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Why Parent Brand Trust Is Not Enough? Entitativity, Perceived Quality, and Perceived Risk in Life Insurance Trust Transfer

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ABSTRACT

This research investigates the mechanisms by which trust transfers from prominent parent brands to their affiliated life insurance sub-brands in Indonesia. While consumers may trust established conglomerates, this trust may not automatically translate into credibility for their life insurance extensions. The study examines how entitativity, operationalized as perceived similarity and brand tie, together with perceived quality and perceived risk, facilitate sub-brand trust and behavioral intention. Using a quantitative survey approach, data from 483 valid respondents were evaluated via partial least squares structural equation modeling (PLS-SEM). The analysis identified a significant but weak direct effect of parent brand trust on sub-brand trust. This shows that a reputable parent brand may help establish initial trust, but cannot substitute for the consumer's own evaluation of the life insurance sub-brand. Clearer parent–sub-brand unity, higher perceived quality, and lower perceived risk promote trust in the sub-brand, which is a significant driver of behavioral intention. This data was limited to only Indonesian respondents. This study contributes to trust transfer literature by conceptualizing entitativity as a higher-order construct in hierarchical brand relationships, offering practical guidance for life insurance companies to leverage parent brand equity through service excellence and clearer brand integration.

Keywords: Trust Transfer, Entitativity, Perceived Quality, Perceived Risk, Life Insurance
JFL Classifications: G22, M31, D81

1. INTRODUCTION

An overview of the financial sector indicates that life insurance remains less deeply adopted than banking as a basic financial service. According to the Swiss Re Institute (2024), life insurance penetration in Indonesia remains below 1% of GDP, well behind several more developed Asian markets such as Singapore, Hong Kong, and Japan. This gap is important for the present study because low life insurance penetration cannot be explained only by market size. How consumers see life insurance providers also matters, especially in a category that requires long-term trust and financial commitment.

Prior studies have linked life insurance demand to financial literacy, risk aversion, and trust. In particular, trust is important because life insurance requires consumers to make long-term financial commitments under uncertainty, and higher trust in the provider can increase demand and strengthen purchase intention (Tanjung and Cahyanti, 2025; Hasyim and Helmi, 2017; Masud et al., 2021).

One strategic way to address this trust challenge is to leverage the parent brand's reputation. In Indonesia, many life insurance companies operate under larger and more established parent brands. Several parent brands in this study originate from the banking sector, including Bank Mandiri, BRI, and BCA, which are major financial institutions in Indonesia. Other parent brands come from diversified business groups with strong associations in different sectors, such as Astra in automotive, heavy equipment, mining, construction and energy, Sinar Mas in agribusiness,

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Lippo Group in property and healthcare, and CT Corp in media, retail, and lifestyle businesses. This familiarity may help the sub-brand become easier to recognize and consider. However, just because consumers are familiar with the parent brand, it does not necessarily mean they will automatically trust the affiliated life insurance sub-brand.

The same issue can also be seen from the industry structure. According to the Indonesian Life Insurance Association (Asosiasi Asuransi Jiwa Indonesia [AAJI], 2025), Indonesian life insurance companies can be classified into four broad categories: global life insurance brands, global non-life insurance brands, national non-life insurance brands, and national life insurance brands. The national non-life category covers Indonesian conglomerates and bank-led parent brands that have affiliated life insurance companies. In 2024, this category accounted for roughly 49% of the industry. This makes parent-brand affiliation more than a branding choice; it is part of how the industry is structured.

Trust transfer provides the theoretical basis for reading this phenomenon. Stewart (2003) characterizes trust transfer as a process where trust in one entity can affect trust in another related entity. Subsequent studies have applied this idea in a variety of digital and service environments such as e-commerce, mobile services, healthcare, and internet-only banking (Lee et al., 2008; Wang et al., 2013; Lien et al., 2014; Zhang et al., 2018). These studies suggest that consumers often use existing trust as a benchmark when evaluating a similar yet less familiar service provider. In life insurance, however, the transfer may not be that simple because consumers deal with an intangible product, a long-term commitment, and financial uncertainty.

This study examines trust transfer between a parent brand and its life insurance sub-brand. Prior research has shown that trust can be transferred from one entity to another, but the mechanisms that strengthen or weaken this transfer within hierarchical brand relationships remain poorly understood. In this case, consumers may question not only whether they trust the parent brand but also whether the life insurance sub-brand appears capable, safe, and truly connected to the parent brand.

