevitably
114 there's an element of cultural context in that. So, your mechanisms might be the same but I
115 suspect the marketing flavor could be quite a bit different from one market to another.
116
117 [Interviewer] Ok, thanks. So, maybe we can go to the second part. Do have the document
118 with the theoretical framework in front of you?
119
120 [Terry] I do, let me just get it up. Ok ... so what's the source of this then. Is this your work?
121
122 [Interviewer] Yes, actually, this is the result of the Literatur review. So, I kind of combined
123 different existing models and framework about trust formation in social, online and cultural
124 contexts. So, it is developed out of behavioral studies, insights of social and financial
125 transactions, purchase behaviour in online environments and with the perspective of
126 considering different cultural theories. About how people form trust or perceive risks in
127 different cultures.
128
129 And so, I came up with this model which is quite theoretical and aims to explain how people
130 form trust and perceive risk on P2P platforms. What factors influence them and what kind of
131 control mechanisms could positively influence higher trust levels and reducing the risk
132 component. Do you understand the framework or do you have any questions or Inputs?
133
134 [Terry] (Ugh) ... I think I do. I think the key part is probably around the trust level and the
135 control, right? (Ugh) ... when I was just looking at the chart. There is something that doesn't
136 quite make it easy to understand and I can't put my hand on it but it's
137 somewhere in the middle around trust level, control and perceived risk. And then you move
138 on to intention and behaviour. And I'm trying to work out ... (ugh) ... so, in my mind there is a
139 flow, but I can't quite understand what it actually represents. So that's probably what I'm
140 looking at. The chart doesn't quite work. I can obey the trust level, the internal and external
141 factors. But then I panic that I get a little bit lost. So why do you say intention and behavior?
142 What are we looking at. We're looking at the intention to buy, right?
143
144 [Interviewer] Yes, exactly. So, usually, out of psychological Literatur, there is a small stage
145 before the actual behaviour, where we intend to behave in a certain manner. So, for
146 instance, if you think I want to cooperate and share information, that kind of reflects your
147 intention and attitude but then there is still the next step to actually conduct the behaviour.
148 Let's say to actually share information with the platform. Or, on contrary, if someone has the
149 intention to act dishonestly and pose a fraudulent claim. There is still the step to really pose
150 the fraud.
151
152 [Terry] So, when you say risk it's the risk ... (ugh) ... this is a consumer decision making
153 process, or almost, which shows the impacts on consumer behaviour?
154
155 [Interviewer] Yes.
156
157 [Terry] So, when you say risk in this context you're thinking about the risk for my purchaser?
158
159 [Interviewer] Yes, exactly. From a user perspective: What kind of risk might he face on the
160 platform, towards other members or the group and also towards the technology or the
161 internet as a whole.
162
163 [Terry] Yep. So is it the perceived risk of using the P2P solution, right?
164
165 [Interviewer] Yes.
166
167 [Terry] (Ugh) ... there's probably a little bit more that you could do around the perceived
168 benefits. Maybe – because you've got stuff in gray – maybe you need to think a little bit more
169 around the benefit side. I mean that's not the main focus of what you're doing but I think

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170 when you have perceived ease of use, you've probably only got one of many factors, right?
 171 That doesn't feel like that's a list like you did it for the factors above.
 172
 173 [Interviewer] That is a good Input! Thank you Hugh!
 174
 175 [Terry] And just visually, it's like a seesaw. So, you could actually have a visual of the seesaw
 176 illustrating risk versus benefit. And then that's going to impact on behavior, isn't it? Maybe it
 177 is too complex, so it would be more like a matrix. So, if you would use it in consulting, you
 178 would probably put it this way. So, that the Model clearly illustrative that good behavior is
 179 likely to come when the customer has high perceived benefit and low perceived risk of using
 180 a platform.
 181
 182 Or is it when the monetary amounts involved and not necessarily the most significant is
 183 actually a fact that we just talked about before but you know if you look at sales for insurance
 184 it's a relatively modest deductible.
 185
 186 Or if the monthly monetary amounts are not that significant. If you look at the Friendsurance
 187 model, it is a relatively modest deductible. So, the amount that's going on risk is quite low as
 188 well. Whereas perhaps if it was all about – you know insuring household contents – which
 189 were thousands worth of dollars you know maybe that wouldn't lead to such good behaviour.
 190
 191 [Interviewer] Maybe I can extend the perceived benefit and perceived risks with more
 192 examples of what is meant by this.
 193
 194 [Terry] Yeah ... I mean the amount or the size of the benefit is probably quite important. And if
 195 the community gets larger and larger, then there's probably more inclination to not have good
 196 behavior. At least among some say you need more controls in place to make sure that it
 197 works appropriately.
 198
 199 [Interviewer] Yes. And what I wanted to research actually a bit more in that was and what
 200 kind of control mechanisms can be used for peer-to-peer platforms. So, I was wondering
 201 kind of what kind of technologies or what kind of tools you know that can be used by P2P
 202 insurers to increase trust or to reduce perceived risk.
 203
 204 [Terry] Yeah. So there's another company and actually this guy, I can introduce you to see
 205 this company as well, that they're in the rental market. It's a little bit more. It's more trust
 206 based, I would say than the peer-to-peer. But I got this company called Traity
 207 (www.traity.com), I don't know if you heard of them. But essentially, when you go on there
 208 and you log in and it's basically says log in enough of your social accounts and they'll give
 209 you a trust rating.
 210
 211 [Interviewer] Oh wow, that's interesting.
 212
 213 [Terry] So it's a way of socializing. And basically, you've got a trustworthiness score. And one
 214 could argue that this is the currency in a P2P model. So it's an analogue to credit worthiness
 215 since it indicates how trustworthy someone is.
 216
 217 [Interviewer] Do you know whether the company behind Traity is selling this product as a
 218 service to other businesses or what are they using it for? .
 219
 220 [Terry] (Ugh) ... I have to find a link, because they moved on to something else. So this was
 221 something they just did and then they moved on to insurance and they've got a renters
 222 solution in Australia and I think they've got a guy from Spain ... (ugh) ... so they're using it.
 223 It's a trust based score on renters deposits. So, if you go for reinging, you don't have to pay a
 224 monetary deposit before you can rent home. Instead of doing that, you can have an almost
 225 guaranteed bond, where – effectively because you're trustworthy - you can buy a bond rather
 226 than having to put up the one or two month's rent in advance for the deposit. So that's the
 227 product that they're looking at.
 228
 229 [Interviewer] And did they already launch it? Does it work?

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230
231 [Terry] Let me just just show you an example you might want to put in ... (ugh) ... and I can
232 probably give you an intro to the CEO of that company people if you want to know a little bit
233 more.
234
235 [Interviewer] That's great! Thank you, I will have a look on it (see:
236 [http://www.bankingtech.com/737502/traity-collaborates-with-suncorp-to-launch-a-micro-](http://www.bankingtech.com/737502/traity-collaborates-with-suncorp-to-launch-a-micro-insurance-platform/)
237 [insurance-platform/](http://www.bankingtech.com/737502/traity-collaborates-with-suncorp-to-launch-a-micro-insurance-platform/))
238
239 [Terry] Yeah ... this idea goes more into a trust based identity, right? Which you could argue
240 is, perhaps something going even bigger than peer-to-peer – maybe – and also how you
241 control your identity online and how you share that information. So if you have something
242 that stamps and says 'You're a trustworthy person' you want to maintain that right. But then
243 you can also say I can share that profile with other people when I need to, as well.
244
245 [Interviewer] Like via blockchain or how does this work?
246
247 [Terry] Yeah, I think this guy has built his thing on blockchain.
248
249 [Interviewer] Do you think that a P2P Insurance platform could kind of implement this into
250 their product? For authentication and also risk profiles?
251
252 [Terry] They could, but then it's already one product, isn't it? So that the larger one could
253 argue this would be a national identity program – right – where people have some elements
254 and the government enables it. People then say: Yes, I am willing to put my profile on there. I
255 want to be seen as a trustworthy person. Makes it quite hard for the less trustworthy people
256 going forward. It's interesting.
257
258 [Interviewer] (Laugh) ... I tried to set up a customer journey for peer to peer insurance which
259 was quite difficult because of the different models. So it is quite generic and it doesn't work
260 like exactly for every company. So, do you have it in front of you? You can also screen in if it
261 is too small.
262
263 So basically, first of all, you're searching for information, then you will come to the website
264 and you will decide for a product and usually you have to provide some basic data. About
265 yourself like gender, age, name and so on – depending on the insurance product. Then you
266 get different quotes if there are different products or different services and you can choose
267 which one. Following, you will get matched with the group or you will get several groups you
268 can choose from. And then, depending on the model, you will be automatically joining the
269 group or you will have to apply for a group before you join them. And then, after that, you
270 have the payments which can be like splitted to the insurance or the reinsurer and the group
271 pot or only the group pools. Finally, you have the claims handling period and contract
272 termination or renewal of the contract.
273
274 Do you have any questions or inputs to this customer journey? Something that you don't
275 agree with or something that you would change?
276
277 [Terry] No, I quite like it, I mean you can always argue ... (ugh) ... that some people will split
278 awareness and information into two steps. So there might be a little bit of you ... you might
279 want to call that information search and awareness building or something like that. You know,
280 if kind of an experienced traditional consumer is coming in, they kind of know what they want
281 and they know the structure, right. Whereas if you're looking at P2P you're going to have to
282 educate people on what that actually is. But this is a fairly good consumer journey. Its got the
283 key elements in it. And then you kind of identified three models. So, you'e got the self-
284 governed, social brokerage, carrier broker model.
285
286 [Interviewer] I mean it is difficult because there are many like hybrid forms or mixed forms so
287 it's quite generic.
288
289 [Terry] Yeah I think that's about right. Considering the models, I don't think you ever get away

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290 without having some sort of traditional risk manager and discounter, right. But you could
291 argue that you go into a situation where effectively the only lay you have is a reinsurer. So,
292 the self-governed group model would have a relationship with the reinsurer, right.
293
294 [Interviewer] With the self-governed model I thought about Teambrella or TongJuBao. Where
295 you do not really have kind of a reinsurer.
296
297 [Terry] Ugh ... I guess the question that is what happens if all goes wrong?
298
299 [Interviewer] Yes, you are right. I think that's why they do it more like for smaller products.
300 Especially Teambrella is rather for smaller and simple products like car insurance but not for
301 life insurance.
302
303 [Terry] Yeah, Yes. So then it's just a question of time before you might get into problems,
304 right. So experience you know, this is in a sense that you are going back to the origin of the
305 origins of insurance, right. And you know those companies were mutualised. They didn't
306 perform very well. For some of them, some regulations came in to make sure they could
307 perform properly. And people come in say you've got to have some ways that you value the
308 liabilities, certain regulations of how you've gonna hold the capital, certain ways you need to
309 follow about how you sell ...
310
311 So, it's hard to make a case for an unregulated, real self-governed model. Hard to say
312 because then it always comes down to who's actually going to guarantee. So, you can look
313 at governments – basically –government organization models where risk is effectively
314 socialized and the government effectively is the guarantor, right?Who has the ability to raise
315 taxes to pay for these things as well.
316
317 [Interviewer] If you have a look along the customer journey. What do you think are the most
318 critical steps where you would require some control mechanisms?
319
320 [Terry] For P2P in particular, I think clearly there is a data part which is really critical in this.
321 That comes down to how you going to assess whether that individual is right for the group or
322 which group I should in fact belong to? For the risk profile or just to evaluate whether this
323 person is a trustworthy kind of thing. So, I think as an element of people having to submit
324 certain information to show that they are that type of person. This would clearly give you a
325 quite superior model in terms of being able to manage risks on the other side. So, you know
326 pretty bluntly how do you find it on this person, right?
327
328 [Interviewer] Do you know any technologies or tools that can implemented to enhance that
329 positively?
330
331 [Terry] Well I think Traity is one because you could say to people you cannot buy this product
332 unless you sign up to that and get yourself appropriately registered. And I think there's also
333 ways in which – you know – if you had a trustworthiness profile and it was public domain and
334 buying this product required you to expose that in some way. So, that if you proved to be
335 untrustworthy, you would be seen by others that would obviously create quite strong
336 incentive to be honest. And just the fact that you have that would by definition mean that the
337 people join on a more trustworthy end of the spectrum.
338
339 [Interviewer] Because of the social pressure or social sanctions that might occur?
340
341 [Terry] Yeah. Which is the visibility. So it's the visibility of ... if you're caught out for example
342 ... making a fraudulent claim, it would be reflected in your blockchain trustworthiness profile.
343 You know for the next two years, a bit like getting a speeding ticket, I suppose. But that
344 would be public instead of private. It's quite harsh though, right?
345
346 [Interviewer] Do you know if any P2P platforms are already using something like this?
347
348 [Terry] No I haven't seen it. But the concepts are there, right? Because we apply them in
349 reverse, when we say I go on holiday and I rate the holiday provider. Or you can go and do

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350 reviews of hospitals provided. So, consumer ratings and rankings are very common, right.
351 So what you are doing is you are applying that same concept back to the consumer. So, do
352 you have a five star rating?
353
354 [Interviewer] What do you think could be the impacts of such rating systems. Would they be
355 positive or negative if you can really provide feedback or rate other members within the
356 community?
357
358 [Terry] It's hugely psychological. So, there's a reason why Facebook doesn't really say you
359 can have a 'I don't like it button'. You either like it or you are passive. So what they do is,
360 they go for that human psychological need for endorsement. So, your endorphins go when
361 someone likes something you do. So, it creates a lot of high levels of engagement and
362 people that look for that positive affirmation. So, the trouble of that of course is, you don't
363 then allow them for the negative. Right? And it wouldn't be seen as socially acceptable. So, it
364 is a bit challenging.
365
366 It's tricky. Because if people thought about the amount of data that's probably already stored
367 about them on credit scoring. That they aren't aware of. And then when you go and apply for
368 a credit card or you apply for a home loan in the future that data is going to be used to
369 assess whether you are credit worthy or not. Trustworthiness is a more subjective and more
370 extensive extension of that. So, will people really go for that or not? There was a movie
371 around that Tonic, recently, which I remember called 'Circle' with Emma Watson in it.
372
373 [Interviewer] I did not see it yet, I think it just arrived in the cinemas here in Switzerland now.
374
375 [Terry] So you should go and have a look at it. Because it's got some interesting
376 philosophical aspects around where society might be going. So you're going find it
377 interesting.
378
379 [Interviewer] Cool, thanks for the recommendation! I think Friendsurance allows users to
380 change the groups. So, you can change to another group by the end of the month if you are
381 not happy. Or if the group is not happy about that particular member you can exclude him
382 from the group.
383
384 [Terry] Yeah... if it was universal, but still it is somehow two-sided. So, we are quite willing to
385 rate UBER drivers. But we don't want to be rated ourselves, right. So, but you could argue
386 there is only a question of time and you know maybe that is a condition of being part of that.
387 But it needs to then be quite objective. So it's not about people's behavior in terms of issues
388 that are not related to the products and services being purchased. It really comes down to
389 what sanctions you have for someone who makes a fraudulent claim. This is probably the
390 most important thing, the other ones could be around risk reduction. But you know that's very
391 sensitive Territory, right. Risk reduction in itself is sensitive because we've traditionally said
392 that individuals have a right. Have a right to kill themselves, have a right to smoke and kill
393 themselves, they have a right to do whatever they want, right?
394
395 And that – you know - some of these aspects, if you could get people to change their
396 behavior. You could argue, Well it the risk that keeps insurers safe. Right? They make you
397 pay a lower premium, means the community pays lower premiums as well. So, why wouldn't
398 you want to do that. Right. But it gets quite sensitive quite quickly ...
399
400 [Interviewer] And what do you think about sharing information collected via sensors or
401 devices like SmartHome, Smart Health, Smart Cars ... Like sharing this information with the
402 community and with the provider for a more accurate risk profile estimation. Or even in order
403 to enable incentives for better behaviour?
404
405 [Terry] So basically, it's sharing your data to get a better price or maybe access to a tool that
406 gives you advice on how to be a better driver. Which should keep you safe on the road and
407 should – if you follow that advice – make you less risky. So, you get a double benefit since
408 you get lower premiums as well. Right. So that's all around twitting together risk reduction.
409 So it's about risk reduction mechanisms. It's a complex area. I'm doing a small article at the

concepts...

It's hugely psychological. So, there's a reason why Facebook...

Yeah... if it was universal, but still it is so...

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500 moment and I haven't finished it yet. It is around data privacy and intellectual property. It's
501 complicated and health insurance is particularly complicated. Because the mix of data or the
502 aggregation of data from many different individuals could give insights in saying preventative
503 healthcare or avoiding health care risks. It is almost a new branch of medical science. But
504 there are a few questions, right? Like do you have the right to opt out from that or should you
505 your data be taking anonymously for these studies? If it is put in anonymously, but you
506 recognize that someone has something that is life threatening. Should you be told? And can
507 you be told, because you've just said it's anonymous so you don't get the benefit coming
508 back. So it's quite complicated and interesting how these things will evolve.

509

510 I think that will be very real questions sooner than people think around this. Because the
511 benefits will be shared. So, there is a lot of pressure on getting this data systematically
512 stored and shared. But then who really owns it? So one level you can say I own my medical
513 data myself. But you do and you don't, right? And sometimes you don't want to as well. So
514 what happens if you're in an emergency situation – a life threatening situation. Well, then you
515 want everyone to have access to your medical data straight away. To give you the medical
516 care. But you might not be up to authorize it. So, how can my data be secret one second and
517 then publicly available to those doctors in emergency situations.

518

519 And then your meta data which is so valuable to society. Should companies profit from that?
520 And if they get those insights, can they charge a fee? And how high is that fee? Or is it
521 something that should be owned by governments going forward. I mean those whole things
522 with sensors and devices are happening but I don't think they're necessarily linked to P2P
523 platforms. The challenge I have, is to know where are the commercially viable models. And I
524 don't think I've just started fully on that but I think the ones that seem to be commercially
525 viable seem to be a little bit more in the social broking space. Such as BoughtByMany and I
526 don't know how the economics are on Friendsurance and how successful it is economically. I
527 don't know if you've asked them that.

