

Appendix A Appendix

Online Appendix Self-serving dishonesty

TABLE A1: TESTING CONFIDENCE LEVELS BETWEEN CONTROL & INCENTIVE TREATMENTS

Licensed	Speeding	Parking	Value	Other	Gender	Marital	Age	Accidents	Alcohol	Miles
-0.62	2.63***	0.60	1.19	0.47	-1.06	-0.26	-1.06	-0.25	-0.84	-0.71

Z score test statistics from a Mann-Whitney test of differences where *, ** and *** indicate statistical significance at the 10%, 5% and 1% levels, respectively. We compare the distribution of responses about confidence in each of the 11 responses for the Control Treatment and the Incentive Treatments.

TABLE A2: SELF-SERVING DISHONESTY & HONOR CODE: ALL QUESTIONS

	Licensed	Speeding	Parking	Other	Gender	Marital	Age	Accidents	Alcohol
All Honor Code Interventions	1.87*** (0.69)	1.27** (0.5)	3.48*** (1.26)	2.12*** (0.8)	-0.27 (0.47)	-0.61 (0.44)	0.26 (0.35)	1.22** (0.6)	1.87*** (0.72)
Incentive Treatment	0.67 (0.72)	1.23** (0.5)	2.57** (1.29)	1.99** (0.8)	-0.55 (0.47)	-1.09** (0.45)	0.28 (0.35)	1.13* (0.59)	1.94*** (0.72)
Constant	-4.44*** (0.63)	-2.45*** (0.45)	31.85*** (1.15)	-3.77*** (0.75)	-4.24*** (0.4)	6.75*** (0.38)	-1.59*** (0.31)	-3.05*** (0.55)	11.85*** (0.62)
Observations	1069	1069	1069	1069	1069	1069	1069	1069	1069
R^2	0.01	0.008	0.008	0.01	0.002	0.006	0.0007	0.006	0.008
Omitted Group	Control Treatment								
F tests									
Honor Code = Incentive	6.27**	0.14	1.94	0.06	0.13	1.85	0.02	0.10	0.01

OLS regression estimates. Robust standard errors in parentheses and *, ** and *** indicate statistical significance at the 10%, 5% and 1% levels, respectively.

Appendix B Rational Lying and Consequence Attenuation

We also examine rational lying and consequence attenuation strategies. A rational lying strategy occurs when an individual weighs the costs and the benefits of behaving dishonestly and does so when the benefits outweigh the cost (Becker, 1968). In the Rational Lying Treatment, subjects are reminded that there can be costs if an individual is caught lying. A consequence attenuation strategy occurs when people find ways of using extenuating circumstances to justify dishonest acts, such as denying that their misbehavior has any great, harmful consequences or that a true victim exists (Sykes and Matza, 1957; Köneke et al., 2015). The latter may involve strategies such as dismissing the victim as simply being a ‘faceless’ corporation or institution that can afford to be harmed, evaluating the victim as deserving harm based on its previous bad deeds or exhibited immoral behaviours, or pointing to perceived inequalities or unfairness that dishonest behaviour might ‘correct’ (Shalvi et al., 2015; Bellé and Cantarelli, 2017; Fukukawa, 2002). We experimentally examine consequence attenuation strategies using two treatments: (1) the Victim Treatment reminds subjects that other individuals are hurt by their dishonesty and (2) the Image Treatment highlights that the insurer has been engaged in a variety of socially beneficial deeds.⁵ We find that the Rational Lying Treatment is ineffective at mitigating dishonesty, while the Consequence Attenuation interventions reduce dishonesty by only 9%.⁶

Appendix B.1 Treatment Descriptions

TABLE B3: SAMPLE SIZES BY TREATMENT ASSIGNMENT

Treatment	Sample Size
Attenuation	
Victim	154
Image	153
Rational Lying	152
Total	459

Rational Lying A second type of intervention was implemented in the *Detection Treatment*. It is aimed at rational lying strategies and follows the identical structure as the Base Incentive

⁵See also Christodoulou et al (2020) who test the effectiveness of consequence attenuation and attenuation through victim deservingness in a field experiment with an insurer.

⁶While we discuss the results from the Rational Lying and Consequence Attenuation interventions, we relegate the results to Appendix B for two reasons because: (1) these types of interventions are not as developed in the literature and thus there may be specific interventions aimed at these two strategies that are not included here but that might yield different results; and (2) these interventions are more hypothetical and thus we interpret the results cautiously.

Treatment, except that before the questionnaire we provide the following information to increase the participants' awareness of the risk of their dishonesty being detected in real life: "Once a customer is unfortunate to be involved in an accident and makes a claim, the insurer may verify the information from some of the questions before the claim is validated. If the information turns out to be wrong the customer may lose the entitlement to receive financial help from the insurer." The Detection Treatment is intended to examine Becker's rational detection-punishment approach.

Consequence Attenuation The third type of Intervention Treatments, the Victim Treatment and the Image Treatment, are aimed at counteracting strategies that attenuate the severity of negative externalities that lying has on others. The structure of these Treatments is identical to the Base Incentive Treatment, except that each of the two Treatments provides additional information before subjects respond to the survey. In the *Victim Treatment* we provide the following information to make participants aware that being dishonest in insurance applications has negative externalities on other policy holders: "Providing an insurer with wrong information can negatively affect other customers. Insurance premiums are calculated based on the personal information that customers provide. If the insurer needs to spend more money on paying claims than expected due to falsely indicated information, the premiums for all customers may be raised." The victim information is intended to make salient that other people are in fact harmed by dishonest reporting. To the extent that dishonest reporting is the result of assuming (or ignoring) the negative externality that others are harmed, making the victims more salient should counterbalance this justification strategy for dishonesty.