In the present study, three mechanisms are considered to represent this process: entitativity, perceived quality, and perceived risk. Entitativity refers to the degree to which the parent brand and the sub-brand are seen as a cohesive and related whole (Campbell, 1958; Brewer and Harasty, 1996). In this study, entitativity is modeled as a higher-order construct consisting of perceived similarity and perceived brand tie, following the hierarchical-construct approach in PLS-SEM (Hair et al., 2019). These two dimensions are adapted from prior studies on perceived similarity and brand tie in related-brand relationships (Song et al., 2009; Lee et al., 2014; Newmeyer et al., 2018; Gong et al., 2020). Perceived quality reflects consumers' evaluation of the sub-brand's ability to provide reliable and valuable insurance products (Zeithaml, 1988). Perceived risk refers to consumers' concerns about uncertainty, financial loss, data security, and the provider's capacity to meet its responsibilities (Mitchell, 1999).

All things considered, this study aims to examine how parent brand trust is transferred to an affiliated life insurance sub-brand through entitativity, perceived quality, and perceived risk. It also explores how trust in the sub-brand influences behavioral intention. By examining these relationships, this research contributes to the trust-transfer literature on parent-brand and sub-brand relationships. Furthermore, the study provides practical implications for life insurance companies on managing parent-brand credibility to support sub-brand trust and consumer intention.

2. LITERATURE REVIEW AND HYPOTHESES

2.1. Brand Trust and Perceived Quality

Perceived quality refers to consumers' subjective assessment of a product or brand's overall excellence, which may differ from objective quality because it is shaped by perceptions and experiences (Zeithaml, 1988). In service contexts, quality is also reflected in consumers' evaluation of service performance and reliability (Brady and Cronin, 2001). In parent-brand-sub-brand relationships, consumers may use the parent brand as a cue when evaluating an affiliated sub-brand, especially when they perceive a fit or meaningful connection between the two brands (Aaker and Keller, 1990).

This relationship is relevant in life insurance because consumers often find it difficult to assess service quality before purchase. A trusted parent brand may shape expectations that the affiliated life insurance sub-brand will deliver reliable protection, professional service, and credible claim-handling processes. Brand credibility can also work as a signal that reduces uncertainty and supports consumers' evaluation of quality (Erdem and Swait, 1998). Therefore, the following hypothesis is proposed:

H_1: Brand trust in the parent brand positively influences perceived quality of the life insurance sub-brand.

2.2. Brand Trust and Perceived Risk

Perceived risk refers to consumers' perception of uncertainty and potential negative consequences associated with a purchase decision (Mitchell, 1999). In financial and digital service contexts, perceived risk is often related to financial loss, transaction uncertainty, and confidence in the service provider (Chang and Chen, 2008; Belanche et al., 2012). This issue is especially relevant in life insurance because customers make long-term financial commitments for a product whose benefits are usually realized in the future.

Prior studies suggest that brand trust can reduce perceived risk and strengthen confidence in purchase decisions, especially when consumers face uncertainty or limited information (Chaudhuri and Holbrook, 2001; Chen and Chang, 2012). In the parent-brand and sub-brand context, a reputable parent brand may make an affiliated life insurance sub-brand appear more reliable, particularly when consumers have limited direct experience with the sub-brand. Therefore, this study proposes the following hypothesis:

H_2: Brand trust in the parent brand negatively influences perceived risk of the life insurance sub-brand.

2.3. Brand Trust and Entitativity

Entitativity refers to the degree to which related entities are seen as a single, cohesive, and unified whole (Campbell, 1958; Brewer and Harasty, 1996). In the parent-brand and sub-brand context, entitativity reflects the extent to which consumers perceive the two brands as meaningfully connected in terms of identity, similarity, and brand relationship.

In the present study, entitativity is conceptualized as a higher-order construct composed of perceived similarity and perceived brand tie. Perceived similarity reflects the extent to which consumers view the parent brand and the sub-brand as alike (Newmeyer et al., 2018; Gong et al., 2020), while perceived brand tie captures the perceived strength of the relationship between the two brands (Song et al., 2009; Lee et al., 2014). The higher-order specification follows the hierarchical construct approach in PLS-SEM (Hair et al., 2019). On this basis, the present study proposes the following hypothesis:

H_3: Brand trust in the parent brand positively influences entitativity between the parent brand and the life insurance sub-brand.

2.4. Brand Trust in the Parent Brand and Brand Trust in the Sub-Brand

Trust transfer theory posits that trust in a familiar and credible entity could alter the trust-building process toward a different, linked entity (Stewart, 2003). When the parent brand is perceived positively, consumers may be more inclined to transmit this positive evaluation to an affiliated sub-brand, particularly when the brands are obviously and meaningfully connected (Lee et al., 2014; Zhang et al., 2018).

This relationship is especially relevant in life insurance, where trust is not formed instantly. Parent-brand credibility may support initial trust in the sub-brand, but the high risk and intangibility of life insurance mean that consumers still need additional evaluation cues before fully trusting the sub-brand. Therefore, the following hypothesis was proposed in this research:

H_4: Brand trust in the parent brand positively influences brand trust in the life insurance sub-brand.