528

529 And if you look at Lemonade, when it was first launched, it was using the peer to peer
530 terminology. But over the last 12 months it's tacked away from that quite significantly. So, it's
531 changed its messaging a lot. And now it's more of a charity give back kind of mechanism. I
532 personally don't think that peer-to-peer will really come because I think there's always a
533 regulation - a Regulator aspect to that.

534

535 [Interviewer] Where do you see the potential of P2P insurance platforms?

536

537 [Terry] Well, I think the most valuable aspect is probably going to be around, creating risk
538 pools from people with like minded characteristics. And then, have specialised solutions
539 provided to them which they otherwise wouldn't be able to get because there isn't a sufficient
540 number of people in that risk pool. So I think that's quite valuable.

541

542 And then I think the second aspect is the one that we've been talking about. Which is about
543 what are the different ways of influencing someone or selecting someone so that they are a
544 more trustworthy person, who is likely to not be fraudulent, I guess. And also to be careful on
545 cares about their underlying asset that they're insuring. So that's the two aspects there.

546

547 [Interviewer] And then maybe if we go back to the theoretical framework. When you have a
548 look on these factors that influence the trust formation or the risk perception. Which ones do
549 you think have the highest impact on the trust of a person. Is this this more about individual or
550 group characteristics? Or probably more about product characteristics, cultural factors, the
551 market environment or the provider itself? Which two or three factors will have the highest
552 influence from your point of view?

553

554

555 [Terry] That's interesting. I think it's going to be individual characteristics. I think this is my gut
556 feel on this, because the world is made up, on the whole, of mainly trustworthy people. So
557 your ability to do business with those trustworthy people is probably what matters most. And
558 then to get rid of the people who are less trustworthy. I think it's probably the most important
559 one. And often you see cultural characteristics. Some of those might tend to stereotypes
560 though. But there would be differences within markets as well, in terms of how people

doing a small article at the moment and I haven't finished it yet. It is around data privacy and...

the mix o...

PR-R
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And then...

TA-PC

And if you look at...

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Well, I think t...

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And then I th...

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TL-C
TL-G

that's interesting. I...

TA-I
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And ofte

TA-C
TA-CM

561	perceive insurance. Whether they think it's acceptable or not to make fraudulent claims and	in you see...	
562	stuff. I think that may have certain cultural aspects but I don't think it's anywhere near as		
563	predominant as the individual characteristics.		
564			
565	[Interviewer] And when speaking about cultural characteristics. Do you think there are		
566	differences in the trust perception towards people you know or towards strangers? Or		
567	towards information sharing?		
568			
569	[Terry] There must be, right. There must be. You can look at some of the larger platforms like	You can look at some of the larger platforms like the Facebook's of this world, the Google's...	TA-C TA-CM
570	the Facebook's of this world, the Google's of this world. Which sign up people all around the		
571	world, right? And they're signing people up all around the world basically on the same terms		
572	and conditions, right. So they're probably not going into market as far as I know and		
573	changing the terms of business.		
574			
575	So, people are signing up whether they know where and what they are signing up or not is a		
576	separate question. But you could argue than that's not really that culturally different. So yeah		
577	... I mean I think, there's probably no doubt that in some markets there are more levels of	There's no do...	CM-F CM-I
578	fraud and abuse. There's no doubt about that and say things like health insurance, so some		
579	markets will have more fraud but that's usually because the control mechanisms are also not		
580	that strong. Even if they have the same control mechanisms like other markets, people know		
581	how to get around them. So those controlled aspects of quite important.		
582			
583	Someone said to me something very interesting the other night. It's a little anecdotal but he		
584	was talking about a market, I think it was Pakistan and he was saying that they introduced –		
585	for motor underwriting – a simple innovation which was 'We will not accept cover unless we	or motor underwrt...	CM-F PR-P PR-R TL-C TL-G
586	actually have a photograph of your car before it is insured'. So basically, if there is an		
587	accident people can only repay the accidental damage not go back and get everything else		
588	down as well. And they reckoned that that made a sort of 6 percent difference in claims ratio		
589	– is just a simple thing like that, right. That is interesting, right.		
590			
591	[Interviewer] In terms of P2P insurance business models, do you think there are markets or		
592	regions where people are more open towards using such systems, towards using new		
593	technologies?		
594			
595	[Terry] (Ugh) ... interesting, did you ask that question to Tang? Because he is doing stuff in		
596	China, France and US.		
597			
598	[Interviewer] Yes, I asked him, and he told me that it is much easier in China than it is here.		
599	Because Europe has quite a high density of start-ups and many regulations whereas in		
600	China, there is much more room for such things, especially for sharing concepts.		
601			
602	[Terry] And I suppose one aspect of peer-to-peer is that we are creating digital groups and	And ...	TA-G
603	trying to find common areas of common interest in a digital world. So, I guess that whole		
604	network thing is a around how comfortable people are with performing transactions online.	How culturally allg...	TA-C TA-CM
605	How culturally aligned they are to that. And definitely, Asia does appear to be a little bit more		
606	sort of new to the party. More open to just say that is the way we're going to do this.		
607	Whereas perhaps in other markets, people are still quite used to face-to-face methods of		
608	buying insurance at this point in time.		
609			
610	[Interviewer] And do you think that for certain products it could kind of work to sell them		
611	across borders, like country borders? Or like for special niche products?		
612			
613	[Terry] I mean the answer should be yes, right? That you could create these global platforms	I mean the answer should b...	TA-CM
614	and then you could tweak them according to country requirements. So, I think the answer is		
615	yes. Although, we haven't seen that many examples at the moment of doing that. But if		
616	you're creating these platforms and make them successful, there's no reason why you	And espe...	TA-TP
617	couldn't 'uberize' them if you like. And especially, if you were able to kind of effectively use an		
618	in-country reinsurer or a local carrier who is emotionally taking the risk. There are different		
619	ways of doing that as well under reinsurance contracts.		
620			

621 So, I mean no large insurer would want to get into that whole grey area of multi-jurisdictional
622 operations without actually having worked out what that really means within the context of
623 each country's regulations. So, that can be a little bit challenging. But again the advantage
624 then is, back to what you call the social broking model, because it's less regulated, less
625 capital and then can you have that model across countries. And then hooking in to
626 reinsurance or primary carrier or front end carrier in each of the markets that you're looking
627 at. So, there could be interesting elements there. And some of these online expat groups
628 that there are, maybe they should be thinking about what they can do from an international
629 health insurance perspective, for example. So you could argue international health insurance
630 is clever, even if the underwriting of claims is still tied back to certain countries. But in terms
631 of regulations, this area is quite grey.
632
633 So how are you doing with the overall thesis so far?
634
635 [Interviewer] Quite good, thanks. I still have three more expert interviews and then I will start
636 with the analysis and following with the user interviews. In order to evaluate the cultural
637 component.
638
639 [Terry] Sounds, interesting. And I still would be interested in reading the thesis when you
640 finish it.
641
642 [Interviewer] Sure, thank you very much for participating in this interview. I will get back to
643 you by the end of January with the results if this is fine for you.
644
645 [Terry] Sure, great. Thanks. Good luck with the writing.
646
647 [Interviewer] Thanks, bye Hugh
648
649 [Terry] Bye

So, I mea... TA-PC
So, that... TA-CM
And then... TA-TP
T...
And some of the...
But I... TA-CM

13.6. Appendix F: Expert Interview Analysis

13.6.1. In-Depth Analysis of Perceived Benefits

Main Perceived Benefits

1. Cost Savings

On a P2P platform, users usually pay a similar premium amount like in traditional insurance with the option to get a monetary payback in the end of the insurance period if no or few claims are made in the group. Moreover, some providers charge users differently based on individual customized risk profiles.

Explanatory Quotes:

- "A huge benefit is – of course – the better price since you can save a part of your premium." (Häner, 54-55)
- "Whatever premiums you pay, you are fully paid for, in the event that we don't use them for payouts. (...) And because we pay back all excess collected premiums, we allow the lowest possible cost of coverage." (Kee, 22-28)
- "So, the most simple and visible benefits is very often the amount of money that results for the user." (Loaec, 108-109)
- "And probably from that cost side, is there a cost benefit for them in terms of what they're doing." (Terry, 48-49)
- "As a result, a customer will first consider the competitive price as main benefit." (Rudd, 33-34)
- "The cost of using our service is not different to any insurance broker, so there is no financial additional cost." (De Broglie, 38-39)
- "We actually do want to introduce differentiation in pricing to charge users according to their risk. So, on a month-to-month basis, depending on the risk profile of the particular industry and the job and the user's risk status." (Kee, 34-36)

2. Increased Transparency

P2P platforms are perceived as very transparent since most of them enable users to get insights into the cost structure, claims history and processing (e.g. accepted and rejected claims), group information as well as transactions and pay-outs. Thus, users will have a better perception of the risks involved.

Explanatory Quotes:

- "And usually, you will also have a better risk perception. (...) However, another big advantage is, of course, the increased transparency of costs. So, if there is a claim, it is quite easy to get insights about the damage. (...) So, the platform is extremely transparent – which is of high importance in insurance." (Häner, 57-58; 72-76)
- "We're extremely transparent, we detail on every single transaction that takes place on our site, through the use of an in-house built ledger based on blockchain. (...) How many claims we face. What the pay-outs were and from which industries these pay-outs came from. So, we detailed it down and contribute it to every user on the platform." (Kee, 25-26; 92-95)
- "The strength we have is strong transparency. When someone using our platform, he gets a lot of information and it's much more than any insurer will ever share with you." (Loaec, 133-134)
- "And then there is transparency and the ability to do the claims processing." (Rudd, 121)
- "Yes, we will give sort of an information on the fund and in addition, we will probably give additional information support on how the payback is made in the end of the year." (De Broglie, 156-158)

3. Create Sense of Fairness / Remove Conflict of Interests

Traditional insurance is characterized by a conflict of interest between insurers and customers. P2P insurance tries to remove this conflict by increasing the sense of fairness through mutual risk sharing in peer groups and by removing the potential for fraud and moral hazard.

Explanatory Quotes:

- "Insurance without any conflict, because we remove the conflict between the insurance company and the user." (Kee, 24-25)
- "You will behave better within such a group than, probably, in traditional insurance. (...) benefits are of course the minimization of fraud and moral hazard." (Häner, 58-59; 102)
- "And if you look at it more from a user point of view – to set it up rapidly – I would say to everyone want to be protected but no one likes insurers. So, I was just trying to define myself as not being an insurer today." (Loaec, 40-43)
- "And then it's mutualization, right? So, this does go back to the origins of insurance. Right? You know peer-to-peer could just be a 21st century name for – you know – the way insurance used to be when it was called mutual insurance, where people who had things in common got together, so that they could collectively manage that risk better." (Terry, 75-78)

4. New Products and Niche/Unconventional Products

Besides selling standard insurance products, P2P platforms started to adapt traditional products for pre-existing communities (e.g. Health Insurance for Sports Club, Travel Insurance for Caravan Club). Moreover, some providers are creating niche or unconventional products. This can be either by bundling customers with niche needs (e.g. special diseases) or by creating innovative products such as pet insurance, divorce insurance, child's missing insurance, etc.

Explanatory Quotes:

- "What I also saw in practice, is the contracting of unconventional products. (...) So, that are products which are not covered by traditional insurers because of low demand or high risks." (Häner, 84-86)
- "That is one of our big differentiators compared to most other peer-to-peer insurance players: we search for new products. (...) We have been looking for niche social risks or all these types of issues which are basically ignored by insurers, or only partly covered by insurers." (Loaec, 82-88)
- "People are buying our product because they want to be insured for unemployment. And it's the product they care for. (...) There are not many other alternatives. I mean for us it helps that we are the only ones providing such a product in Singapore. Actually, there is no competitor doing the same thing." (Kee, 317-321)
- "And the other side would be, probably the more niche products. Is this solution providing me something that I can't get elsewhere? (...) Have specialised solutions provided to them which they otherwise wouldn't be able to get because there isn't a sufficient number of people in that risk pool. So, I think that's quite valuable." (Terry, 49-50)

5. Extension of Traditional Insurance Product

Traditional insurance products are mainly used for risk protection by providing financial coverage. In contrast, some P2P insurance platforms are trying to extend the product by further providing risk prevention measures (e.g. sharing knowledge to avoid risk) as well as by enabling users to provide damage-reducing solutions to their peers (e.g. repair damage at a lower cost).

Explanatory Quote:

- "Or by providing damage-reducing solutions from other group members. There are planned models where members can offer help or support in case of a damage. (...) So, group members would have the option to introduce damage-reducing measures. Thereby, kind of extending the existing insurance product with an additional service. (...) Because probably there are like plumbers within a group who have the right skills and could repair the damage at a lower cost." (Häner, 148-159)
- "The mix of data or the aggregation of data from many different individuals could give insights in saying preventative healthcare or avoiding health care risks. It is almost a new branch of medical science." (Terry, 501-503)
- "So ultimately, insurance is moving to a risk reduction model. And you want take that, to give them the tools to help them." (Rudd, 132-134)

6. Group Commitment / Mutual Risk-Sharing

If the focus of a P2P insurance lies on the group component, users will benefit from mutual trust since they are part of a community with like-minded people who have similar lifestyles, values and goals.

Explanatory Quotes:

- "Well, I think the most valuable aspect is probably going to be around, creating risk pools from people with like-minded characteristics." (Terry, 537-538)
- "And with this framework agreement – say a community of thousands of users – they share the same agreement and they are protecting each other under this agreement." (Loaec, 70-73)
- "A lot of people will join a community because it is their community and it feels good to be part of it. Just as much or even more than if you get financial rewards." (Rudd, 162-163)
- "And the benefit is to be among people that look like you or have the same passion or use of vehicles. Like the same lifestyle." (De Broglie, 39-40)
- "By structuring this under the mutual insurance pool, users are all coming in to share the risk amongst each other and because they are able to get back their premiums. (...) Of course, we try to balance the risk among a wide base of users to spread the risk." (Kee, 56-58; 189)

7. Communication / Interaction with Peers

The social constellation and group ties can be enhanced by providing space and tools where users can communicate and interact with each other. Especially for niche products, it might be perceived as beneficial to exchange experiences with other users.

Explanatory Quotes:

- "I mean, people from my generation are often bothered to communicate with their insurance carrier. So, it could be an advantage as these models enable communication with peers." (Häner, 80-82)
- "Of course, there are other benefits, as well, such user empowerments, the communities, etc." (Loaec, 117-118)
- "So, you got the ability for people to talk about what is going on. If it is Health Insurance, you want people to talk about how they feel. So, it is all about mutual interaction." (Rudd, 130-132)
- "In case that I purchase a niche product. Of course, in that situation it would make sense to connect via social media channels and to interact with other members. Standard products are probably more relate to extrinsic motivations whereas niche products, such as diseases, are related to intrinsic motivations. If you had someone with breast cancer in your family, you are intrinsically motivated to form this group and would probably like to interact with others, share stories, etc." (Bohn, 123-129)

8. Customer Involvement

On some P2P platforms, customers can actively provide their opinion and feedback, participate in claims processing, setting up community rules or even initiate damage-reducing solutions.

Explanatory Quotes:

- "We give users the possibility to say "I don't think that is fair. Why don't we change it and campaign against that within our community?" (Loaec, 182-183)
- "We do have a feedback form but I think the closest control that they can have is via this whistleblower button, in case they see a suspect claim that might be fraudulent, so that they can report it." (Kee, 309-311)
- "There are planned models where members can offer help or support in case of a damage. Or where they can vote whether a claim is accepted or rejected, so they can provide inputs and feedback. And if the majority accepts it will be proceeded." (Häner, 149-152)

13.6.2. In-Depth Analysis of Perceived Costs

Main Perceived Costs or Risks

1. Unfamiliarity with P2P Insurance Model or Insurance Product

P2P insurance is a new concept and different business models exist. Thus, the high level of uncertainty must be resolved by providing targeted educational work in order to inform customers about the product benefits and risks as well as to assure them that they can trust to be covered in case of damage.

Explanatory Quotes:

- "You would need to be able to explain everything in as much detail as possible, so that they could get rid of their concern, of not being sure about the risks involved." (Loaec, 236-238)
- "When you buy this kind of insurance for the first time, you have many parts of the product that you don't understand. (...) We try to provide two elements of transparency to build trust. One is mostly a dashboard and reporting. About how many users have any claims. How many claims were accepted. How many claims rejected and for which category of reasons they were rejected. Allowing the user to build an experience curve." (Loaec, 259-266)
- "And thing that could be missing on P2P platforms is the personal contact or consulting, especially for complex products. Some people are less used to inform themselves about product details." (Häner, 96-98)
- "So, they would think: "Most people on the world are purchasing traditional insurance products. If this P2P thing be so beneficial, why are there not more people buying it? What is the catch?" (Bohn, 101-103)
- "Because we are a start-up and in insurance, people want to be assured that they get paid." (De Broglie, 55-56)
- "Difficulty in understanding the P2P model." (Anderson, 13)

2. Concerns about Trustworthiness of P2P Provider

Since many P2P platforms are created by start-ups, users are often confronted with a new concept and an unknown brand which raises concerns about the trustworthiness of the provider. Brand reputation is critical in the insurance industry and will usually impact trust levels.

Explanatory Quotes:

- "Well, when you have a new model and a new brand name, obviously, that's a lot of new things at the same time. (...) We don't have a brand which is known among all the planets, we are a non-regulated entity, we are not sleeping on the pile of golds like the insurance companies. So, the first decision for purchasing an insurance on our platform is essential for us." (Loaec, 131-147)
- "Customers are initially looking for reasons to trust the company, often using some of the following hallmarks: Is this company regulated? Are other people using it? (...) Has it been talked about in the news / press? Does the premium and policy feel familiar?" (Anderson, 109-115)
- "So, the brand of a company is very important which can be an advantage for popular brands or disadvantage for new players." (Häner, 87-88)
- "Another important factor is brand reputation. (...) So, this is the challenge of brands, they really must compete against the bigger insurers, who can spend millions of millions to market their brands." (Rudd, 37-40)

3. Group Concerns

Joining a group of unknown people will raise concerns about how to trust them. Users usually want to know the rules for group joining and exclusion, the group history or past performance, the measures against fraudulent or uncooperative members and what personal data must be provided. Moreover, users want to know if the group is mainly regulated by the provider or if they are involved in rule setting and claims processing.