In the *Image Treatment*, we provide some (true) examples for socially responsible behavior among automobile insurance companies: "The service of insurance providers often goes beyond providing a security net for its customers. Liberty Mutual, for example, funds non-profit organizations that help the homeless, people with disabilities or those that are in a disadvantaged position, thus supporting the most vulnerable members of society. Likewise, Nationwide awards grants to support organizations that help in emergencies, providing basic needs and crisis stabilization." The image information presented is intended to counteract the strategy that customers may use to justify dishonesty by assuming that insurers are themselves unethical organizations and thus harming them is not immoral. By indicating the good deeds insurers are doing, the image of insurers as immoral is intended to be harder for customers to maintain.

Appendix B.2 Results

Individuals who engage in consequence attenuation convince themselves that their behaviour is victimless and thus unharmed, or that the victim simply deserves to be harmed. We design two interventions aimed at these strategies: (1) Image Treatment and (2) Victim Treatment. The Image Treatment is designed to remind subjects that the insurance companies are not faceless

profit-maximizing corporations but are organizations that also engage in socially beneficial endeavors. The implication is that acting dishonestly towards the insurance company could have negative repercussions on their ability to help others. The Victim Treatment reminds subjects that statements that falsely increase their claims will have negative externalities for other policy holders. Pooled together, we find that the Consequence Attenuation Intervention reduces dishonesty in the “Miles” question by \$2.72 (11%) but has no effect on responses to the “Value” question.

A final motivation for lying that we explore is rational dishonesty: if the cost of being punished for dishonesty is low, then individuals will engage in more dishonesty. To examine this motivation, we design the Rational Lying intervention, which reminds subjects that when claims are made the insurer may verify the information provided and if false information is detected then the individual may forfeit their right to any claim. We find that the Rational Lying Intervention has no effect on reducing dishonesty in the “Miles” or “Value” question.

Table B4 shows the average effects of the Consequence Attenuation and Rational Lying Interventions at mitigating dishonesty. Table B5 we also examine the differences in responses that arise from each individual intervention Treatment relative to the Incentive using a Mann-Whitney test. In this table, we report the z-score associated with each of the tests and report the level of significance. In sum, none of the interventions are effective at mitigating self-serving dishonesty in the Value question, however a fraction of the dishonesty in the Miles question is mitigated by interventions targeting moral ambiguity and attenuation strategies. In particular, each of the honor codes implemented under the Honor Code interventions contributed to reducing dishonesty. On the other hand, of the attenuation interventions implemented, only the Victim Treatment, and not the Image Treatment, effectively mitigated dishonesty.

TABLE B4: SELF-SERVING DISHONESTY, ATTENUATION & RATIONAL LYING

	Licensed	Speeding	Parking	Value	Other	Gender	Marital	Age	Accidents	Alcohol	Miles
Attenuation Intervention	1.13** (0.5)	0.18 (0.29)	1.28 (0.86)	-0.89 (1.10)	0.55 (0.37)	0.04 (0.37)	0.79** (0.36)	0.04 (0.26)	-0.33 (0.37)	1.13** (0.54)	-1.24 (1.16)
Rational Lying Intervention	0.55 (0.65)	0.63** (0.28)	0.18 (1.19)	1.21 (1.31)	0.47 (0.52)	1.04** (0.46)	0.59 (0.46)	0.19 (0.32)	0.14 (0.41)	0.09 (0.72)	-0.92 (1.48)
Control Treatment	-0.67 (0.72)	-1.23** (0.5)	-2.57** (1.29)	-7.55*** (1.48)	-1.99** (0.8)	0.55 (0.47)	1.09** (0.45)	-0.28 (0.35)	-1.13* (0.59)	-1.94*** (0.72)	-13.68*** (1.51)
Constant	-3.77*** (0.34)	-1.22*** (0.21)	34.42*** (0.59)	-13.38*** (0.69)	-1.79*** (0.28)	-4.79*** (0.23)	5.66*** (0.23)	-1.31*** (0.17)	-1.92*** (0.22)	13.79*** (0.35)	-26.38*** (0.71)
Observations	1069	1069	1069	1069	1069	1069	1069	1069	1069	1069	1069
R^2	0.008	0.02	0.009	0.03	0.02	0.006	0.008	0.001	0.006	0.02	0.08
Omitted Group	Incentive Treatments										

OLS regression estimates comparing the Attenuation Intervention & Rational Lying Intervention to the Incentive Treatments and Control Treatment. Robust standard errors in parentheses and *, ** and *** indicate statistical significance at the 10%, 5% and 1% levels, respectively.

TABLE B5: NON-PARAMETRIC TEST OF THE INTERVENTIONS ON MITIGATING DISHONESTY IN THE VALUE AND MILES QUESTION

	Check Box	Honor Code		Attenuation		Rational Lying
		Signature	Signature PS	Image	Victim	Detection
Miles	2.33	2.88*	0.63	0.01	2.16**	0.18
Value	0.98	0.61	2.00	1.08	0.03	0.46

Z score test statistics from a Mann-Whitney test of differences where *, ** and *** indicate statistical significance at the 10%, 5% and 1% levels, respectively. We compare the distribution of responses from the Miles and Value question for each intervention Treatment to the Incentive Treatments.