2.5. Perceived Quality and Brand Trust in the Sub-Brand

Perceived quality is an important antecedent of brand trust because service performance and reliability can signal competence and consistency (Brady and Cronin, 2001). Consumers are more likely to trust a brand when they believe its products or services are reliable and capable of satisfying their expectations. In service contexts, perceived quality has also been linked to trust formation, as service performance is an important basis for evaluating provider reliability (Lien et al., 2014).

This relationship is particularly relevant in life insurance, where customers consider not only the product itself, but also the provider's professionalism, claims handling, service quality, and long-term stability. Because life insurance is difficult to evaluate before purchase, perceived quality becomes an important cue in building trust toward the sub-brand. Therefore, consumers who believe the life insurance sub-brand is high-quality are more likely to trust it. The present study proposes that:

H_5: Perceived quality positively influences brand trust in the life insurance sub-brand.

2.6. Perceived Risk and Brand Trust in the Sub-Brand

Perceived risk is particularly significant in building trust in services with high uncertainty. Perceived risk reflects consumers' concerns about uncertainty and potential negative consequences in a purchase decision (Mitchell, 1999). For life insurance, perceived risk may be related to policy complexity, claim denial, financial loss, data privacy, and the ambiguity of the provider's long-term obligations.

Higher perceived risk reflects greater uncertainty and concern regarding the life insurance sub-brand. These concerns may weaken consumers' confidence in the provider's ability to protect their financial interests, maintain data security, and fulfill its long-term obligations. Therefore, consumers who perceive greater risk are less likely to trust the life insurance sub-brand (Pappas, 2016). Accordingly, the current study presents the following hypothesis:

H_6: Perceived risk negatively influences brand trust in the life insurance sub-brand.

2.7. Entitativity and Brand Trust in the Sub-Brand

Entitativity is an important relational mechanism in the process of trust transfer. Consumers who perceive the parent brand and the sub-brand as meaningfully connected are more likely to regard the sub-brand as reputable and trustworthy. This perception helps consumers understand the relationship between the two brands and reduces uncertainty when evaluating the sub-brand (Campbell, 1958; Brewer and Harasty, 1996; Gong et al., 2020).

Entitativity can strengthen the perception that the sub-brand shares similar standards, values, and reliability as the parent brand. This is particularly true in life insurance, where buyers tend to rely on relationship cues to assess unknown or high-risk alternatives. Therefore, consumers who have a strong sense of unity between the parent brand and the life insurance sub-brand are more likely to trust the sub-brand. The following hypothesis is suggested:

H_7: Entitativity positively influences brand trust in the life insurance sub-brand.

2.8. Brand Trust in the Sub-Brand and Behavioral Intention

Behavioral intention refers to an individual's readiness or willingness to perform a specific behavior and is commonly used to capture consumers' intention to adopt, use, or continue using a product or service (Venkatesh et al., 2003). In service research, behavioral intention also includes favorable behavioral responses such as purchase intention, continuance intention, and willingness to recommend the service to others (Zeithaml et al., 1996). In this study, behavioral intention is treated as a broad post-trust response in the life insurance context, covering consumers' intention to purchase a policy, consider using the sub-brand's life insurance products in the future, continue paying premiums, and recommend the sub-brand to others.

In life insurance, trust is a key driver of behavioral intention because consumers must make decisions under uncertainty and

commit to a long-term financial relationship (Kiwanuka and Sibindi, 2022). When consumers trust a life insurance sub-brand, they are more likely to believe that the provider will act reliably, handle claims properly, and deliver the promised protection. This confidence can strengthen their intention to act favorably toward the sub-brand. Accordingly, this study proposes the following hypothesis:

H_8: Brand trust in the life insurance sub-brand positively influences behavioral intention.

3. METHODS

3.1. Research Model

This study employs a quantitative approach to examine the trust transfer mechanism from parent brands to affiliated life insurance sub-brands. The research model consists of six main constructs: brand trust in the parent brand, perceived quality, perceived risk, entitativity, brand trust in the sub-brand, and behavioral intention.

Brand trust in the parent brand is proposed to influence perceived quality, perceived risk, entitativity, and brand trust in the sub-brand. Perceived quality, perceived risk, and entitativity are further proposed to influence brand trust in the sub-brand. Finally, brand trust in the sub-brand is expected to influence behavioral intention. The proposed research model is presented in Figure 1.

3.2. Measurement Items and Data Collection

The measurement items were adapted from prior studies and contextualized for parent-brand and life insurance sub-brand relationships. The constructs measured in this study include brand trust in the parent brand, perceived quality, perceived risk, brand trust in the sub-brand, behavioral intention, and entitativity. Entitativity was operationalized as a higher-order construct formed by two first-order dimensions: perceived similarity and perceived brand tie.