Explanatory Quotes:

- "If you join a group or put a group together, this is a very critical step that requires trust. Because I have to know that these are people that I can trust, also if I bring in new people." (Rudd, 289-291)
- "Obviously, there is always a concern about fraudulent behaviour but there are two type of frauds. Right. There is organized fraud, criminal organized fraud and there is the individual abuse of a system. So as far as the organized fraud is concerned, we are relatively protected. A platform needs a reinsurance to protect it" (Loaec, 158-161)
- "Or within some groups there is also the possibility to actively participate in claims processing. So, in my opinion, your financial flexibility will suffer a bit from this. Since you pay quite low premiums and then – suddenly – you have some claims within the collective which you also must go along with." (Häner, 64-67)
- "There could be concerns about what happens if there is a dispute within the group, if members have disagreements. For a user, it might be important to know by when he can quit or change a group and what kind of group regulations they have." (Häner, 102-105)
- "It could be the case that some people do not feel comfortable to claim in the event of a damage because they fear the group reaction, because they don't want to have trouble with friends or peers." (Häner, 115-117)
- "And another concern that I had is, how do you connect those people? I am not sure if a person would join a community of strangers and how to trust them." (Häner, 121-122)
- "For P2P, in particular, I think clearly there is a data part which is really critical in this. That comes down to how you going to assess whether that individual is right for the group or which group I should in fact belong to? For the risk profile or just to evaluate whether this person is a trustworthy kind of thing." (Terry, 320-323)
- "Who makes the choices about whether someone stays in the community or not?" (Rudd, 209-210)
- "What the history is. So that I know if it is a group of trustworthy people. Can I identify with that group? Do I understand who they are?" (Rudd, 354-355)
- "We select a bit the people who are entering in the community. (...) We accept only good-rated members on our platform – which also gives some form of control to the existing members since they know that everyone has to undergo this process." (De Broglie, 205-210)

4. Uncertainty about Payback and Claims Processing Conditions

Due to the unfamiliarity with P2P insurance, users might want to clear up concerns about the payback in the end of the insurance period and about the claims processing conditions.

Explanatory Quotes:

- So, basically, the community must pay smaller claims out of the group pool and only big damages will be paid by the reinsurer. So, it is difficult to estimate how much this will be. (Häner, 70-71)

- "So, I would be concerned to make sure that, you know, I would get paid right in the event that I made a claim. And how does the structure allow you to do that?" (Terry, 84-86)
- "I mean the key feature that you get when buying an insurance is the claims experience when you actually have a claim. So a lot of people consider things such as 'Does the model really work out?' or 'Does it pay back?'" (Rudd, 34-37)
- "It is critical to give customers a fast, accurate and competitive quote, and also to handle claims quickly and effectively." (Anderson, 60-61)
- "They do not trust where the heart of funds is kept. How the funds collected are safeguarded, that is one issue. They do not trust how we calculate the premiums. A lot of people always ask what happens if the funds run out?" (Kee, 82-84)

5. Uncertainty about Calculation of Risk Profile

There might be concerns about how individual risk profiles are calculated and if premiums could increase based on the risk assessment.

Explanatory Quotes:

- "For P2P – in particular – I think clearly there is a data part which is really critical in this. That comes down to how you going to assess whether that individual is right for the group or which group I should in fact belong to? For the risk profile or just to evaluate whether this person is a trustworthy kind of thing." (Terry, 320-323)
- "It is critical to give customers a fast, accurate and competitive quote, and also to handle claims quickly and effectively." (Anderson, 60-61)

6. Estimation of Required Effort to Use P2P Insurance

Users usually want to estimate the required effort for information search and purchase of a new insurance product.

Explanatory Quotes:

- "People would usually undergo a conform decision-making approach. So, they would think: (...) Why – at least – did I not hear from this context before? How much time and effort does it cost to inform myself about the product?" (Bohn, 100-105)

13.6.3. In-Depth Analysis of Characteristics and Attributes

13.6.3.1. High Impact Characteristics and Attributes

Group Characteristics (TA-G)

Size of Community

The size of a peer-to-peer community can impact the trust level or perceived risk. Although, a small group with friends might be perceived as most trusted community solution, there is a consensus that it could become difficult to find enough members. In contrast, in a group with many anonymous members, the risk of fraudulent behaviour could be perceived as higher, but due to economies of scale, the proportional impact of fraudulent claims will be quite low and the risk is spread among many users. A trusted group size might also depend on the insurance product and the underlying P2P model.

Explanatory Quotes:

- "I would also want to know how big the group is. The bigger the group the higher the risk but you have economies of scale." (Rudd, 356-357)
- "The higher the group size – of course the higher the option for fraudulent claims – but still, you will be quite safe because of economies of scale. If 2-3 persons out of a group of 2000-5000 members poses fraudulent claims, the effect is quite moderate and does not really impact you. However, if you have a group of 10-15 persons, then fraudulent claims will have much higher impacts. So, proportionally, the risk is not that high in a bigger group. I believe it is even safer than in a smaller group." (Bohn, 168-173)
- "If the community gets larger and larger, then there's probably more inclination to not have good behaviour. At least among some say you need more controls in place to make sure that it works appropriately." (Terry, 194-197)
- "We wanted to start with a group of thousand members for income protection. But we have a couple of new products - one in the moto-insurance space - where we will start with 400 members. Based on the risk profiles and what they are insuring. And if we

want to go into mobile phone insurance. Perhaps we could start to even create smaller niche groups in pockets of 10 or 20 common friends." (Kee, 161-166)

- We try to balance the risk among a wide base of users to spread the risk." (Kee, 189)
- "The average size of the community we will operate goes to around three to five thousand. That is an average, some are bigger." (Loaec, 151-152)
- "We have two type of models of community. We have one type which we call 'the massive open-online community' and another type that we called 'the for-peacers', so basically the P2P private pooling's or private communities. (...) We were accepting people to create communities only if they were having a target of reaching 100 percent within six months. Basically, people were not comfortable about setting such ambitions. And communities which were created, were stagnating at a lower level of members. So ... we are still interested in the small community logic, but from a pragmatic point of use, we have decided to push only what we call the massive open-online communities." (Loaec, 325-328; 337-344)

Purpose of the Group / Group Orientation

The orientation or focus of P2P insurance platforms can differ substantially. Some platforms are mainly focusing on trusted communities based on shared values whereas others put the product at the core. If the product represents the core benefit of the P2P insurance platform, group characteristics might have minor impacts on trust formation. In that case, groups are mainly created based on standard product categories or risk profiles and members will have little confidence or social ties with other group members.

Explanatory Quotes:

- "Well, I think the most valuable aspect is probably going to be around, creating risk pools from people with like-minded characteristics. And then, have specialised solutions provided to them which they otherwise wouldn't be able to get because there isn't a sufficient number of people in that risk pool. So I think that's quite valuable." (Terry, 537-540)
- "People our buying our product because they want to be insured for unemployment. And it's the product they care for and not really the group. They are interested to buy a coverage not because they trust the system but rather because there are not many other alternatives." (Kee, 317-320)

Group Formation / Group Types

The way how groups are formed will have a direct impact on trust and group commitment. In general, there are three ways of forming the group. Firstly, the users can create an own group with trusted friends – including the difficulty to find enough trusted members. Secondly, users can join an existing group of unknown people on the platform – often used for product-oriented groups with rather modest trust levels. Thirdly, the platform could target pre-existing communities such as caravan clubs or sports associations where the members already share a lifestyle or community feeling.

Explanatory Quotes:

- "I think if the model is that I am going to form my own group, I acutally don't believe that group will form spontaneously. So, I believe you will not form your own group but that it is rather about pre-existing groups." (Rudd, 287-288)
- "We have in the UK some schemes that sell insurance to the caravan clubs. So, the caravan club is already there, with people owing caravans, they are enjoying this lifestyle – and the insurance is then adapted to them and the group already pre-exists. So, the group constellation can be a primary concern about how you are going to sell products." (Rudd, 75-80)
- "We believe that the drivers of electronic vehicles are one community, so we are providing one group for all members. We believe more in the marketing effect of having a community based on something than creating sub-groups around risk profiles. In our case, we don't see a need for building groups based on other criteria. (...) So, when you want to enter new markets, you must identify the existing communities. This could also be for motorbikes or camping car, something where you identify a real feeling of community." (De Broglie, 46-50; 83-85)
- "I think if the model is that I am going to form my own group, I acutally don't believe that group will form spontaneously. So, I believe you will not form your own group but that it is rather about pre-existing groups." (Rudd, 287-288)
- "I would prefer to set up a group with friends or with strangers. Of course, I trust my friends more. But then, I would have the effort to find enough members. So, probably I would prefer joining a pre-existing group." (Bohn, 108-111)
- "Some start-ups formed different groups but we decided on one community which is electrical vehicles drivers in France instead of serving multiple communities. Our objective is that once we understand all the issues around this community, to multiply the number of communities that we are managing." (De Broglie, 24-28)

- "When considering the group forming, I have some doubts as I already told you. I am not sure if you can form a group with friends – which would be great since you trust them – but it's difficult that the group gets big enough. And build a new community with strangers ... I am also not sure about that, if it really works and you will trust them. (...) Out of the Master Thesis from Roland, he identified that it could make sense to target existing association and sports clubs. So, you would provide products to them and the group already exists." (Häner, 219-226)

Group Commitment / Shared Values

If a group is founded based on mutual interest and shared values, a strong sense of membership and group identification will enhance trust levels. People will start to compete for their community, exchange with each other and even positively influence behaviour of other members.

Explanatory Quotes:

- "And the benefit is to be among people that look like you or have the same passion or use of vehicles. Like the same lifestyle. And to be rewarded as a group for good behaviour in the end of the period if no or few claims are made." (De Broglie, 39-41)
- "Because they are using the electronic vehicles they trust each other, like mutual interest since they have shared values or goals." (De Broglie, 196-198)
- "When you look at P2P networks, such as BoughtByMany, I think especially they that you form the groups, how they are coming together and how you are building this social cohesion. With that you can also drive behaviour. So if you have people that like pet dogs and they come together on a platform, this social constellation is quite powerful and important." (Rudd, 82-86)
- "And if you think about the model going forwards, it will be about competing communities. So, if you are in the P2P network insurance for pet dogs, then potentially there will be another competing pet dogs community. So, you are not competing on price now of the insurance product, but you are competing on your community. Because you want more people in your network". (Rudd, 153-158)

Communication and Interaction with Group Members

Some P2P insurance platforms engage members to interact with their peers, to share experiences or to provide feedback by offering community spaces (e.g. forums, chats, etc.). The motivation to communicate or interact with group members is perceived as higher in pre-existing communities or in groups formed around niche needs. In this case, the provider should provide a room for group interaction.

Explanatory Quotes:

- "There are a lot of existing pages, forums, Facebook groups around the topic of electric vehicles. (...) However, maybe we will do something like this in future ..." (De Broglie, 238-144)
- "Standard products are probably more related to extrinsic motivations whereas niche products, such as diseases, are related to intrinsic motivations. If you had someone with breast cancer in your family, you are intrinsically motivated to form this group and would probably like to interact with others, share stories, etc." (Bohn, 125-129)
- "So the first one, I think, is to create an environment where they can be social together. So, you need to create the building tools, you need to actually have this community working." (Rudd, 109-111)
- "People become more and more used to providing content for free. Because it all the community, so they want to share. (...) If you are in a community for pet dogs, than you are talking about pet dogs. And if someone gets a problem, then you want to help him. That is the community. So, again I think the incentives – some of them are self-motivating" (Rudd, 139-147)
- "We have a lot of user interaction through social media groups. We initially had a small forum on our website, where users can go and communicate on it. But frankly said, the 90 percent of the user interaction is through social media groups." (Loaec, 254-256)

Rules for Group Joining and Exclusion or Withdrawal

Joining a group of unknown people will raise concerns about how to trust them. Users usually want to know the rules for group joining and exclusion, the group history or past performance, the measures against fraudulent or uncooperative members and what personal data must be provided. Moreover, users want to know if the group is mainly regulated by the provider or if they are involved in rule setting and claims processing.

Explanatory Quotes:

- "If you join a group or put a group together, this is a very critical step that requires trust. Because I have to know that these are people that I can trust, also if I bring in new people." (Rudd, 289-291)
- "You must show a certain amount of information to the others and the others to you, so that you are trustworthy and that you can trust them." (Rudd, 324-325)
- "I am not sure if a person would join a community of strangers and how to trust them. So, there must be some kinds of safeguards. Like an integrated rating system or something to from trust. So, you could rate people or there would be a scoring system indicating the risk profile, claims history, etc. That would provide some form of control." (Häner, 121-125)
- "There could be concerns about what happens if there is a dispute within the group, if members have disagreements. For a user, it might be important to know by when he can quit or change a group and what kind of group regulations they have." (Häner, 102-105)
- "We select a bit the people who are entering in the community. (...) So, we accept only good-rated members on our platform – which also gives some form of control to the existing members. (...) We are the keeper of the community and so, we need to select people who can enter and dismiss or reject people if they do not fit anymore into the community." (De Broglie, 205-213)
- "Who makes the choices about whether someone stays in the community or not?" (Rudd, 209-210)
- "Which is about what are the different ways of influencing someone or selecting someone so that they are a more trustworthy person, who is likely to not be fraudulent, I guess." (Terry, 542-544)
- "If you take the scenario that I've got a group of friends and I am going to set my P2P network up. And I know that Jeff always loses his phone on Friday night because he gets drunk. But he is one of my friends, but I set this network up and I don't want Jeff in my group, because we all know that he is going to lose his phone quite often. So, if we exclude him from this network, it than has a social implication as he will start asking why we are going to exclude him." (Rudd, 168-174)
- "Usually, the insurers rate the risk profile and not the members. (...) I mean it is part of the insurance to know whether Jeff is in the network or not. I mean if you claim once or twice it is a different issue but if someone really claims a lot ... your costs will go up. So, you want to manage that. (...) P2P platforms will need new innovative models." (Rudd, 190-197)
- "For P2P – in particular – I think clearly there is a data part which is really critical in this. That comes down to how you going to assess whether that individual is right for the group or which group I should in fact belong to? For the risk profile or just to evaluate whether this person is a trustworthy kind of thing. So, I think as an element of people having to submit certain information to show that they are that type of person." (Terry, 320-324)
- "I believe a rating would work if the social network is not too close. I mean in a family network where people are very close personally, that would create another dynamic if you do a rating. (...) You always have to weigh whether a rating will really work or what impact it might have on the social dynamics of a group." (Rudd, 174-180)
- "I mean, it could always be the case that there are members posing fraudulent claims. But still, there is not that much to gain for them, right? (...) So why should you behave fraudulent in a P2P group where you are much more monitored than in traditional insurance?" (Bohn, 145-152)
- "So, that I know if it is a group of trustworthy people. Can I identify with that group? Do I understand who they are?" (Rudd, 354-355)
- You have to be as transparent as you can in terms of how the groups are performing." (Rudd, 125-127)
- "It could be the case that some people do not feel comfortable to claim in the event of a damage because they fear the group reaction, because they don't want to have trouble with friends or peers." (Häner, 115-119)

Product / Service Characteristics (TA-PS)

Product Price

The price of an insurance product is perceived as key driver during the purchase decision.

Explanatory Quotes:

- "Attempt to offer competitive prices to target segment." (Anderson, 21)
- "When people are paying their insurance, a part is going into the mutual pool which is used for small claims and there is a cashback payment in the end of the year, if money is left. (...) The cost of using our service is not different to any insurance broker, so there is no financial additional cost. (...) Of course, the cost of the product is also essential. You have to stay competitive in insurance, that is one of our main learnings" (De Broglie, 31-39; 198-200)

- "So, people tend to go directly to the cost side of the equation and then sort of make a purchase decision primarily on cost." (Terry, 45-46)
- "A huge benefit is – of course – the better price since you can save a part of your premium." (Häner, 54-55)
- "And we are also very much reliant on insurance prices over here." (Kee, 334-335)
- "There's already this concept of 'I can get money back and I will pay the true cost of the risk that I'm carrying with the rest of the community'." (Loaec, 115-116)

P2P Insurance Model and Product Choices

The P2P insurance business model as well as the provision of one product or product variations might influence customer beliefs. Moreover, variable or flexible product conditions such as contract length could positively influence trust or reduce risk.

Explanatory Quotes:

- "It very much depends on the products, the P2P model, and the way customers would prefer to engage with this more complex approach to insurance." (Anderson, 53-55)
- "It depends a bit on the P2P model since they differ significantly in the contract completion and also in claims processing." (Häner, 55-57)
- "We believe that we have the best product solution and provide one product for this community." (De Broglie, 137-139)
- "I mean product is important as well. And if I am in a group and we have the possibility to purchase different products, that is great." (Rudd, 362-363)
- "If the insurance period would be shorter, not a year like in traditional insurance. So, that users can form trust quite early." (Bohn, 133-135)
- "Why would I have an annual policy in this model? Why don't I go to a monthly or pay-as-you-go approach? (...) You are part of the community, so we should stop thinking about limited contracts, but rather the community in the middle." (Rudd, 264-268)

Product Types

Broadly, it can be distinguished into standard insurance products and niche or unconventional products. Besides selling standard insurance products, P2P platforms started to adapt traditional products for pre-existing communities (e.g. Health Insurance for Sports Club, Travel Insurance for Caravan Club). In terms of niche products, some providers started to connect people with niche needs (e.g. special disease) in groups to negotiate better insurance premiums for the group members. Moreover, providers start to create unconventional innovative products for currently unserved markets such as pet insurance, divorce insurance, child's missing insurance, etc.

Explanatory Quotes:

- "What I also saw in practice, is the contracting of unconventional products. So, it's more like a crowdfunding group which insures cats against some cases. So, that are products which are not covered by traditional insurers because of low demand or high risks." (Häner, 84-86)
- "We have in the UK some schemes that sell insurance to the caravan clubs. So, the caravan club is already there, with people owing caravans, they are enjoying this lifestyle – and the insurance is then adapted to them and the group already pre-exists. So, the group constellation can be a primary concern about how you are going to sell products. (...) So, for instance, the caravan club, they don't go looking for new insurance, but this insurance is pushed to them. (...) So, for me, it is more about pre-existing groups. So the products should be built for pre-existing groups." (Rudd, 75-80; 245-251)
- "For instance, BoughtByMany, they are constantly looking what is going on within the communities. And if they track any problems, they adapt or bring in new products to deal with those products." (Rudd, 311-313)
- "And the other side would be, probably the more niche products. Is this solution providing me something that I can't get elsewhere? (...) To some extent comes down to niche propositions – to get insurance that you otherwise wouldn't be able to get." (Terry, 49-50; 100-104)
- "Well, I think the most valuable aspect is probably going to be around, creating risk pools from people with like-minded characteristics. And then, have specialised solutions provided to them which they otherwise wouldn't be able to get because there isn't a sufficient number of people in that risk pool. So, I think that's quite valuable." (Terry, 537-540)
- "Of course, it's extremely interesting already. Bring users together on a peer-to-peer basis and they use those communities to negotiate with insurers to have a capacity, to have a bit of payback or all the type of benefits." (Loaec, 64-66)

- "We have been looking for niche social risks or all these types of issues which are basically ignored by insurers, or only partly covered by insurers. And we tried to develop specific answers to specific risks. (...) We have been structuring some marriage divorce type of insurance, we have been structuring a cover which is specific for children going missing. There is a huge social issue with child abductions in China. So, we were able to address social issues to which we tried to bring answers when existing insurers are not on it. (Loaec, 87-93)
- "Out of the Master Thesis from Roland, he identified that it could make sense to target existing association and sports clubs. So, you would provide products to them and the group already exists." (Häner, 224-226)
- "People are buying our product because they want to be insured for unemployment. And it's the product they care for and not really the group. They are interested to buy a coverage not because they trust the system but rather because there are not many other alternatives. I mean for us it helps that we are the only ones providing such a product in Singapore. Actually, there is no competitor doing the same thing." (Kee, 266-267; 317-321)
- "Standard products are probably more related to extrinsic motivations whereas niche products, such as diseases, are related to intrinsic motivations. If you had someone with breast cancer in your family, you are intrinsically motivated to form this group and would probably like to interact with others, share stories, etc." (Bohn, 123-129)

Customization

Users usually want to know whether there is a possibility to customize their premium by getting individual risk assessments or premium calculations.

Explanatory Quotes:

- "We aim to differentiate to pricing based on risk of our individuals for our first product which is unemployment insurance. We actually do want to introduce differentiation in pricing to charge users according to their risk. So, on a month-to-month basis, depending on the risk profile of the particular industry and the job and the user's risk status. (...) I mean for income protection we look at your profiles at Facebook, at your job titles, industries or where you come from. So, there is a possibility that we can even use Facebook or LinkedIn to see your posts. To see the kind of posts that on is doing. How much time you spend on Facebook." (Kee, 32-36; 133-136)
- "They tend to have different risk profiles, but remember that a lot of what we have been doing is based on risks, where there is little experiment and little historical data being available. (...) The second thing is, that on some type of risk coverage we have a mix of self-protection but also of a charity element in it. (...) But the people kind of accept that (...) and they would also accept that they support or help to support all the people who would be more exposed than they are." (Loaec, 358-359; 370-388)
- "So, the risk-rating model could be much more based on a pay-as-you-go approach. So, maybe if someone change his behaviour and his risk profile, it makes more sense to charge on a monthly updated basis." (Rudd, 274-277)

Transparency of Cost Structure and Claims Handling

High transparency in cost structure, money payback and claims handling enhances the trust level of users. Users want to get information about how premiums are set up, which claims were accepted and rejected, how members a community has, what potential payback they get, etc.

Explanatory Quotes:

- "The strength we have is strong transparency. When someone using our platform, he gets a lot of information and it's much more than any insurer will ever share with you. About the health or about the developments of the community and its claims." (Loaec, 133-135)
 - "Another big advantage is, of course, the increased transparency of costs. So, if there is a claim, it is quite easy to get insights about the damage." (Häner, 72-73)
 - "We're extremely transparent, we detail on every single transaction that takes place on our site, through the use of an in-house built ledger based on blockchain." (Kee, 22-26)
 - "We try to provide two elements of transparency to build trust. One is mostly a dashboard and reporting. About how many users have any claims. How many claims were accepted. How many claims rejected and for which category of reasons they were rejected. Allowing the user to build an experience curve." (Loaec, 259-263)
- "We don't accept claims for very high risks. So that does not provide a lot of attractiveness for organised fraud." (Loaec, 169-171)

Simplicity vs. Complexity of Product

Users usually show a higher willingness to trust when they purchase simple products. Entry barriers to inform oneself about a product and to complete a purchase should be reduced and simplified (e.g. well-structured product information, simple provision of basic data, etc.).

Explanatory Quotes:

- "What we also see out of the traditional insurance business, is that the provision of basic data should be very simple and not take too much effort." (Häner, 213-214)
- "In China, there are two different groups of people who will use our product. (...) To one category, you would need to be able to explain everything in as much detail as possible, so that they could get rid of their concern, of not being sure about the risks involved. And the other category, who does not want too much information, but to take decisions on a good basis – more on a daily basis on a contract basis." (Loaec, 230-240)
- "We have sometimes been trying, on some parts of the website, to explain what we're doing. Well, to answer a lot of questions. But at the end of the day ... what was the biggest impact for us was to be able to reduce the barriers to entry, by launching micro insurance products knowing the cost of research for a user to test a model and then once he's been going through a full cycle – a full insurance period – having been building his trust by experimenting a real case of product purchase and usage. And then, being able to move to higher cost or higher hurdle products." (Loaec, 242-248)
- "And the other thing which was not really successful in terms of hiring or acquiring users, was to ask the customer to provide a long list of basic data information to process some underwriting at the beginning. (...) The payments can be done on the basis of very little information. There is an account validation process, post-purchase, which allows us to ask for the additional information – which allows to build the data mining behind." (Loaec, 333-348)
- "And thing that could be missing on P2P platforms is the personal contact or consulting, especially for complex products. Some people are less used to inform themselves about product details, especially when it comes to products such as life insurance where you want to know the risks which is difficult if the product is the platform itself. So, the lack of personal contact could be a concern for the user." (Häner, 96-100)
- "People would usually undergo a conform decision-making approach. So, they would think: (...) Why – at least – did I not hear from this context before? How much time and effort does it cost to inform myself about the product?" (Bohn, 100-105)
- "When you buy this kind of insurance for the first time, you have many parts of the product that you don't understand. I mean, many people, when they bought a Smartphone for the first time, the we're far from knowing what it can do but they use it every day and they learn from it." (Loaec, 265-268)

Product Involvement and Engagement

In some P2P communities, members can participate in claims processing and rules voting. Furthermore, in some communities, the members can extend the initial product with additional services by providing risk-preventing measures (e.g. feedback, recommendations to change behaviours) or damage-reducing solutions (e.g. repair services, referral of local repair garage, etc.).

Explanatory Quotes:

- "There are groups where users must contribute when claims are processed, so they are involved in the claims handling – which could also be a bit difficult. I am not sure if consumers really want to be involved that much and take over some parts in claims processing." (Häner, 107-110)
- "For instance, BoughtByMany, they are constantly looking what is going on within the communities. (...) You have to listen to your customers and interact with them. Having a true relationship with people within the community is as important as a good marketing strategy. You must allow people to comment and express their opinions. That really makes sense." (Rudd, 311-317)
- "There are planned models where members can offer help or support in case of a damage. Or where they can vote whether a claim is accepted or rejected, so they can provide inputs and feedback. And if the majority accepts it, it will be proceeded. (...) So, group members would have the option to introduce damage reducing measures. Thereby, kind of extending the existing insurance product with an additional service." (Häner, 148-157)
- "We don't actually allow the users to vote because we are the platform administrator and we are the ones, trying to properly run what an insurance company does. So, we set the rules. Of course, we make sure that they are fair, otherwise users will not sign up. And we adapt them to industry standards." (Kee, 174-178)
- "We have a model which allows the users – the community – to recommend and to vote on change on the claim rules. Basically, we are very transparent about the reasons for claims and the reasons for claim rejection every month and we give users the

possibility to say "I don't think that is fair. Why don't we change it and campaign against that within our community?". And if they reach 5 percent of people supporting their request, then a vote is organized to review the claim process. (...) The user community is very reasonable when it comes to take serious decisions." (Loaec, 178-190)

- "So, it comes back to using the community to amend behaviour. I think this is a very humanistic, behavioural manner. Because technology is there and it is only about how to implement it. That is where the model can start to get really strong. (...) The real value will be inside the community. And people are going to look after themselves, changing their behaviour, start eating healthier food, go to the gym and so on. So you can see those P2P insurance built on the back of strong communities." (Rudd, 226-232)
- "And then you start getting insights into people's behaviour. Where people get benefits from. Getting other benefits than from potentially changing the behaviour to avoid claims. So, you got the ability for people to talk about what is going on. If it is Health Insurance, you want people to talk about how they feel. So, it is all about mutual interaction. So ultimately, insurance is moving to a risk reduction model. And you want take that, to give them the tools to help them." (Rudd, 129-134)
- "It very much depends on the products, the P2P model, and the way customers would prefer to engage with this more complex approach to insurance." (Anderson, 53-55)
- "Probably there are like plumbers within a group who have the right skills and could repair the damage at a lower cost." (Häner, 157-160)

13.6.3.2. Medium-Impact Characteristics and Attributes

Cultural Characteristics (TA-C)

Perception and Need for Insurance Products

Depending on the cultural background, users can have different perceptions, preferences and needs for insurance products. For instance, child missing insurance in China or unemployment insurance in Singapore.

Explanatory Quotes:

- "And often you see cultural characteristics. Some of those might tend to stereotype, though. But there would be differences within markets as well, in terms of how people perceive insurance." (Terry, 559-561)
- "I suppose it comes down to how you have to represent that product and what needs that product is meeting. So, I think that's inevitably there's an element of cultural context in that. So, your mechanisms might be the same but I suspect the marketing flavour could be quite a bit different from one market to another." (Terry, 112-115)
- "I believe that the needs or preferences for insurance products might vary in different countries. Also, the customer groups differ, so it could be quite hard to sell products in different markets." (Häner, 315-317)
- "If we would do this in Europe - I mean I have lived in the UK for seven years - I think the product mix and the comprehension of the insurance market is significantly different there." (Kee, 105-107)
- "You probably have seen some on our Chinese website. We have been structuring some marriage divorce type of insurance, we have been structuring a cover which is specific for children going missing. There is a huge social issue with child abductions in China. So, we were able to address social issues to which we tried to bring answers when existing insurers are not on it." (Loaec, 89-93)

Attitude towards Insurance Fraud

The perception or attitude towards insurance fraud can vary significantly in different cultures. Some cultures show more acceptance or tolerance towards fraudulent claims or abuse of the system and often less control mechanisms are present.

Explanatory Quotes:

- "But there would be differences within markets as well, in terms of how people perceive insurance. Whether they think it's acceptable or not to make fraudulent claims and stuff. I mean I think, there's probably no doubt that in some markets there are more levels of fraud and abuse. There's no doubt about that and say things like health insurance, so some markets will have more fraud but that's usually because the control mechanisms are also not that strong. Even if they have the same control mechanisms like other markets, people know how to get around them." (Terry, 560-581)

- "Someone said to me something very interesting (...) I think it was Pakistan and he was saying that they introduced – for motor underwriting – a simple innovation which was 'We will not accept cover unless we actually have a photograph of your car before it is insured'. So basically, if there is an accident people can only repay the accidental damage not go back and get everything else down as well. And they reckoned that that made a sort of 6 percent difference in claims ratio." (Terry, 583-588)

Valuation of Product Characteristics

Product characteristics such as price, product information, product engagement/involvement, product distribution or the required disclosure of customer information might be valued differently in different cultures.

Explanatory Quotes:

- "Ok, so I think – at least in the UK market as I know this one quite well – it is very price-driven. So, the first factors is all about the price. Particularly in the UK where there is quite an increased rivalry for P&C products, so it's really about the price." (Rudd, 31-33)
- "I have a couple of experience in taking UK products into Europe. (...) And the interesting part was, that in France, users felt that they were asked too many questions during the purchase process, and we actually had to reduce the amount of questions. Because the French people were bothered to answer. But when we took this model to Germany. We recognized that they thought the products are of bad quality as there are only so few questions. So, they wouldn't buy it. So, we had to introduce more questions. (...) I mean there are also markets where they barely sell insurance products via direct channels but mostly via social brokers. An even the UK is very different than many countries in Europe from a purchasing point of view." (Rudd, 58-68)
- "It is always worth considering how local people currently interact with standard insurance products before asking them to participate in a P2P programme." (Anderson, 27-29)
- "I am not exactly sure how it is within Europe but it seems that P2P insurance works because of the trust element. In my perception, it is not exactly the same in South East Asia. We did some research and it showed that trust in insurance is very low and customers just want to know whether they get paid in case that something happens. As long as the platform provider can portray that they have funds to cover the claims and you can assure them that you are able to pay claims, they won't care about the rest. No one trusts insurance carriers here. But you probably trust your friend who is selling the insurance of recommending it. If you know that he will help you filing the claim and you will get support." (Kee, 328-338)

Attitude towards Innovation

Some cultures are show a higher tolerance or acceptance towards innovations which might directly impact their attitude towards new P2P insurance concepts.

Explanatory Quotes:

- "Some of those factors, such as cultural characteristics can have a much higher impact than others. For instance, if a person generally feels uncomfortable towards new or unknown situations, it will have a high impact when considering if the person even wants to try a peer-to-peer insurance or rather not." (Bohn, 54-58)
- "How culturally aligned they are to that. And definitely, Asia does appear to be a little bit more sort of new to the party. More open to just say that is the way we're going to do this. Whereas perhaps in other markets, people are still quite used to face-to-face methods of buying insurance at this point in time." (Terry, 605-608)

Attitude towards Risk

Cultures often show different attitudes towards the perception of risks. Whilst some cultures show a high willingness of taking risks, others might be characterized as rather risk-averse.

Explanatory Quotes:

- "So, it is often quite important that the reinsurers have a good brand reputation within this market. Especially in Switzerland, people are quite risk affine so that they prefer to have a popular brand which they know." (Häner, 88-91)
- "Already when you have a look on the German market. Swiss people are quite risk affine and in Germany many people kind of have an aversive attitude towards insurance carriers. So, you have to target them differently or build and market products differently. So, probably you would have to build new groups in those markets." (Häner, 317-321)

Group Preferences and Dynamics

Users from different cultural backgrounds could show varying preferences for group sizes and group formation types.

Explanatory Quotes:

- "Absolutely! I think cultural reference is massively since this is not only about insurers but more about groups and culture. I was also looking at the model that you sent me and I think the whole social contract and the related behavioural piece is massively important." (Rudd, 56-58)
- "In practice, the China of today is not an environment where there is a very high confidence in the in the society compared to the rest of the societies. So, I wouldn't say that the Chinese are more prone to be confident in their community or their own people than that would be in Europe. In Europe, you have many cases of mutual insurance, of cooperative systems, which exist already. So ... the culture of participating in a community which is fairer than the one of big insurers already exists. This idea is already here. It may not be applied in mutual insurance to its full potential. But the idea is here." (Loaec, 199-206)

Individual Characteristics (TA-I)

Propensity to Trust & Preference for Engagement

To some degree, every user has individual attitudes, beliefs and preferences when it comes to the formation of trust, perception of risk and the usage or engagement with products.

Explanatory Quotes:

- "If I have random strangers and no idea if they are socially similar to me, if they have similar values or not. If I do not know who you are and why you are on this platform, it is hard to build trust." (Rudd, 328-330)
- "I think it's going to be individual characteristics. I think this is my gut feel on this, because the world is made up, on the whole, of mainly trustworthy people. So, your ability to do business with those trustworthy people is probably what matters most. And then to get rid of the people who are less trustworthy. I think it's probably the most important one." (Terry, 555-559)
- "It very much depends on the products, the P2P model, and the way customers would prefer to engage with this more complex approach to insurance." (Anderson, 53-55)
- "I mean, people from my generation are often bothered to communicate with their insurance carrier. So, it could be an advantage as these models enable communication with peers." (Häner, 80-82)
- "And thing that could be missing on P2P platforms is the personal contact or consulting, especially for complex products. Some people are less used to inform themselves about product details, especially when it comes to products such as life insurance where you want to know the risks which is difficult if the product is the platform itself. So, the lack of personal contact could be a concern for the user." (Häner, 96-100)
- "There are groups where users must contribute when claims are processed, so they are involved in the claims handling – which could also be a bit difficult. I am not sure if consumers really want to be involved that much and take over some parts in claims processing." (Häner, 107-110)

Age Group & Gender

The impact of age on the formation of trust towards P2P insurance platforms cannot be generalized and is dependent on situational factors (e.g. customer groups, product types, etc.)

Explanatory Quotes

- "One could believe that younger people are more open towards such products but in our case it's the difference. Electric vehicles are quite expensive in France and that is why mostly older people than the average purchase electric cars." (De Broglie, 189-192)
- "I think this may come down to an age thing. I listened to the radio the other day and the whole Brexit thing. So, the younger generations are much more used to work in a flexible environment across boundaries. So, this concept will be age specific. I think it may be age related and young buyers will identify with different cultural groups. In comparison to older generations which are more based on country boundaries." (Rudd, 374-378)

Cognitive Decision-Making Process

Out of cognitive psychology it can be stated that users undergo a conform decision-making process when buying new or unknown products and there might be differences in the individual judgment of perceived costs and benefits.

Explanatory Quotes:

- "P2P insurance is something new and only few people are buying it, so, people would usually undergo a conform decision-making approach. So, they would think: "Most people on the world are purchasing traditional insurance products. If this P2P thing be so beneficial, why are there not more people buying it? What is the catch? Or why – at least – did I not hear from this context before? How much time and effort does it cost to inform myself about the product?" (Bohn, 100-105)
- "There is this paradox of choice in cognitive psychology which considers phenomena of decisions. If someone purchases a P2P insurance, he will be happy with it in the very beginning because usually individuals are balancing costs and benefits which justifies the purchase decision." (Bohn, 137-140)

13.6.3.3. Lower Impact Characteristics and Attributes

Provider / Company Characteristics (TA-PC)

Trustworthiness of Provider / Brand Reputation

The trustworthiness of a provider is often associated with the brand reputation. Since most P2P insurance providers are start-ups, they must find other ways to compete with popular brands and to convince customers that they are trustworthy.