All items were measured using a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The perceived risk items were negatively worded, so higher scores indicate higher perceived risk. Consequently, the structural relationships involving perceived risk were expected to be negative.

Data were collected through a self-administered online questionnaire. A purposive sampling approach was employed because the study required respondents who were familiar with both a parent brand and its affiliated life insurance sub-brand. Respondents were asked to evaluate one parent–sub-brand pair, such as Astra–Astra Life, BRI–BRI Life, Bank Mandiri–AXA Mandiri, BCA–BCA Life, Sinar Mas–SMiLe/MSIG Life, Lippo Group–Lippo Life, or CT Corp–PFI Mega Life. This screening ensured that respondents had sufficient awareness of the brand relationship being evaluated.

A total of 610 responses were collected. During data screening, 127 responses were removed because they showed inconsistent answer patterns or straight-lining, in which respondents gave identical values across all items. This screening left 483 valid responses for analysis.

The full list of measurement items and sources is presented in Table 1.

The respondent profile, including the parent-brand and sub-brand pairs examined in this study, is presented in Table 2.

The sample consisted of 483 respondents, with most falling within the productive age groups, and 74.3% were involved in life insurance decision-making as either primary or joint decision-makers. The sample also included both existing and potential life insurance customers, as 53.4% of respondents did not currently pay life insurance premiums.