Explanatory Quotes:

- "Trust is not a static relationship with a single transaction, it continues to evolve over time between customers and the company, based on the dynamics of the relationship and the time." (Anderson, 106-108)
- "Our strategy is more to be identified as insurance provider in the ecosystem of electric vehicles (...) I would say that our trust depends a lot on word of mouth, visibility, associations, partners, etc. There are a lot of things around this. For us, the trust comes from the reputation within the ecosystem." (De Broglie, 68-69; 195-197)
- "Another important factor is brand reputation. For instance, the car insurance 'Hey Guevara', they have a good product but most people do not know them and so they will disappear over time. So, this is the challenge of brands, they really must compete against the bigger insurers, who can spend millions of millions to market their brands (...) The challenge you've got a P2P platform to make people trust your brand. Consumers want to know 'How much will it cost me and is it going to pay out?'" (Rudd, 37-43)
- "But the brand will have an impact as well. If I join a group I may buy products from a specific brand. So, it is probably a mix of factors. If you have a global brand it is much easier than if you are not that popular." (Rudd, 388-390)
- "And then there is also the question of trust. So, the brand of a company is very important which can be an advantage for popular brands or disadvantage for new players. (...)The factor 'brand trust' can be a very critical success factors." (Häner, 86-88; 208-211)
- "Well, when you have a new model and a new brand name, obviously, that's a lot of new things at the same time." (Loaec, 131-132)

Third Party Characteristics (TA-TP)

Increase Visibility and Brand Awareness

Since most P2P insurance providers are start-ups, they must find other ways to compete with popular brands and to convince customers. An effective way to increase visibility, gain trust and to target customers are partnership with popular third party brands. This can be existing insurance companies acting as reinsurer or also other players within a specific ecosystem.

Explanatory Quotes:

- "And we do this through partnerships, grassroots marketing activities, use of social media activities, etc. So, it is more about being there and being visible in this ecosystem than to push strongly via the existing insurance company. So, it is more about visibility. (...) Yes, producers and sellers are a target, but we have other important actors, like places where you can charge your car electricity, and many different information websites in order to gain visibility." (De Broglie, 69-72; 95-97)
- "I would say that our trust depends a lot on word of mouth, visibility, associations, partners, etc." (De Broglie, 195-196)
- "So, the caravan club is already there, with people owning caravans, they are enjoying this lifestyle – and the insurance is then adapted to them and the group already pre-exists." (Rudd, 77-79)
- "And especially, if you were able to kind of effectively use an in-country reinsurer or a local carrier who is emotionally taking the risk." (Terry, 617-618)
- "So, it is often quite important that the reinsurers have a good brand reputation within this market. Especially in Switzerland, people are quite risk affine so that they prefer to have a popular brand which they know." (Häner, 88-91)
- "The factor 'brand trust' can be a very critical success factors. So, it would be an advantage to clearly indicate which existing, well-known brands are partnering with or supporting such a P2P platform." (Häner, 208-211)
- "And nowadays, for distribution, it is always an advantage if you cooperate with other organisations. For instance, we at Baloise provide an insurance for watches. And it is easy to provide this insurance product online, but then we recognized that it makes more sense to collaborate with watch producers and sellers to effectively target the customers at quite low advertising costs. And that could be quite similar for P2P insurance, if they provide niche products and manage to directly target existing communities, groups or associations. That would definitely increase trust and that people really purchase the insurance" (Häner, 226-231)
- "So, it's not a risk transfer towards third party insurers like insurance carriers or like the brokerage model of P2P insurance. It is real risk sharing." (Loaec, 72-74)
- "A platform needs a reinsurance to protect it." (Loaec, 161)

Information Systems / Internet Characteristics (TA-IS)

Usefulness of Implementing Technologies

P2P insurance can be set up in very different ways by providing different products and targeting different customer groups. Depending on the P2P concept, the usefulness of implementing information technologies should be considered.

Explanatory Quotes:

- "We need connection to our partners, so we need to plug that but we do not need any state-of-the-art technology. For instance, Blockchain is still too new to implement it in our service. Maybe in a few years this will change." (De Broglie, 163-165)
- "Mostly older people than the average purchase electric cars. That's also a reason why we are using the post way for claims processing, to remove the issues towards technologies or the use of the internet in general." (De Broglie, 192-193)
- "You have to be as transparent as you can in terms of how the groups are performing. So, from a tools perspective, it's all about the social tools to create a community that is persistent and carries on. Something to commune around." (Rudd, 125-127)
- "So basically, it's sharing your data to get a better price or maybe access to a tool that gives you advice on how to be a better driver. Which should keep you safe on the road and should – if you follow that advice – make you less risky. (...) Because the mix of data or the aggregation of data from many different individuals could give insights in saying preventative healthcare or avoiding health care risks." (Terry, 405-407; 501-503)

Ease of Use & Option to Test the Service

The ease of using a technology or system and the option to test the service will directly impact trust or reduce perceived risk.

Explanatory Quotes:

- "Trust is formed over time and with confirmation. So, maybe if a user would have an option to test this service, it could be quite useful." (Bohn, 133-134)
- "So, I guess that whole network thing is around how comfortable people are with performing transactions online." (Terry, 603-604)
- "You can send us everything electronically and once it is submitted on the backend, half of it is automated and half of it is checked manually. But we hope to automate the entire process soon, which is possible." (Kee, 249-251)

Country / Market Characteristics (TA-CM)

Laws and Regulations

Generally, insurance is perceived as very conservative and regulated market, therefore innovative insurance concepts and business models could be perceived as more flexible and agile, thereby enhancing trust

Explanatory Quotes:

- "Insurance products are commonly very different between regulatory jurisdictions." (Anderson, 27-28)
- "And an industry which is at the same time very big but also quite conservative in general insurance. While this can be discussed, everything is very regulated and is on the conservative side." (Loaec, 35-38)
- "I believe in Europe most of the P2P insurance do it with an insurer. (...) I think it's significantly different in South East Asia, also because of regulatory issues. We won't be able to charge for such a system. Which is why we had to break down the usual insurance model." (Kee, 69-74)
- "I mean across different countries it is difficult. We were already asked by Renault, a car producer, if we could provide an insurance across borders in different. But this is difficult, because already from a regulatory perspective it is not really feasible." (Häner, 309-312)

Market Environment /Trends / Competitors

Different markets might show different trends and competitors which will influence how a P2P insurance is set up and perceived by customers.

Explanatory Quotes:

- "I'm currently building a pilot of the model for the European market. I will continue to push the same idea but maybe I will do a bit more partnering with existing insurance players whereas in China we mostly did it on a set alone basis." (Loaec, 98-101)
- "I believe in Europe most of the P2P insurance do it with an insurer. So essentially, they are like a broker, like Friendsurance or Inspeer, they work as an insurance company and they set aside an amount that can be paid to users. However, when we studied the landscape here - I think it's significantly different in South East Asia." (Kee, 69-74)
- "If we would do this in Europe - I mean I have lived in the UK for seven years - I think the product mix and the comprehension of the insurance market is significantly different there. (...) In China, micro-insurance seems to be a big thing with PingAn, TongJuBao or stuff like this. So, I think, insurance is highly unscalable if you use the same models." (Kee, 105-117)
- "I've been searching while looking at the developments of peer-to-peer lending concepts in China. You may note that P2P lending, of course, is the very developed in the U.S. but in China even more. There are 2000 platforms of P2P lending in China. And basically, the volume of P2P lending in China is three or four times the volume it is in the U.S. Knowing that the rest of the world doesn't count in to have scale for this activity. But obviously, 2000 platforms already are about lost things. Really new or innovative to be – to be done." (Loaec, 27-33)
- "China is a market where there is a lot of habitat for innovation. From a business perspective, there is much more space for development and innovating in China. Whereas in Europe we have very dense, existing, institutional and financial frameworks. And it's much more difficult to find the space to build something new, in general. So that's one of the reasons why in Europe, we are more looking more into a B2B approach while in China we initially went on a full B2C approach." (Loaec, 207-213)

Conflict of Interest / Unattractive Industry

Usually, the insurance industry is perceived as rather unattractive with a prevailing conflict of interests between insurers and customer. By removing this issue, trust and a sense of fairness will be formed.

Explanatory Quotes:

- And if you look at it more from a user point of view – to set it up rapidly – I would say to everyone want to be protected but no one likes insurers. So ... I was just trying to define myself as not being an insurer today. (Loaec, 40-43)
- "Insurance is not an attractive product for customers, they are usually not actively searching. So, even if you provide the best insurance solution, you must push it towards them. Any additional argument, like P2P, the money payback, etc. should be used in order to better push your product." (De Broglie, 147-150)
- "This allows users to enjoy two things: Insurance without any conflict, because we remove the conflict between the insurance company and the user." (Kee, 22-24)

Pre-existing communities in the market

Depending on the market or region, different unserved communities might exist. A P2P insurance must identify and target pre-existing communities within the market and estimate the growth rates.

Explanatory Quotes:

- "I mean we would have to research exactly on what the existing communities are based and how the growth rates look like. For example in France, there is not yet a mainstream market for electric vehicles. The current providers are still pioneers and there is still this feeling of community base. (...) So, it could be that if we plan to extend to Spain or Italy, they do not have the same understanding of electric vehicles. And if there is not a community, it would not make sense. So, we would probably do something different." (De Broglie, 78-90)

13.6.4. In-Depth Analysis of Control Mechanisms

Tools and Technologies to Increase Trust or Reduce Perceived Risk

User Authentication Mechanisms

Purpose: verification of members, minimization of risks, data generation

Possible Tools: identity card upload, data disclosure, electronic signature, access to social media channels or other data sources

Explanatory Quotes:

- "So ... to verify users, we will ask them for the ID and the actual retrenchment letter. We have a pension contribution fund to which all Singaporeans have to contribute to. And we will request to get access to that to verify your salaries and to check more data. So ... you can send us everything electronically and once it is submitted on the backend, half of it is automated and half of it is checked manually. But we hope to automate the entire process soon, which is possible." (Kee, 246-251)
- "Then also very basic considerations, that if someone accepts a contract, that he must sign it with his signature, like with an electronic signature. Or the possibility to upload an identity card to minimize fraud risk and identify the person. So, for instance at Lemonade, you will access the P2P platform via social media channels which also kind of authenticates your identity. So, the platform has access to social media accounts. To minimize risk and implement control, to ensure that the person is real." (Häner, 140-145)
- "And then of course, I must be sure about the whole identification of other members. That the premiums are safe, that the members are real, etc." (Bohn, 119-121)
- "It's similar like existing insurance. We have e-signature so that you can sign the contract online, but the rest is more or less the same." (De Broglie, 230-231)

Provision of Hotline, Tutorials, Fact Sheets, Videos

Purpose: supporting material to reduce uncertainty and inform about P2P model and corresponding products

Explanatory Quotes:

- "It is quite similar like in ecommerce and you can adapt all the existing tools for P2P insurance platforms, as well. I mean it is also an advantage that you do not need to attend a physical meeting with an insurance expert and that you can purchase the contract and conduct everything online. And I mean there are many existing tools like chatbots, tutorial, videos, fact sheets, hotlines, etc." (Häner, 238-242)

Guided Chats / Chatbots

Purpose: targeted customer support along the customer journey steps

Explanatory Quotes:

- "What I really like, is if a kind of guided chat wizard is available. We are doing something similar at Baloise now. So, it is kind of a guided dialogue where the chat bot guides the interaction by providing different possible answers or questions. Or the option, that at some stage on the website, if we recognize that the customer is searching for something, that a chat window opens and asks if the customer needs support. For example, if you are on the product site, the chat would open and ask if you search for a specific product, what information you need, etc. So this is generated out of the analysed usage behaviour on the website. So, we use this in the classical insurance but it is also possible on P2P platforms." (Häner, 242-251)

Integration of Social Media Channels

Purposes: user verification, capturing and sharing of data sharing, improved individual risk profile assessment, analysis of user behaviour, customization of products, group forming via social media, user interaction through social media ecosystem, strengthening of group ties and social values, improvement of claims handling, reduction of fraud rates, market P2P platform via social media recommendations

Explanatory Quotes:

- "For instance, at Lemonade, you will access the P2P platform via social media channels which also kind of authenticates your identity. So, the platform has access to social media accounts. To minimize risk and implement control, to ensure that the person is real." (Häner, 142-145)
- "There is also the option to connect via social media channels, which reduces the need of implementing some of the basic data." (Häner, 214-215)
- "For income protection, we look at your profiles at Facebook, at your job titles, industries or where you come from. So, there is a possibility that we can even use Facebook or LinkedIn to see your posts. To see the kind of posts that on is doing. How much time you spend on Facebook." (Kee, 133-136)
- "Of course, there are other benefits, as well, such user empowerments, the communities, etc. " (Loaec, 117-118)
- "In case that I purchase a niche product. Of course, in that situation it would make sense to connect via social media channels and to interact with other members. Standard products are probably more related to extrinsic motivations whereas niche products, such as diseases, are related to intrinsic motivations. If you had someone with breast cancer in your family, you are intrinsically motivated to form this group and would probably like to interact with others, share stories, etc." (Bohn, 123-129)
- "So, we have a lot of user interaction through social media groups. We initially had a small forum on our website, where users can go and communicate on it. But frankly said, the 90 percent of the user interaction is through social media groups. So, in China this is mostly WeChat. Of course – which is the dominant social media ecosystem. So, both, at the time of the recruitment and post-recruitment, we have social media communities where people exchange a lot and I suppose that's what's building the interaction." (Loaec, 254-259)
- "Share their Facebook details (...) to allow them to influence decisions on the platform and in claims handling (...) it allows to better process claims." (Kee, 149-153)
- There is a provider ins Scandinavia that is based on Facebook only and they are doing their claims adjusting on Facebook directly because it is exposed and open. And because people will only claim if they really have to. (Rudd, 122-124)

- "If everyone knows who everyone within the community is, and if we would let people know that this particular individual as made a claim. The persons will only pose honest claims which is also one of their core assumptions of why P2P insurance is actually a better model." (Kee, 198-201)
- "The benefit of this model is that I already trust the community. So, I am buying this insurance because my friends or my community recommended it. And we know that social networks can turn naughty very quickly if something goes wrong. So, this might be an issue on P2P insurance." (Rudd, 296-299)

Contract Specifications, Rules, Regulations, Code of Conduct

Purpose: enhance sense of security by providing rules for group joining / in-group behaviour / group exclusion / data disclosure / claims processing, etc.

Possible Tools: group forming based on similar risk profiles, selection of group members by provider, guidelines for claims acceptance and rejection

Explanatory Quotes

- "Usually, you try to find a group with a similar risk profile, so you join with others who have rather low risks in order to save premiums." (Häner, 60-61)
- "We select a bit the people who are entering in the community. (...) We got this system called 'bonus-malus' in France. It's a sort of shared rating between insurance companies that displays your claim history. And so we accept only good-rated members on our platform – which also gives some form of control to the existing members since they know that everyone has to undergo this process. We are the keeper of the community and so, we need to select people who can enter and dismiss or reject people if they do not fit anymore into the community. And basically, this is quite a strong control mechanism. (...) I mean it is not that easy like it sounds. It's still manual and on demand – quite bureaucratic. So, when deciding for our product, customers have to demand the history from the previous provider and must send the document to us manually." (De Broglie, 205-222)
- "I would like that they disclose their credit investigation information (=Schufa-Auszug). Like a history from their previous insurance company. I mean that does not work for all kinds of insurances, but for car insurance, I would like to know how many accidents or damages other drivers had in previous years." (Bohn, 116-119)
- "So, we set the rules. Of course, we make sure that they are fair, otherwise users will not sign up. And we adapt them to industry standards. We just make the process more efficient than incumbent insurers. Making it fully digital and make sure that users understand the product." (Kee, 177-180)
- "There's a whole set of regulations around, to help make sure that if something does go wrong, customers still don't lose out." (Terry, 87-89)
- "Of course, I would like a contract and that I can easily access what is included or excluded from the insurance contract." (Bohn, 121-122)

Reporting Tools

Purpose: increase transparency, provide information about past history and transactions (e.g. amount of members, amount of claims, etc.), inform about risk-sharing model, display of user balance and cost structure (e.g. calculation of money-back incentive, fund keeping)

Possible Tools: reports, dashboards, user balances, information displays, user of ledgers (blockchain technology)

Explanatory Quotes:

- "When we started, we wrote details down from the first thousand users. How many members they are at every month. How many claims we face. What the pay-outs were and from which industries these pay-outs came from. So, we detailed it down and contribute it to every user on the platform." (Kee, 91-95)
- "The strength we have is strong transparency. When someone using our platform, he gets a lot of information and it's much more than any insurer will ever share with you. About the health or about the developments of the community and its claims. (...) We try to provide two elements of transparency to build trust. One is mostly a dashboard and reporting. About how many users have any claims. How many claims were accepted. How many claims rejected and for which category of reasons they were rejected. Allowing the user to build an experience curve. (...) For us, as we provide every month the

- cases for rejections and the cause of rejections. We've tried to build a user curve into understanding 'Yes this type of policy covers this type of risk, in this kind of situation, but not in this other kind of situation'." (Loaec, 133-135; 259-263; 277-280)
- "What would be also good is high transparency which shows past claims histories, amount of members, payback amount, etc." (Bohn, 175-177)
 - "Yes, we will give sort of an information on the fund and in addition, we will probably give additional information support on how the payback is made in the end of the year. This reporting hasn't been made yet, so I cannot tell precisely. We will put in place kind of a dashboard." (De Broglie, 156-159)
 - "Of course, we try to balance the risk among a wide base of users to spread the risk. (...) How it works is: (...) When all claims are paid out, we will deduct the proportionate amount from the user balance. (...) So, we actually tell the users how much money have left at any time in time." (Kee, 189; 229-235)
 - "In our case, we separate very clearly what is the fee which is allowing us to support our operating cost and what is the model which is there to cover the costs. And the principle is whatever money is there to cover up the cost of risk goes eventually 100 percent to the user." (Loaec, 109-112)
 - "In case that the group is already there and I will join a group, I would like to know as much as possible about that group. The history of that group, the claims history because this is an insurance thing. How the performance is." (Rudd, 323-334)
 - "We're extremely transparent, we detail on every single transaction that takes place on our site, through the use of an in-house built ledger based on blockchain. (...) A lot of people always ask what happens if the funds run out? They question our transparency, so they want to know how many members we have, how we onboard customers and how it works when people want a payout? So, I think when you do such a thing, transparency is a huge part of the system, which is why we decided to use the blockchain ledger, to publish all transaction details on our site. (...) We just use an Ethereum-based ledger which will be updated on a month-to-month basis when online transactions occur." (Kee, 25-26; 84-100)