Figure 1: Conceptual framework

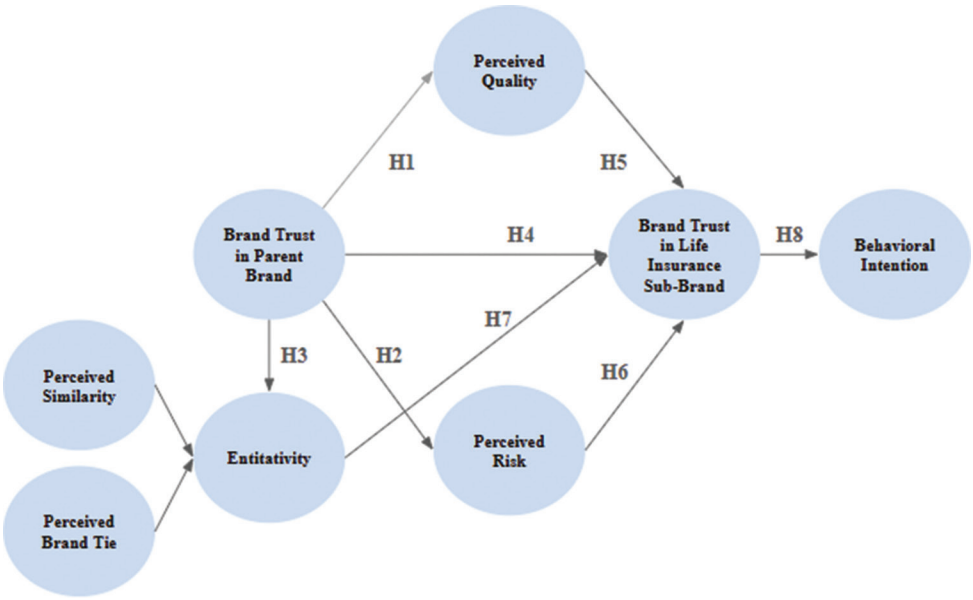


Table 1: Measurement items and sources

Construct	Code	Measurement item	Source
Brand trust in the parent brand	BT1	I trust the brand of this parent brand.	Lau and Lee (1999); McKnight et al. (2002); Delgado-Ballester (2004)
	BT2	Based on my experience, this parent brand keeps its promises.	
	BT3	Based on my experience, this parent brand prioritizes its consumers' best interests.	
	BT4	This parent brand can meet my needs.	
	BT5	I feel safe relying on this parent brand in making purchasing decisions.	
Perceived quality of the sub-brand life insurance	PQ1	The life insurance products from this sub-brand are of high overall quality.	Zeithaml (1988); Brady and Cronin (2001)
	PQ2	I believe the life insurance products from this sub-brand are superior to those of its competitors.	
	PQ3	The life insurance products from this sub-brand have the features and performance I expect.	
	PQ4	I believe that the life insurance products from this sub-brand provide excellent value for money.	
	PQ5	This sub-brand demonstrates professional standards in its service process, including claims handling.	
Perceived risk of the sub-brand life insurance	PR1	I am uncertain about the financial security of this sub-brand.	Chang and Chen (2008); Belanche et al. (2012)
	PR2	Using this sub-brand's products may result in financial loss.	
	PR3	Others could manipulate information related to my transactions with this sub-brand.	
	PR4	It would be easy for my money to be stolen when using this sub-brand's services.	
	PR5	I am concerned about the privacy and security of my personal data with this sub-brand.	
Brand trust in the sub-brand	BTS1	I trust the brand of this life insurance sub-brand.	Lau and Lee (1999); McKnight et al. (2002); Delgado-Ballester (2004)
	BTS2	Based on my experience, this sub-brand always keeps its promises.	
	BTS3	Based on my experience, this sub-brand consistently prioritizes its consumers' best interests.	
	BTS4	This sub-brand can meet my needs.	
	BTS5	This sub-brand will handle complaints or problems fairly.	
Behavioral intention toward sub-brand life insurance	BI1	I am considering purchasing a life insurance policy from this sub-brand within the next year.	Venkatesh et al. (2003); Zeithaml et al. (1996)
	BI2	I would consider using life insurance products from this sub-brand in the future.	
	BI3	If I already own or decide to purchase a life insurance policy from this sub-brand, I intend to continue paying premiums regularly.	
	BI4	I would be willing to recommend others to purchase life insurance policies from this sub-brand.	
Perceived similarity	PS1	The parent brand's image is similar to that of the life insurance sub-brand.	Newmeyer et al. (2018); Gong et al. (2020)
	PS2	The parent brand and the life insurance sub-brand are alike.	
	PS3	The products of the parent and the life insurance sub-brand have similar quality.	
	PS4	Both the parent and the life insurance sub-brand are equally important.	
	PS5	My experiences and expectations of the life insurance sub-brand align with those of the parent brand.	
Perceived brand tie	PBT1	The parent brand is closely connected with its life insurance sub-brand.	Song et al. (2009); Lee et al. (2014)
	PBT2	The parent brand would recommend products from its life insurance sub-brand.	
	PBT3	The parent brand has a close business relationship with its life insurance sub-brand.	
	PBT4	The parent brand is strongly integrated with its life insurance sub-brand.	
	PBT5	The name or branding of the sub-brand directly associates it with the parent brand.	

3.3. Data Analysis

The data were analyzed using partial least squares structural equation modeling (PLS-SEM) with SmartPLS. PLS-SEM was selected because it is suitable for examining complex relationships among latent constructs, assessing higher-order constructs, and supporting prediction-oriented research models (Hair et al., 2019).

The analysis was conducted in two stages: Measurement model evaluation and structural model evaluation. The measurement model was assessed to evaluate indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Indicator reliability was examined through outer loadings, while internal consistency reliability was assessed using Cronbach's alpha and composite reliability. Convergent validity was evaluated using average variance extracted, while discriminant validity was assessed using the heterotrait-monotrait ratio, as recommended by Henseler et al. (2015).

Collinearity among the predictor constructs was also examined using inner VIF values, following the guidelines of Hair et al. (2019), to ensure that the structural model estimates were not distorted by excessive collinearity. The structural model was then evaluated to test the proposed hypotheses. The assessment included path coefficients, t-values, and P-values to determine the direction and significance of the relationships among constructs. The explanatory power of the model was assessed using R^2 values, while effect sizes were examined using f^2 values. Finally, specific indirect effects were analyzed to examine the mechanisms through which brand trust in the parent brand influences brand trust in the sub-brand and behavioral intention.

4. RESULTS

4.1. Measurement Model Evaluation

The measurement model was assessed before testing the structural relationships. For the first-order reflective constructs,

Table 2: Demographic information

Demographic	Criteria	Total	Percentage
Gender	Male	212	43.9
	Female	271	56.1
Age	18-24 years	128	26.5
	25-34 years	150	31.1
	35-44 years	142	29.4
	45-54 years	22	4.6
	55-65 years	41	8.5
Domicile	Jabodetabek	231	47.8
	Outside Jabodetabek	252	52.2
Marital status	Single	228	47.2
	Married with children	207	42.9
	Married without children	39	8.1
	Single parent	9	1.9
Monthly expenditure	<Rp2 million	124	25.7
	Rp2-<4 million	165	34.2
	Rp4-<8 million	108	22.4
	Rp8-<20 million	56	11.6
	Rp20-<50 million	28	5.8
	>Rp50 million	2	0.4
Decision-making role in life insurance purchases	Joint decision-maker	224	46.4
	Primary decision-maker	135	27.9
	Not involved	124	25.7
Experience with parent–sub-brand	Astra–Astra Life	127	26.3
	Bank BRI–BRI Life	120	24.8
	Bank Mandiri–AXA Mandiri	102	21.1
	Bank BCA–BCA Life	98	20.3
	Sinar Mas–MSIG Life	21	4.3
	Lippo Group–Lippo Life	9	1.9
	CT Corp–PFI Mega Life	6	1.2
Monthly life insurance premium	None/no premium	258	53.4
	<Rp250,000	87	18.0
	Rp250,000-<Rp500,000	56	11.6
	Rp500,000-<Rp1,000,000	48	9.9
	Rp1,000,000-Rp2,500,000	22	4.6
	Rp2,500,000-Rp5,000,000	9	1.9
	>Rp5,000,000	3	0.6