Incentives, Rewards and Sanctions

Purpose: motivate customers intrinsically and extrinsically, enhance good behavior, minimize risks, minimize fraudulent behavior, foster interaction and participation through gamification

Explanatory Quotes:

- "I know people become more and more used to providing content for free. Because it all the community, so they want to share. I mean there is a gap between giving people incentives as they are doing by talons and stuff to motivate people to going to the gym 3 or 4 times a week. But in the P2P community, people would rather do it because they enjoy it. It is part of the community." (Rudd, 139-143)
- "There is this paradox of choice in cognitive psychology which considers phenomena of decisions. If someone purchases a P2P insurance, he will be happy with it in the very beginning. (...) But still, it could be useful to create incentives earlier than in the end of the period. To convince the user in his decision." (Bohn, 137-141)
- "If you are in a community for pet dogs, than you are talking about pet dogs. And if someone gets a problem, than you want to help him. That is the community. So, again I think the incentives – some of them are self-motivating – they do it with computers and self-service, they create a community of people. And there is also the option to reward people with points and stuff, so this is rather financially. But if it than becomes a self-playing network where groups of experts who come together and they reward it through visibility in the network and the other financial rewards as well. So that people are incentivised to add and contribute to the network. So again, it is all about community." (Rudd, 145-152)
- "It really comes down to what sanctions you have for someone who makes a fraudulent claim. This is probably the most important thing." (Terry, 387-390)
- "There is also the possibility to reward or incentivize people. For instance, with this yearly claim free premium payback which is quite motivating. (...) There is also an App that incentivizes you with reward points if you are not using your mobile while driving or if you drive within the speed limit. And you will get minus points if you exceed the speed limit, etc. And then, you can use those points for different vouchers such as for Zalando. I think that approach is quite interesting since you try to minimize risk through a gamified approach." (Häner, 147-148; 286-290)

Testing Tools / Options to Test the Platform or Products

Purpose: minimize uncertainty and concerns towards new insurance model and products

Explanatory Quotes:

- "I think many of the concerns a user might have could be absorbed easily in the beginning. If they do not really trust in the system or that they really get a payback. You could work against this by implementing shorter periods – so, that users can 'test' the service." (Bohn, 157-159)
- "Allow customers to interrogate the quality of the insurance cover before purchase." (Anderson, 22)

Feedback Management Systems

Purpose: customer involvement in rules setting (e.g. for group joining or exclusion, claims processing, etc.), enhance transparency, improve services based on customer feedback, customization, minimize concerns, option to complain or protest

Possible Tools: user voting tools, feedback forms and surveys, whistleblower mechanism

Explanatory Quotes:

- "The second thing, which is interesting, is that we have a model which allows the users – the community – to recommend and to vote on change on the claim rules. (...) Basically, we are very transparent about the reasons for claims and the reasons for claim rejection every month and we give users the possibility to say "I don't think that is fair. Why don't we change it and campaign against that within our community?". And if they reach 5 percent of people supporting their request, then a vote is organized to review the claim process. (...) As I mentioned to you earlier – he is able to vote to change the way it works, if they want to change it for the future. It is not a mechanism to accept or reject individual claims – because it would not be admissible – but to change the rules for the future. (Loaec, 177-179; 181-185; 289-293)
- "Where they can vote whether a claim is accepted or rejected, so they can provide inputs and feedback. And if the majority accepts it will be proceeded." (Häner, 150-152)
- "Gather as much customer feedback as possible. Then using the best insights available, test and iterate your approach until you see a change in the results and feedback." (Anderson, 125-126)
- "If you increase transparency or implement rating systems during claims processing or the option that users can provide feedback and insights, this would further minimize the concern for fraudulent behaviour." (Bohn, 160-163)
- "We have a whistleblower mechanism – in the event that, let's say you know company or a person that has come up with a claim, you can submit a complaint to the state that I believe that this is a fraudulent claim or this is not legitimately proved. So, you have the possibility to voice your protest." (Kee, 220-222)
- "If you increase transparency or implement rating systems during claims processing or the option that users can provide feedback and insights, this would further minimize the concern for fraudulent behaviour." (Bohn, 160-163)

Trust Evaluation Models / User Rating Systems

Purpose: enhance transparency and visibility, remove group concerns, enable formation of trust towards unknown group members, identification of trustworthy and honest people, reinforce positive behaviour, minimize negative / opportunistic behaviour

Tools: trustworthiness scores or profiles (e.g. on blockchain or public domains), trust ratings and rankings, ratings of a user's behaviour or claims history

Explanatory Quotes:

- "I really have some concerns here. I mean if you have a strong rating system behind, it could work, but the majority would probably not be willing to join a group of strangers." (Häner, 185-187)
- "But I got this company called Traity (www.traity.com), I don't know if you heard of them. But essentially, when you go on there and you log in and it's basically says log in enough of your social accounts and they'll give you a trust rating. (...) Basically, you've got a trustworthiness score. And one could argue that this is the currency in a P2P model. So it's an analogue to credit worthiness since it indicates how trustworthy someone is. (...) They've got a renters solution. (...) It's a trust based score on renters deposits. So, if you go for renting, you don't have to pay a monetary deposit before you can rent home. Instead of doing that, you can have an almost guaranteed bond, where – effectively because you're trustworthy – you can buy a bond rather than having to put up the one or two month's rent in advance for the deposit." (Terry, 206-226)
- "How do you connect those people? (...) There must be some kinds of safeguards. Like an integrated rating system or something to form trust. So, you could rate people or there would be a scoring system indicating the risk profile, claims history, etc. That would provide some form of control. (...) Rating systems would definitely provide some form of control and increase trust levels." (Häner, 121-125; 139)

- "If you had a trustworthiness profile and it was public domain and buying this product required you to expose that in some way. So, that if you proved to be untrustworthy, you would be seen by others that would obviously create quite strong incentive to be honest. And just the fact that you have that would by definition mean that the people join on a more trustworthy end of the spectrum. (...) So, it's the visibility of – if you're caught out for example – making a fraudulent claim, it would be reflected in your blockchain trustworthiness profile." (Terry, 333-342)
- "The concepts are there, right? Because we apply them in reverse, when we say I go on holiday and I rate the holiday provider. Or you can go and do reviews of hospitals provided. So, consumer ratings and rankings are very common, right. So, what you are doing is you are applying that same concept back to the consumer." (Terry, 348-352)
- "I believe a rating would work if the social network is not too close. (...) You always have to weigh whether a rating will really work or what impact it might have on the social dynamics of a group. (...) So, there is the question about what you are going to rate in the model. Are you going to rate if they claim a lot? Or what would you be rating them on?" (Rudd, 170-183)

Integration of Sensors, Trackers, Devices, Apps

Purpose: capturing data, enhance positive behaviour, influence behaviour by providing support and suggestions, reduce and prevent risks, customization, individual pricing

Possible Tools: fitness trackers, apps, telematics, etc.

Explanatory Quotes:

- "There are some emerging start-ups in the health insurance – I don't know if you know Dacadoo (www.dacadoo.com), they collect all kind of data from fitness trackers and based on the evaluation of the data, they will provide you recommendations of how you change your behaviour to reduce risks. Or you can also place goals like 'I would like to lose weight', 'I would like to stop smoking', etc. and there are doctors behind the app who will give feedback and suggestions. And we are trying to implement something quite similar at Baloise, so that you buy an insurance without any health declarations but you will be required to use the app. Because, scientifically, it is proved that your risk of having an event of becoming ill is much lower if you are actively using this app. And by using the app, there is almost no administrative effort anymore. So, when you start the contract, we don't want to know how you feel today but rather how you will behave and feel in future when using the app. Because, research has shown that your risk of getting ill or getting a disease will be reduced by using such an app. (...) I actually prefer a tracker that you don't have to install in the car but that you can just use. There are some start-ups in the US which are providing quite innovative solutions." (Häner, 267-285)
- "We are not using IoT, we are using standard pricing methodologies at the moment. But this can become a thought in future, when it is a little bit more established. But since we launched this start-up only a few months ago, we did not introduce anything like this yet. We thought it could be a bit too much to enter with two innovations at the same time." (De Broglie, 123-126)
- "So basically, it's sharing your data to get a better price or maybe access to a tool that gives you advice on how to be a better driver. Which should keep you safe on the road and should – if you follow that advice – make you less risky. So, you get a double benefit since you get lower premiums as well. Right. So that's all around twitting together risk reduction. So it's about risk reduction mechanisms." (Terry, 405-409)

Data Analytics

Purposes: customization, differentiation in pricing, calculation and assessment of risk profiles, individual coverages, flexible risk-rating, reduction of insurance fraud, analysis of customer behaviour, group forming

Possible Tools: individual risk scores (e.g. on monthly basis), fraud models and scores, social media analytics for group forming, etc.

Explanatory Quotes:

- "We actually do want to introduce differentiation in pricing to charge users according to their risk. So, on a month-to-month basis, depending on the risk profile of the particular industry and the job and the user's risk status. So, users might be charged an X amount and depending on the risk status it might be X+1 or X+3 or even below X." (Kee, 32-37)
- "We quote through individual risk and their contribution to the mutual fund depends on their own risk profile. (...) It's like rating standard insurance products. So, we do the calculation based on the given information." (De Broglie, 117-118)

- "For income protection, we look at your profiles at Facebook, at your job titles, industries or where you come from. So, there is a possibility that we can even use Facebook or LinkedIn to see your posts. To see the kind of posts that on is doing. How much time you spend on Facebook." (Kee, 133-136)
- "The risk-rating model could be much more based on a pay-as-you-go approach. So, maybe if someone change his behaviour and his risk profile, it makes more sense to charge on a monthly updated basis." (Rudd, 275-277)
- "So basically, it's sharing your data to get a better price or maybe access to a tool that gives you advice on how to be a better driver. Which should keep you safe on the road and should – if you follow that advice – make you less risky. So, you get a double benefit since you get lower premiums as well. Right. So that's all around twitting together risk reduction. So it's about risk reduction mechanisms." (Terry, 405-409)
- "We decided that before differentiating the price of different category of people we will wait until we have enough historical data over a two or three years' period to really be able to pay a rationale for that." (Loaec, 365-368)
- "We have been planning based on a certain percentage of negative selection and a certain percentage of fraud rates. But the reality of the claim level that we have, has been much lower than what we expected." (Loaec, 173-175)
- "We have fraud scores that we are using to rate the claims according to – of course the profile of the user – but also to track his pre-purchase and post-purchase behaviour. So, we evaluate – out of the information from the channels the user is coming from – why it is our platform where he is going to purchase and some of the information about his behaviour within the community after he has joined, to kind of assess a higher or lower risk or fraud probability, depending on the claim, the claim paying, the claim amount, etc." (Loaec, 293-308)
- "So, at this stage, I will say that most of the data that we are using are models and scores which allow us to validate the risk of fraud. Based on the individual customer profile, behavioural information and also the overall behaviour within the community we use data analytics. And we improve it as we grow, as well as with increasing volumes of the communities and the increasing volumes of the claims. So, we are able to improve it over time from a model or page which was based on hypotheses to a model based on that analytics." (Loaec, 310-316)
- "When you look at P2P networks, such as BoughtByMany, I think especially they that you form the groups, how they are coming together and how you are building this social cohesion. With that you can also drive behaviour. So if you have people that like pet dogs and they come together on a platform, this social constellation is quite powerful and important. I attended a webinar the other day and on guy from a P2P platform told that they use analytics to identify to which group a new customer might belong." (Rudd, 82-87)

Social Tools / Room for Interaction

Purpose: create a room where users can socially interact and exchange experiences, strengthen group ties and shared values, provide risk prevention measures or damage-reducing solutions, influence behaviour of other members, moderating the community, create new products based on social insights

Possible Tools: social networks, forums, chats,

Explanatory Quotes:

- "To create an environment where they can be social together. So, you need to create the building tools, you need to actually have this community working. (...) You want the community, so actually it is the P2P network that you have build. (...) If you want to get the benefits of peer-to-peer networks – which is the social network and the influence on behaviours – than you have to give them reasons or tools to influence that behaviour. So, the social network that you use to create communities is going to be a key part of it. (...) So, from a tools perspective, it's all about the social tools to create a community that is persistent and carries on. Something to commune around." (Rudd, 109-119; 126-127)
- "And maybe the option to exchange with existing members or customers. So, that they can share their experiences." (Bohn, 176-177)
- "We are working on risk prevention. And there are a lot of existing pages, forums, Facebook groups around the topic of electric vehicles. And for us, there is currently no need to replace them or create an own space. Because those places already exist. However, maybe we will do something like this in future, but it is not of high priority now. We will work on this in the following years." (De Broglie, 238-244)
- "Or by providing damage-reducing solutions from other group members. There are planned models where members can offer help or support in case of a damage." (Häner, 148-150)

- "The P2P network can influence group dynamics by creating the network and the social environment for these people. (...) What is it that you can use to advise peer to peer guys on what they should do. So, you need to give them some education about where their time and effort is best spent." (Rudd, 97-104)
- "P2P is about who is motivating the community to share opinions which will also need some degree of moderation. So the platform has to manage the feedback and the opinions efficiently as they might be also very valuable. For instance, BoughtByMany, they are constantly looking what is going on within the communities. And if they track any problems, they adapt or bring in new products to deal with those products." (Rudd, 309-311)
- "We have a mix of self-protection but also of a charity element in it. So that's the case for example for a risk like the child missing. We have a model, which allows to fund effective and immediate search, whenever someone would declare the disappearance of their children. So ... they are paying not only a financial indemnity but also for the service which allows to pay investigators, specialists to be on the ground with. Well, what is important to answer the question is that there is a strong solidarity feeling and caritative feeling in the people who are doing so." (Loaec, 370-376)

Third Party Integration

Purpose: reduce uncertainty and risks, use popular brands to increase trustworthiness of platform provider, better targeting of customers

Explanatory Quotes:

- "A platform needs a reinsurance to protect it." (Loaec, 161)
- "And nowadays, for distribution, it is always an advantage if you cooperate with other organisations. For instance, we at Baloise provide an insurance for watches. And it is easy to provide this insurance product online, but then we recognized that it makes more sense to collaborate with watch producers and sellers to effectively target the customers at quite low advertising costs. And that could be quite similar for P2P insurance, if they provide niche products and manage to directly target existing communities, groups or associations." (Häner, 226-231)
- "Considering the models, I don't think you ever get away without having some sort of traditional risk manager and discounter, right?" (Terry, 289-290)
- "People want to be assured that they get paid. But since our product is backed by an insurance company there is no risk. We are able to reinsure them." (De Broglie, 55-57)

General Measures and Safeguards

Purpose: communication tone, streamline steps along customer journey, reduce efforts for information search, target pre-existing communities, clearly communicate the benefits,

Explanatory Quotes:

- "Most fundamentally, the company must consider the method and tone it chooses to communicate with customers – technology is simply and enabler of this." (Anderson, 79-80)
- "It could always be the case that there are members posing fraudulent claims. But (...) I mean why should a cheater purchase a P2P insurance to pose fraudulent claims? The effort would just be too much. Then it would be easier to stay with the traditional insurers, where you act as an anonymous player. (...) Maybe, the platform could even highlight this as a benefit. Kind of an automatic anti-fraud mechanism." (Bohn, 145-155)
- "What was the biggest impact for us was to be able to reduce the barriers to entry, by launching micro insurance products knowing the cost of research for a user to test a model. (...) Which are large communities with very little discriminations at the time of joining and associate it with a model of on-boarding, where the initial subscription requires very little information. (...) There is an account validation process, post-purchase, which allows us to ask for the additional information – which allows to build the data mining behind. (...) So, in the process, we have to tell that we move practically directly from providing basic data – and the data is really basic – to premium payment. And when the premium payment is done, the person is joining the massive open community (Loaec, 243-245; 344-352)
- "What we also see out of the traditional insurance business, is that the provision of basic data should be very simple and not take too much effort. There is also the option to connect via social media channels, which reduces the need of implementing some of the basic data." (Häner, 213-215)

- "The caravan club is already there, with people owing caravans, they are enjoying this lifestyle – and the insurance is then adapted to them and the group already pre-exists. So, the group constellation can be a primary concern about how you are going to sell products." (Rudd, 77-80)

13.7. Appendix G: User Interview Analysis

Participant Information

User Group 1 (26 Participants)

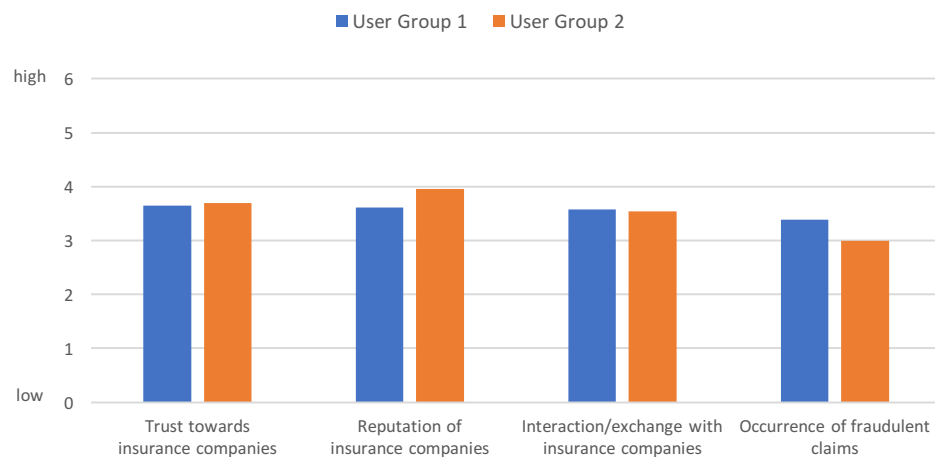
- Nationalities: Switzerland (2), UK (5), Canada (3), Ireland (3), South Africa (6), Australia (5), USA (2)
- Gender: 11 males, 15 females
- Median Age: 35.5 years

User Group 2 (26 Participants)

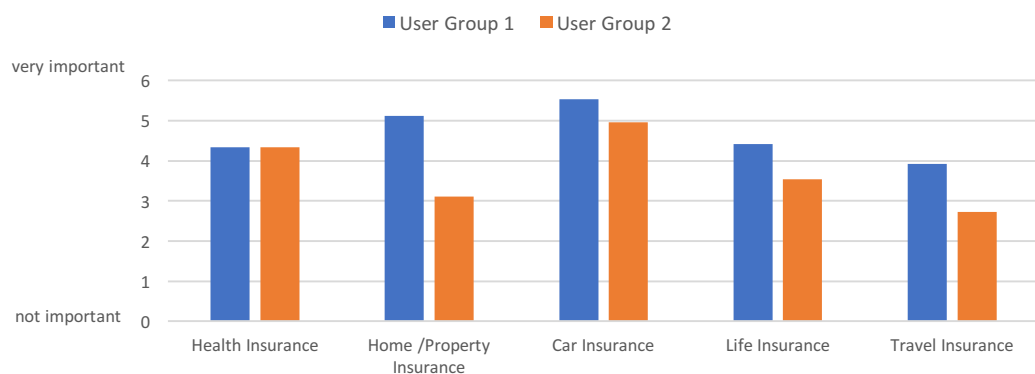
- Nationalities: Japan (3), Taiwan (1), Mexico (1), Ecuador (1), Arab Countries (3), Thailand (1), Pakistan (1), Kosovo (1), Lesotho (1), Russia (1), Slovakia (1), Greece (1), Romania (1), Turkey (9)
- Gender: 15 males, 11 females
- Median Age: 28 years

General Insurance Questions

Q 1: How would you rate the following factors in your country/culture?