the evaluation covered indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Because Entitativity was modeled as a second-order formative construct, perceived similarity and perceived brand tie were first evaluated as reflective constructs and then used as formative dimensions of Entitativity. During the initial assessment, six indicators (PQ1, PQ5, PS1, PS5, BTS1, and BTS5) were removed because they showed low outer loadings or contributed to discriminant validity concerns. This item purification follows the guidelines for evaluating reflective measurement models in PLS-SEM (Hair et al., 2019). All subsequent results are based on the refined measurement model.

The results of the first-order reflective measurement model are presented in Table 3.

As shown in Table 3, all retained indicators exceeded the recommended outer loading threshold of 0.70, with loadings ranging from 0.823 to 0.953. Cronbach's alpha values ranged from 0.872 to 0.940, while composite reliability values ranged from 0.921 to 0.962, indicating satisfactory internal consistency across all reflective constructs. The AVE values ranged from 0.743 to 0.894, exceeding the recommended threshold of 0.50.

Table 3: Reliability and convergent validity of first-order reflective constructs

Construct	Indicator	Outer loading	Cronbach's alpha	Composite reliability	AVE
Brand trust in parent brand (BT)	BT1	0.882	0.934	0.950	0.792
	BT2	0.896			
	BT3	0.899			
	BT4	0.889			
	BT5	0.884			
Perceived quality (PQ)	PQ2	0.888	0.900	0.938	0.834
	PQ3	0.927			
	PQ4	0.924			
Perceived risk (PR)	PR1	0.823	0.915	0.936	0.746
	PR2	0.840			
	PR3	0.886			
	PR4	0.882			
	PR5	0.885			
Perceived similarity (PS)	PS2	0.879	0.872	0.921	0.796
	PS3	0.922			
	PS4	0.874			
Perceived brand tie (PBT)	PBT1	0.859	0.913	0.935	0.743
	PBT2	0.825			
	PBT3	0.900			
	PBT4	0.870			
	PBT5	0.855			
Brand trust in sub-brand (BTS)	BTS2	0.933	0.940	0.962	0.894
	BTS3	0.953			
	BTS4	0.950			
Behavioral intention (BI)	BI1	0.885	0.916	0.941	0.799
	BI2	0.924			
	BI3	0.904			
	BI4	0.862			

AVE: Average variance extracted. Only retained indicators are reported

These results support the indicator reliability, internal consistency reliability, and convergent validity of the first-order reflective measurement model.

After reliability and convergent validity were established, discriminant validity was assessed using the heterotrait-monotrait ratio (HTMT). The HTMT assessment was conducted for all first-order reflective constructs to determine whether they were empirically distinct. The results are presented in Table 4.

As shown in Table 4, all HTMT values were below the 0.90 threshold, indicating adequate discriminant validity among the reflective constructs. The highest HTMT value was observed between perceived quality and brand trust in the sub-brand (0.874), suggesting that these constructs are conceptually related yet empirically distinct. Therefore, the reflective constructs met the discriminant validity requirement.

Following the assessment of the first-order reflective constructs, Entitativity was evaluated as a second-order formative construct using the two-stage approach. In this stage, the latent variable scores of perceived similarity and perceived brand tie were used as formative dimensions of Entitativity. The formative assessment focused on the significance of outer weights, supported by outer loadings, to confirm the substantive relevance of each dimension. The results are presented in Table 5.

Table 4: Discriminant validity of first-order reflective constructs using HTMT

Construct	BI	BT	BTS	PBT	PQ	PR	PS
BI	—						
BT	0.494	—					
BTS	0.727	0.671	—				
PBT	0.593	0.683	0.777	—			
PQ	0.753	0.636	0.874	0.751	—		
PR	0.634	0.624	0.834	0.697	0.766	—	
PS	0.642	0.652	0.837	0.838	0.836	0.754	—

HTMT: Heterotrait-monotrait ratio. All values are below the recommended threshold of 0.90

Table 5: Formative assessment of entitativity as a second-order construct

Construct	Indicator	Outer weight	Outer loading	t-value	P-value
ENT	PS	0.541	0.938	10.060	<0.001
	PBT	0.527	0.935	9.878	<0.001

ENT: Entitativity. Outer weights indicate the relative contribution of each dimension, while outer loadings indicate substantive relevance

As shown in Table 5, perceived similarity (PS) and perceived brand tie (PBT) significantly formed entitativity, confirming that both dimensions are meaningful components of the second-order formative construct. Since the data were collected using a self-administered questionnaire, data screening was conducted to reduce low-quality responses, including inconsistent and straight-lined answer patterns. Separately, collinearity among the predictor constructs was assessed using inner VIF values. The inner VIF values ranged from 1.000 to 3.072, below the critical threshold of 5, indicating that collinearity was not a serious concern in the structural model (Hair et al., 2019).

Taken together, the measurement model results indicate that the reflective constructs meet the requirements for reliability, convergent validity, and discriminant validity. The formative assessment also confirms that perceived similarity and perceived brand tie are meaningful dimensions of Entitativity. Therefore, the model is suitable for subsequent structural model evaluation.

4.2. Structural Model Evaluation

After the measurement model was confirmed, the structural model was evaluated to test the proposed hypotheses. The assessment included path coefficients, t-values, and p-values. The results are presented in Table 6.

As presented in Table 6, all hypothesized relationships are statistically significant and supported. Brand trust in the parent brand has stronger effects on perceived quality, perceived risk, and entitativity than on brand trust in the sub-brand directly. The negative path from brand trust in the parent brand to perceived risk indicates that parent brand trust reduces perceived risk, while the negative path from perceived risk to sub-brand trust indicates that higher perceived risk weakens brand trust in the sub-brand. Thus, stronger parent brand trust contributes to stronger sub-brand trust by lowering consumers' perceived risk.

These results suggest that direct trust transfer exists but is limited. Sub-brand trust is more strongly formed through consumers' evaluations of quality, reduced risk, and perceived unity with the parent brand. In turn, sub-brand trust strongly predicts behavioral intention.

Table 6: Structural model results and hypothesis testing

H	Path	β	t	P	Result
H_1	BT → PQ	0.585	16.528	<0.001	Supported
H_2	BT → PR	-0.578	16.339	<0.001	Supported
H_3	BT → ENT	0.655	19.230	<0.001	Supported
H_4	BT → BTS	0.079	2.785	0.005	Supported
H_5	PQ → BTS	0.349	7.930	<0.001	Supported
H_6	PR → BTS	-0.300	7.561	<0.001	Supported
H_7	ENT → BTS	0.264	6.875	<0.001	Supported
H_8	BTS → BI	0.680	24.612	<0.001	Supported

β: Standardized path coefficient; t: t-statistic; P: Significance value

To complement the hypothesis testing results, Figure 2 presents the structural model with standardized path coefficients and R^2 values.

To assess the model's explanatory power, the coefficient of determination (R^2) was evaluated for each endogenous construct. The results are presented in Table 7.

The model explains 77.1% of the variance in brand trust in the sub-brand, indicating substantial explanatory power. This suggests that perceived quality, perceived risk, entitativity, and brand trust in the parent brand collectively explain a large portion of trust formation toward the life insurance sub-brand. The model also explains 46.2% of the variance in behavioral intention, indicating moderate explanatory power and confirming the sub-brand's role as an important predictor of consumer intention.

For the remaining endogenous constructs, the model explains 43.0% of the variance in entitativity, 34.2% in perceived quality, and 33.4% in perceived risk. These moderate R^2 values indicate that brand trust in the parent brand meaningfully explains consumers' perception of parent-sub-brand unity, perceived quality, and perceived risk. The negative coefficient for the BT → PR path further indicates that stronger parent brand trust is associated with lower perceived risk.

Effect sizes were then assessed using f^2 values to evaluate the relative contribution of each predictor. The results are presented in Table 8.

The f^2 results further support the main argument of this study: Parent brand trust contributes more strongly to the mediating mechanisms than to sub-brand trust directly, while sub-brand trust is the strongest driver of behavioral intention.

4.3. Indirect Effect Analysis

Specific indirect effects were examined to assess the indirect mechanisms through which brand trust in the parent brand influences brand trust in the sub-brand and behavioral intention. The results are presented in Table 9.

All specific indirect effects are statistically significant. The strongest indirect effect on brand trust in the sub-brand occurs through perceived quality (β = 0.204), followed by perceived risk