Q 2a: How important are the following insurance products in your country?



Q 2b: Are there any other important insurance types?

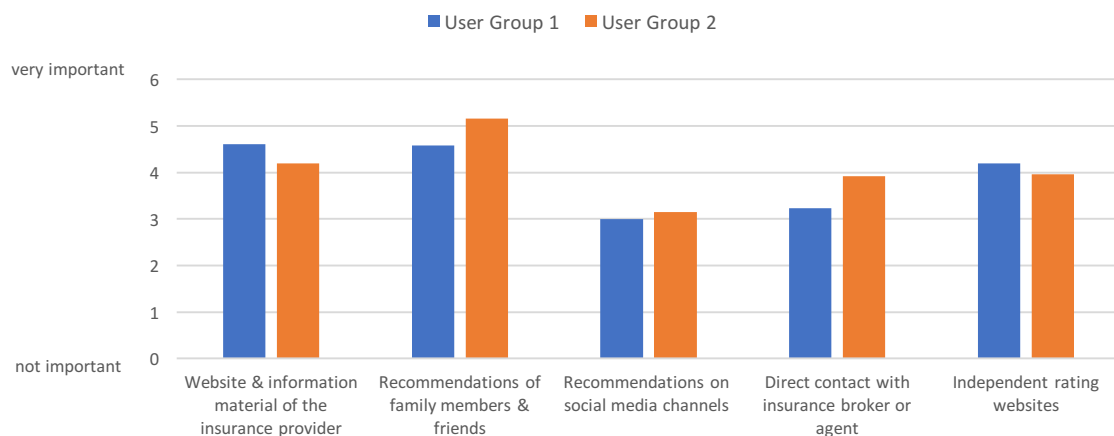
Statements User Group 1

- Pet Insurance (mentioned: 4x)
- Household Contents Insurance (mentioned: 2x)
(If you don't own your own home i.e. renting and don't take Home & Contents Insurance)
- Workplace Insurance (can be important, particularly for jobs involving high levels of manual labour/riskier activities, etc.)
- Credit card
- Death or Funeral
- Accidental Cover
- Private Liability Insurance

Statements User Group 2

- Earthquake Insurance (mentioned: 2x)
- Cancer Insurance
- Courier Insurance

Q 3a: If you plan to purchase an insurance, which sources do you use to inform yourself about the insurance provider and the product?



Q 3b: Are there any other important information sources?

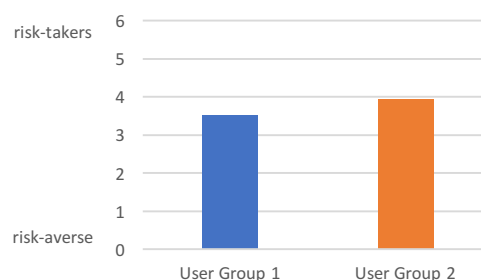
Statements User Group 1

- Newspaper (mentioned: 2x)
- TV (mentioned: 2x)
- Independent research & reading insurance policies
- Money Advice Websites in the UK
- "Which?" (consumer association) guide
- Word-of-mouth
- Radio

Statements User Group 2

Quick google to see if there are negative reviews or experiences from previous customers

Q 4a: How would you rate people's attitude towards risk in your country?



Q 4b: Please provide some examples to underline your rating in 4a

(scale 1: risk-averse; scale 6: risk-takers)

Statements User Group 1

Scale 1:

- Live in Switzerland... People are paranoid when it comes to **being insured and take few risks**

Scale 2:

- There are many scare tactics used in America about how bad things are if you don't have insurance. Also, health care and insurance are so expensive in the US but it is even more expensive if you don't have insurance.
- While I'd say, most Australians are quite adventurous, I also think that **most can afford to take out some level of insurance for important factors** (health, home, travel etc.), so will do so before partaking in riskier activities.
- I think most people feel very safe in Australia.
- There is still a culture of keeping cash 'under your bed' because you might lose it at the bank or in an investment policy. (UK)
- We do not take risk seriously until something bad happen. The attitude is it won't happen to me. (South Africa)
- I guess we are **over insured in Switzerland. - for example, most people have an extra travel insurance, even though this kind of risk is already covered via a standard credit card.**

Scale 3:

- **I think everybody I know has car and house insurance. And most people have private health insurance "just in case"** (Australia)
- The clear **majority of people buy into the need for car insurance, and most other main types.** (UK)
- I feel British people are inherently pessimistic so are less likely to take risks as they would foresee the negative consequences
- People in my country are moderate risk takers, less willing to start their own businesses opting to be employed because it is safer (South Africa)

Scale 4:

- I think that **some people take calculated risks when it comes to insurance.** For instance, low income or young people are less likely to buy car insurance because it is an added expense and they may feel there is a low likelihood of getting into an accident or being stopped by the police. Young people may also avoid buying health insurance because they may view themselves as healthy. (US)
- Generally, people feel confident investing in the stock market, purchasing property etc. despite risks of loss. (Australia)
- I perceive the UK citizens to be generally more risk taking than most countries
- People **mostly stick to the rules but some are willing to push boundaries where reward beckons.** (UK)
- Canada is a culture that embraces **people who are bold and take calculated risks. Risks that could pay off in incremental amounts but in case of failure the failure is not detrimental**
- I know a few people that make some placement (Canada)
- Unfortunately, my brief experience has showed that often people tend to insure things that aren't necessities like travel insurance and are willing to take the risks. Also, I tend to consider risky to get insurance without understanding the full extent of what they are getting and this happens too often, especially with young people. (Canada)
- In general, I think Irish people **appreciate the status quo but like to push boundaries every so often**

Scale 5:

- Young People take lots of risks in their lives. Travel, driving and health. (Australia)
- They tend to go for wrong insurance companies and don't insure their property or households, cars **South Africa**

Coding Scheme

- **Insured for everything or overinsured** (5x)
- **Calculated risk** (4x)
- **RSA used to risk** (4x)

<ul style="list-style-type: none"> - more likely to just take your chances (Ireland) - A lot of people are still not insured (South Africa) <p><u>Scale 6:</u></p> <ul style="list-style-type: none"> - South Africa is characterised by high inequality. Our unemployment rate is around 40%. As a result, crime has become part of our ecosystem. We have learned to co-exist with risks. Moreover, due to lack of jobs, the majority of the citizens are survivalists' entrepreneurs in the informal sector. Taking a risk to survive and feed a family is the norm. - People are very concerned with crime, political uncertainty, and financial risk in our country but don't know how to fix the situation. (South Africa) 	
<p>Statements User Group 2</p> <p><u>Scale 2:</u></p> <ul style="list-style-type: none"> - For own health, *Taking periodic medical check-up *Doing moderate exercise. I think that people having such notion are half. (Japan) - People are relatively conservative. They don't take big risks (Arab Countries) - People are very conservative, and risk-taking is not encouraged (Lesotho) - Time deposit share in total investment is high (Turkey) <p><u>Scale 3:</u></p> <ul style="list-style-type: none"> - In Japan, we don't really take risks to be socially independent. - People tend to buy as much as different insurances if affordable nowadays (Taiwan) - It's dependent on how much they earn. If they earn less the insurance is a lavish. (Thailand) <p><u>Scale 4:</u></p> <ul style="list-style-type: none"> - unpaid loans (Greece) - If you rent a car you will never ask for all insurance. Just the one that applies on 3rd people. (Mexico) - People are spending money they don't have (Romania) - driving with summer tires at beginning of winter (Slovakia) - Generally, they don't trust insurance company so they are risk takers (Turkey) - They use insurance after the problem occurs for next possible incident (Turkey) - Somewhere in the middle (Turkey) - Most of Turkish people don't feel any need to purchase travel insurance <p><u>Scale 5:</u></p> <ul style="list-style-type: none"> - Considering resources are very limited, in Jordan, people often take big risks in hopes to advance their income and their lives, for example in starting start-ups or taking mortgages to secure having a home. - People get used to crisis situations in country and often believe that it can't get worse, so that motivates them to take a risk (Russia) - Risk takers because of not trusted insurance companies (Turkey) - Especially life insurance is so expensive in Turkey; so, people mainly take risk or some people do not prefer the car insurance because of being expensive - Driver's and pedestrian's attitude in the traffic; people's impulsiveness, etc.; I can't name individual occurrences (Turkey) <p><u>Scale 6:</u></p> <ul style="list-style-type: none"> - With the exception of health insurance where people see as highly important and are aware of the really big costs of health, people are comfortable taking the risk, unless there is really a lot to lose. For example, many people don't have house insurance because they think they won't need it in the future and car insurance had to be made mandatory by law so that people will take it and also banks also demand insurance when they are giving loans to buy an asset. Overall people think that they do things in such way that puts them in a reduced risk than the average person and thus are not prepared to pay an insurance which they don't think will benefit from. Even if something happens they will probably have paid more than they get. (Ecuador) 	<p>Coding Scheme</p> <ul style="list-style-type: none"> - Cost sensitive / too expensive, limited resources (4x) - Trust Issues (2x) - Conservative, risk-averse (4x) - No need, used to taking risks (5x)

- I think that everyone in less developed countries is more prone to risk taking (Kosovo)
- Most people would jump into risk without asking (Turkey)

P2P Insurance Questions

Q 5a: What do you think about the P2P Insurance concept?

(concept has been shortly explained in the survey)

Statements User Group 1

- I think this is a really interesting idea. It seems a lot like how insurance is SUPPOSED to work. I think that it would work well and I would join a system like this. I am not sure though how you would prevent the insurance companies from denying cost heavy claims and putting it back on the group to improve profit margins.
- Interesting! / Sounds interesting. (mentioned: 4x)
- I think it could make it more difficult for people with health problems or poor driving records to find affordable insurance. People who are healthier or have fewer cost raising issues (poor driving records, younger, healthier, etc.) may choose peer to peer insurance...thus opting out of insurance pools that share the risk and cost among a more diverse general population.
- Lengthy explanation
- It sounds ideal if it works!
- I think this is a clever idea.
- Sounds AMAZING!
- Excellent idea
- This sounds great.
- I've never heard of this before. It's very interesting. I still think there would be people who would have no qualms about defrauding the group. I still think in my culture (working class, London) that defrauding insurance is like defrauding the tax man. Not everyone sees that as a crime or a problem.
- I like the idea of it. In practice, it risks provoking conflict between friends and family about money. (Also, pedantically speaking, it's "similar to" rather than "similar like for")
- I like the idea, it seems original and would benefit those groups who are considered low risk
- It's interesting. Although I may find people abusing the system and insurance companies would become even more strict and ridged when I comes time for pay-outs
- Great idea but I would like to see some studies on that subject before going in.
- On paper, it seems amazing but the reluctance might come with the trust issue. I feel like people will be wary of other behaviours and it might lead to some being unhappy and other trying to profit from others? I would personally be willing to participate in such insurance type but I would be even more interested if behaviours were monitored and therefore if the behaviours are to different the groups can be rearranged on a regular basis.
- Seems very interesting and a good option for the future
- not much
- It can work where there is honesty
- I think it's good cause you will not need to pay excesses and you get money back and there are no hidden charges and your premiums are invested and you get 40% back
- Good idea that still need to be tested
- It seems like a concept that could improve trust in insurance
- Interesting concept and very much attractive. It however lacks "the sharing economy" aspects. The benefits must be beyond the 40% payback. It also must offer some other opportunities or benefits that leads to some sense of ownership to peers.
- Nice for people with a good risk profile.

Coding Scheme

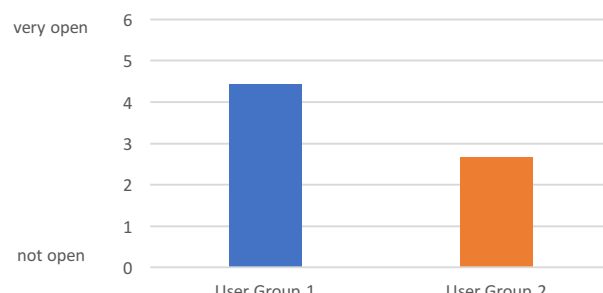
- Interesting (9x)
- Good, nice, ideal, amazing (13x)
- New / innovative (2x)
- Beneficial, trust-enhancing (2x)
- Complicated, difficult (2x)
- Concerns (8x)

Statements User Group 2

- I think it's an excellent concept if you can trust all your peers

Coding Scheme

- Interesting (7x)

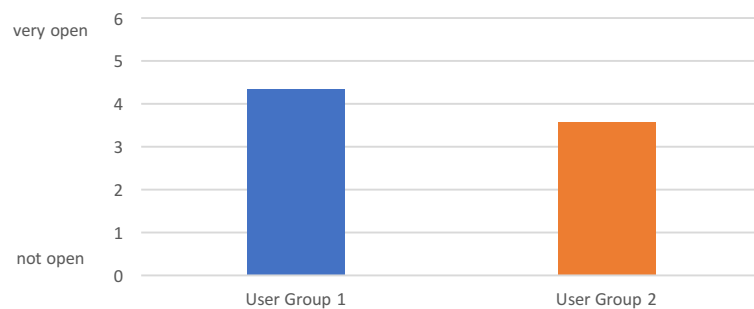
<ul style="list-style-type: none">- Very interesting and realistic- Interesting (mentioned: 3x)- That's an interesting idea how people can share their risks!- I think it's a complicated system.- Assuming the group is indeed of similar risks and attitudes, it sounds like a solid and more trustworthy system than traditional insurance.- Interesting, such a concept will build a bigger trust between a customers and insurance companies. Especially with the pay back part.- I'm interested to see how it works in reality. Meaning I see how it work for someone with low health needs (young single person) but how would it work for a mother with 3 children under 15?- It makes sense; however, it will be difficult to implement.- Good idea, but implies more admin to run the group fund and manage the 40% that's not administered by the reinsurer. A third party must exist to do risk profiles of the group to select like-minded people to put in same group- Well I would really need to know and trust in the group of peers, more if we are in Mexico. People get really creative of taking advantage in group benefits.- Great- Sounds great on paper- The idea is very interesting and increases trust and fairness- Good idea (mentioned: 2x)- The idea sounds good. In that case, it is going to be important to create a trustworthy group of friends- It is a good idea and especially it could decrease fraudulent claims which is good for both group members and the insurance company. Would be interesting for me if know more about how does actually work.- It's good to remove conflict and sharing in a group.- If There is a reinsurer in peer, they are same.- Looks like it's sharing the weight of risk- More efficient- This method seems fair theoretically. However, it should be experimented in real life conditions- More beneficial compared to the traditional method	<ul style="list-style-type: none">- Good, nice, ideal, amazing (9x)- Beneficial, trust-enhancing (8x)- Complicated, difficult (2x)- Concerns (6x)									
Q 5b: Do you think people from your culture are open to try out an insurance from a P2P platform?										
 <table><caption>Openness to P2P Insurance</caption><tr><th>User Group</th><th>Rating (1-6)</th><th>Openness Level</th></tr><tr><td>User Group 1</td><td>6</td><td>very open</td></tr><tr><td>User Group 2</td><td>2</td><td>not open</td></tr></table>		User Group	Rating (1-6)	Openness Level	User Group 1	6	very open	User Group 2	2	not open
User Group	Rating (1-6)	Openness Level								
User Group 1	6	very open								
User Group 2	2	not open								
Q 5c: Please provide some examples to underline your rating in 5b. (scale 1: not open; scale 6: very open)										
<p><u>Statements User Group 1</u></p> <p><u>Scale 2:</u></p> <ul style="list-style-type: none">- depends upon who is in the group and how often they claim, Irish would not claim every single bit- I believe that a such a platform is an offence against the basic insurance principle 'all for one and one for all'. I assume that most people (with a bad risk profile) think this way. <p><u>Scale 3:</u></p> <ul style="list-style-type: none">- Younger people would be more interested I think	<p><u>Coding Scheme</u></p> <ul style="list-style-type: none">- Age (younger generation) (6x)- Sharing Economy / Platforms / P2P Lending (5x)- Rewards, money payback (6x)									

<ul style="list-style-type: none"> - I don't know - The concept is not yet tested. People are usually open to products that are proven to be working <p><u>Scale 4:</u></p> <ul style="list-style-type: none"> - I think people who are educated/ younger maybe more willing to try it. - It's quite a radical solution. I think younger people would be open to this. It fits with the values of the Millennials. People my age might be suspicious that others in the group would not act fairly. - Peer-to-peer lending has taken off to some extent. - Cooperative companies are on the rise in UK, so sharing profits and losses is becoming a common method of business in the UK so I feel this could be applied to insurance too. - People like to try new concepts and sharing platforms are popular, so why shouldn't insurance follow a similar process if it can be successful - Maybe younger population of Canada would be ready for that kind of insurance. I think it would probably work with an entrepreneur clientele. - The lack of trust in mainstream insurance could drive them towards a seemingly more trustworthy option - On one hand, Swiss people are not very open-minded but on the other hand they like to be treated fairly. <p><u>Scale 5:</u></p> <ul style="list-style-type: none"> - I think this system would give power and responsibility to the consumer and right now I think Americans would be really open to this. - I think that people would generally be open to this idea as it potentially rewards such things as good driving or good health. People are often more connected to those who are similar to them and may like the idea of having insurance that caters to their specific population/needs. - I would think so - there is cover that large claims would still be covered by the insurer. - P2P financing of loans is popular, why not insurance. - I believe Canada has a very open and liberal culture where people are open to change and new ideas. This, along with the fact that many people (and a large portion of millennials) are getting tired of traditional business and market models would probably make a model like this attractive for a large body of people. - Insurance premiums are massively rising in Ireland so I think people would be very interest in any scheme that you can get cost back from - We normally go for insurances that guarantees premium pay back after a certain period if there is no claim - The concept offers a form of saving some money. This would be the value proposition for many people. <p><u>Scale 6:</u></p> <ul style="list-style-type: none"> - Certainly, there is a sentiment that insurance companies are a rip off for most people - any notion of a change to this system would probably be well received. The idea of a rebate would of course also be hugely popular! - Think that any idea to get money back on something people will be interested in trying out. - Insurance companies are sometimes slow to pay out large claims. particularly work absences. they feel they are above the law - They like trying new thinks especially when you get money back - People (youngsters) love new platforms and will investigate and pick the program apart, reading about it and searching media for more information. Curiosity will take over. 	<ul style="list-style-type: none"> - Enhanced Trust / Fairness (5x) - Customer Involvement / Customization (2x)
<p><u>Statements User Group 2</u></p> <p><u>Scale 1:</u></p> <ul style="list-style-type: none"> - Such system isn't in Japan. First, I think that an advantage of the system needs to be understood by us. - Because almost all people are negative about new things in Japan. Needs time. - People don't trust technology or insurers, and this would sound complex to understand - We don't trust each other <p><u>Scale 2:</u></p> <ul style="list-style-type: none"> - Just because we are conservative (Japan) 	<p><u>Coding Scheme</u></p> <ul style="list-style-type: none"> - Willing to try new things(2x) - Reluctance towards new things(8x) - Lack of Trust (in systems or people) (7x)

<ul style="list-style-type: none"> - The culture is not entirely honest, this, people have less trust in systems or in each other. So, there may be some resistance to the idea due to that lack of trust. - I think people would be thinking that their group will probably be always taping into the funds and there would not be enough funds for their health needs. - They would still prefer a renowned company, rather than a group of like-minded people. - People in general are cautious with new businesses, business models they don't know - Haven't heard about it and it's about money so I think people prefer to wait and see how does it work. - Our culture is conservative, people are suspicious towards new business models - Risk is not overseen and many think it's unnecessary - Our people are more conservative to changes and new ways of insurance - Generally, not open to insurance - There is no such a thing in Turkey; therefore, people may not to choose this method. Because it is new and more complicated than the traditional one. <p>Scale 3:</p> <ul style="list-style-type: none"> - People does not trust in insurances, I think it will be worst to add trust to a group of people that can access or benefit with this group fund. - No trust - It may be difficult for Turkish people to accept that system <p>Scale 4:</p> <ul style="list-style-type: none"> - Well sort of. They will try it if they can do it with their close family and friends but as I said trust is really key. In my culture people don't trust one another so easily and will assume an opportunistic behaviour if they can't trust a person. Once someone thinks a peer will behave opportunistically they will behave opportunistically as well which will bring down the concept. - People are not so cautious. They are willing to try new things - In Russia, Feedback from other people plays a very big role while purchasing. However additional price may influence to the final decision - There are people who are willing to try this sort of insurance concept. - When marketed good enough, any insurance practice would fit in my culture. <p>Scale 6:</p> <ul style="list-style-type: none"> - Education insurance is new and people are e considering it 	<ul style="list-style-type: none"> - No need for insurance (2x)
<p>Q 5d: If you rated them as not open (on scale 1-3). What kind of concerns could they have when purchasing P2P insurance?</p>	
<p><u>Statements User Group 1 (5 ratings on scales 1-3)</u></p> <ul style="list-style-type: none"> - lack of trust - The concept is not yet available in the market. Also depends on the reputation of the company that will offer the service - It's not traditional, it's dependent on people working cooperatively, it's not proven - Fear of the lack of regulation, fear of registering claims. Distrust. 	<p><u>Coding Scheme</u></p> <ul style="list-style-type: none"> - New / unknown / untraditional (2x) - Lack of trust (2x) - Fear (1x)
<p><u>Statements User Group 2 (18 ratings on scales 1-3)</u></p> <ul style="list-style-type: none"> - Trusting peers or group members / trust issues (mentioned: 7x) - There should be a reliable insurance provider to explain people regarding that new system. It may be difficult for people to trust them. - Lack of transparency and confidence in local systems and in others of the same group. - Complicated (mentioned: 2x) - New, complicated, it may be not guaranteed in term of taking money back - It is complicated than the traditional one and it may consist different factors which may affect the whole system. - Unknown business, no history with it - They may not know what will happen if the 40% is finished 	<p><u>Coding Scheme</u></p> <ul style="list-style-type: none"> - Trust Issues / Group Risk (10x) - Unknown, P2P reputation / trustworthiness (3x) - Complicated (3x) - Reliability / Safety (2x)

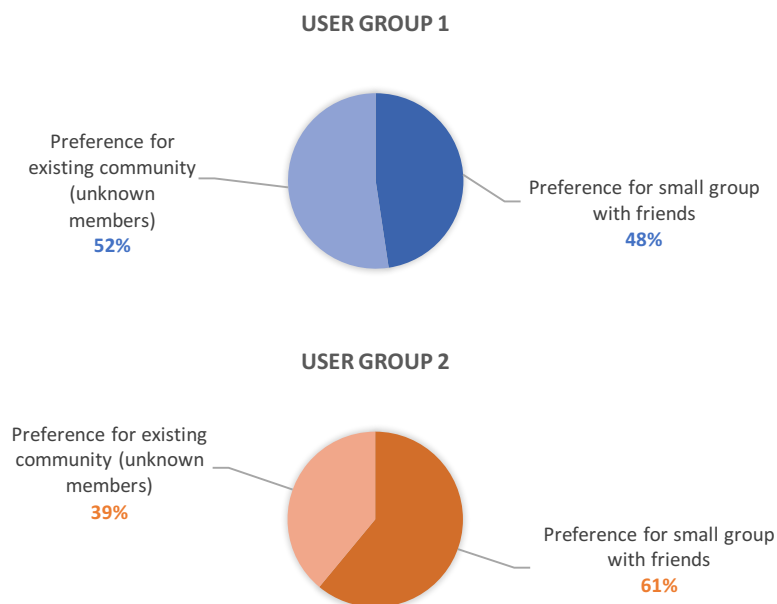
- Finding the right partners, how the premium will be spread between the group, etc.
- **Safety and apply.** Insurance system is totally different from Switzerland than in Mexico.
- The **reliability and safety**
- I think people would be thinking that their group will probably be always taping into the funds and there would not be enough funds for their health needs.
- **Group risk** implies they are affected if other people default on insurance premiums.

Q 5e: In general, how would you assess the tolerance or openness towards innovative business models and products in your culture? Do people feel comfortable or curious to try out new concepts?



Scenario Case Questions

Q 6: Would people from your country prefer to set up a small group with friends or to join an existing community with lots of members that they probably do not know? (Note: only 19 participants per group answered this question)



Q 7: Why would people from your culture prefer to set up a group with friends or join an existing group with unknown members?

Statements User Group 1

Reasons to form small group with friends

- **Trust issues (mentioned: 2x)**
- **Trust is a lot higher with people you know.**
- **Trust is an issue, there are too many scams**
- **Trust in those people that they are making appropriate claims**
- **Group of friends, people that they trust more.**
- Might be easier with a group of friends

Coding Scheme

- **Trust Issues** (7x)
- **Easier, comfortable** (3x)
- **Exclusivity** (1x)

- I think that people often connect more with friends or small groups of similar people, so they would feel that peer to peer insurance would ultimately benefit them more. At the same time, there are plenty of people with health problems, larger families, poor driving records, communities prone to natural disasters, etc. who would not support peer to peer insurance because they benefit more from having a larger insurance pool to share higher costs and risks collectively.
- Swiss people are rather shy and they need to be in a familiar environment to feel comfortable.
- Demographics! People who consider themselves middle class mainly living in the suburbs would prefer an exclusive group.
- I think it would be difficult to know exactly what people would do but as this insurance is innovative, I think more people would like to try it with some friends where they have direct contact with them if needed.
- People are more comfortable with known variables.
- Because trust would be key, it would be important to being part of a group with people that one trusts.

Reasons to form group with strangers

- I just think people might not want to be financially linked to their friends. Plus, then you might resent your friends if they make a large claim (as you don't get that part of your premium back?)
- It's my personal opinion that friendships and familial relationships would benefit from staying separate to matters of business - particularly if it involves the chance of one party being held responsible for a whole group not receiving money back etc. Anonymity would just create a neutral, unbiased group and any benefits at the end of a period could be seen as a bonus.
- More people would rather have lower risk with more people
- Although I think you would expect more people to want to form a group with friends, I think people in my culture would worry that those friendships could be damaged and it would be awful if you realised that your friend defrauded you. Therefore, I think if they were to try this concept, they would think it was better to do it with a group of like-minded people who are committed to getting the return of funds at the end of the year, rather than co-opting their friends in who might not be committed to the ethos and values.
- As the saying goes, "don't mix business with pleasure". Claims by friends could potentially damage friendships.
- Family & friends can lead to distrust
- The majority living in the townships (poor areas) would just join a big group to gain better benefits.
- It's easier to register a claim in a big group with unknown members as you only harm people you barely have anything in common.
- They would probably prefer to join an existing community more, rather than with friends or family members for privacy reasons, as well as when it comes to anything involving money people would prefer to keep friends/ family out of it
- I think a group as then it is not personal. For example, if it is friends and you know the person who has caused the potential cash to not be able to be paid back then you may develop an annoyance towards them
- Americans generally don't trust each other and like to remain anonymous.

Coding Scheme

- Separation of financials & friends (7x)
- Neutrality / Anonymity / Privacy (5x)
- Economies of Scale (2x)

Statements User Group 2

Reasons to form small group with friends

- Again, trust if they don't know the other peers they are going to be afraid they will just claim as much as possible making their share of the pie disproportionately bigger than the rest. And thus, will not want to "subsidize" the opportunistic
- You cannot easily trust unknown people
- The Japanese is shy, and communication ability is low. Reliability of small group is higher than another one. So, I think that Japanese people prefer small group with friends.

Coding Scheme

- Trust Issues, Reliability (15x)
- Safety, less risky (4x)
- Recommendation, Word-of-Mouth (2x)

<ul style="list-style-type: none"> - We trust them because of our friends - People here don't tend to associate themselves with people they don't know. Specially, when it comes to financial - Availability of funds and payback chances - They would rather prefer to set it with friends, rather than with unknown persons due to trust issues. - Trust that friends would pay premiums and would not make fraudulent claims, which means they'd get more money back at the end of the insurance period - Small groups people know each other. Trust in relationship is important - Trust issues (mentioned: 2x) - Trust friends - They trust them more and know their behaviour to some extent - Because they trust - Reliability issues, Word of Mouth - To feel safer with people who they know and less risky - I would take less risk with the people I know well. - They are going to tend to prefer the people they know before in my opinion. - Less risk of claim is made by others - I think the only way to change the preference in my culture to a P2P insurance system is once it's tried and tested long enough for people to start getting used to the idea, and hearing about good experiences from others on the topic. - People do not trust each other in my culture, they think everyone is going to cheat - In a very big country the level of trust among people is very small. So, the small group may seem more transparent and reliable - Because robbery is quite big. I think that this model could be open also for fraud in a country that even insurance is quite a privilege. <p>Reasons to form group with strangers</p> <ul style="list-style-type: none"> - To keep their privacy from their friends. - They want to keep their personal info in confidential. 	<ul style="list-style-type: none"> - Neutrality / Anonymity / Privacy (2x)
<p>Q 8: In your opinion, would people from your country trust that unknown group members behave fair or are they rather sceptical towards strangers? Please explain why.</p>	
<p><u>Statements User Group 1</u></p> <p>Skepticism towards big group with strangers (15 mentionings)</p> <ul style="list-style-type: none"> - Sceptical (mentioned: 2x) - I would say rather sceptical - Rather sceptical as it is easier to register a claim in a group you don't know anybody. - Sceptical towards strangers perhaps - Sceptical, especially considering one reason premiums go up in the first place is the false claim culture - I think people in the US are generally sceptical of strangers or unknown people. There is mistrust of immigrants, Muslims, African Americans, people from other countries, etc. People in the US tend to be insular in large swaths of the country- divided by race, sexuality, religion, class, etc. But, there are certainly individuals who are not. - A little sceptical but with sufficient regulations might be up for it - They would definitely be sceptical of strangers but it might be seen as simply one of the risks of joining a scheme with a lot of other benefits. Perhaps a model which reshuffled anonymous individuals each period would provide a level of fairness. - Probably not trustworthy or strangers - I think this would be less likely - there is some general suspicion of others (e.g. As potentially people who make fraudulent claims) and would not be curtailed by concern about what those in the group would think of them as they do not have established relationships. 	<p><u>Coding Scheme</u></p> <ul style="list-style-type: none"> - Sceptic towards strangers (15x) - Mistrust, anonymity might increase claims (5x) - Need for regulation (6x) - Trust in Strangers (7x)

- I think they would be sceptical but if groups were clearly composed of similar people and the profiles were explained, vetted and clearly outlined and guaranteed in a contract people might reason with the numbers and choose the larger group as it would statistically become more enticing
- They are, better the devil you know its strongly used here
- Trust is minimal in my country as there is very high crime rate
- They would be sceptical as there is a history of people being scammed, making it difficult to be involved with people that they don't now
- They would be rather sceptical because they do not trust in people they don't know for a long time.

Trust in Group with Strangers (6 mentionings)

- I think Americans would feel more comfortable in a larger group of strangers as opposed to a small group of peers.
- I think that British people are quite trusting and would expect people to behave in a fair and just way.
- Generally, I think people trust each other.
- Yes, I think if it was a community type scheme and they could be assured that it would be managed well and that claims weren't to paid out that they were confirmed beforehand
- Our common upbringing is based on the philosophy of "Ubuntu". This means a person cannot exist without others. The concept of "Ubuntu" underlines the importance of the strength of the collective.
- This has also lead to community concepts such as "Bambanani"; "Masakane" or "Semunye" with the emphasis on alone you cannot achieve but together we can. The point being we're a collective culture.

General Inputs

- That's a very broad question with a lot of possible answers. I think they would need a rating system to give them confidence
- I don't think they are sceptical of strangers but some are sceptical of foreigners.
- Depending if the group of strangers was recommended by someone they trust and it has a good reputation within the community
- Would require an arbitrary system. independent manager

Statements User Group 2

Skepticism towards big group with strangers

- They are sceptical. The community is not so bound to trust each other
- They are sceptical the bigger and more anonymous the more sceptical. People who behave unethically or opportunistic are not uncommon and people in my country will think of the worst scenario first and thus will not like the idea so much
- As partner's information is little, a partner can't be trusted more.
- In my opinion, cannot trust them because of unknown
- I'd say Japanese people could be sketchy because we don't really open our hearts to the strangers (aka conservative)
- They would be sceptical and hesitant. This is because the level of education and knowledge of people in general is low, and so, one might be hesitant to depend on other group members or trust them enough to set up a system with them.
- No
- Sceptical (mentioned: 3x)
- People are sceptical towards strangers.
- No, they will be sceptical....in terms of money if you will put it into a bag you have to know exactly who can access it.
- Sceptical due to non-trusting nature
- Sceptical towards strangers
- They are sceptical towards strangers. It is hard to trust
- This relates to the crime rate of the country. In our case people would be sceptical.

Coding Scheme

- Sceptic towards strangers (18x)
- Mistrust, anonymity might increase claims (9x)
- Need for regulation (1x)
- Trust in Strangers (1x)
- Crime Rate (2x)
- Economies of Scale (1x)

- I would say they are **sceptical towards strangers** on the basis of culture of the population.
- People usually **do not trust strangers**, especially if money is the subject.
- **Sceptical towards strangers**. If there is a friend of you in the group and share the idea and cases with you or convince you, it will be most likely that people would join that group.
- **No**, they would **like to hear from trusted people**

Trust in Group with Strangers

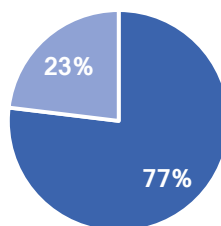
- **Yes**, If **the platforms are run with clear regulations and penalties**.
- Only in case if the group size is not big. **People more sceptical** and afraid to be cheated and lose money
- Even they do not trust the more **gaining opportunity and the easiness of being in such a group may be an advantage for this group**

General Inputs

- It's depend on how reliable and professional they are.
- I don't know. I cannot think of a generalized collective thought (fair or sceptical) people from my country would adopt.

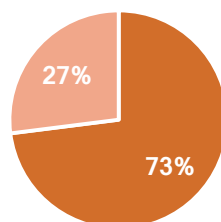
Q 9: If they would join an existing group with unknown members, how would you assess the need for rules and regulations?

User Group 1



- Clear regulation and behavioural rules should be provided by the platform provider or institution.
- Rules should be adaptable and members should be encouraged to contribute in rule-setting (e.g. through feedbacks or votings).

User Group 2



- Clear regulation and behavioural rules should be provided by the platform provider or institution.
- Rules should be adaptable and members should be encouraged to contribute in rule-setting (e.g. through feedbacks or votings).

10. How would you assess the attitude towards sharing information with the insurance provider and other group members?