Figure 2: Structural model results

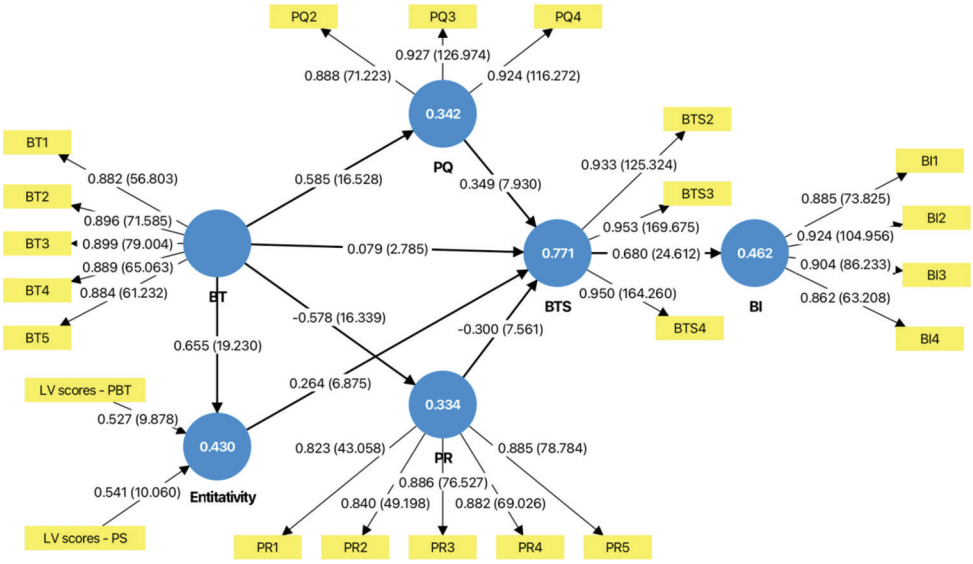


Table 7: R-Square results

Construct	R^2	Interpretation
BI	0.462	Moderate
BTS	0.771	Substantial
ENT	0.430	Moderate
PQ	0.342	Moderate
PR	0.334	Moderate

R^2: Coefficient of determination

Table 8: Effect size results

Path	f^2	Effect size
BT → PQ	0.520	Large
BT → PR	0.502	Large
BT → Entitativity	0.753	Large
BT → BTS	0.015	Small
PQ → BTS	0.194	Moderate
PR → BTS	0.170	Moderate
Entitativity → BTS	0.099	Small
BTS → BI	0.859	Large

f^2: Effect size

Table 9: Specific indirect effects

Indirect path	β	t	P	Result
BT → PQ → BTS	0.204	6.838	<0.001	Supported
BT → PR → BTS	0.174	6.649	<0.001	Supported
BT → ENT → BTS	0.173	6.389	<0.001	Supported
BT → BTS → BI	0.054	2.749	0.006	Supported
BT → PQ → BTS → BI	0.139	6.071	<0.001	Supported
BT → PR → BTS → BI	0.118	6.541	<0.001	Supported
BT → ENT → BTS → BI	0.117	6.177	<0.001	Supported

β: Standardized indirect effect, t: t-statistic; P: Significance value

(β = 0.174) and entitativity (β = 0.173). The indirect effect through perceived risk is positive because it is the product of two negative paths: parent brand trust reduces perceived risk, and this lower perceived risk in turn strengthens brand trust in the sub-brand.

The serial indirect effects also show that brand trust in the parent brand influences behavioral intention through brand trust in the sub-brand. Among these pathways, the strongest serial indirect effect occurs through perceived quality and brand trust in the sub-brand (β = 0.139), followed by perceived risk (β = 0.118) and entitativity (β = 0.117). These results indicate that trust transfer from the parent brand to behavioral intention is stronger through indirect mechanisms than through a direct relationship alone.

5. DISCUSSION

The findings show that trust transfer from a parent brand to a life insurance sub-brand occurs, but not automatically. Although parent brand trust has a significant direct effect on sub-brand trust, the effect is weak, and its effect size is negligible (f^2 = 0.015). This indicates that trust transfer in life insurance operates mainly through mediating mechanisms rather than direct spillover. Because life insurance involves long-term financial commitment, uncertainty about future claims, and high perceived consequences for customers and their families, parent brand trust may serve as an initial signal but is not enough to fully secure trust in the sub-brand.

A more important insight from the findings is that trust transfer strengthens when customers perceive the sub-brand as high-quality and low-risk. This supports the argument that, in financial services, trust must be reinforced by concrete service-related signals. Customers may recognize and trust the parent brand, but they still need assurance that the affiliated life insurance brand can deliver reliable protection, transparent processes, and a dependable claims experience. In this sense, perceived quality and lower perceived risk operate as important bridges between parent brand trust and sub-brand trust.

The role of entitativity further strengthens this interpretation. The findings suggest that customers are more likely to trust the life insurance sub-brand when they perceive a clear connection between the parent brand and the sub-brand. This connection is not only about shared name or logo, but also about perceived similarity, strategic fit, and visible brand tie. In other words, the parent brand must not merely appear as an ownership label. It must be seen as meaningfully connected to the sub-brand's value

proposition, service standards, and credibility. This finding aligns with Gong et al. (2020), who showed that perceived entitativity facilitates trust transfer from web to mobile payment services, and extends that insight to hierarchical brand relationships in a high-involvement financial product. By contrast, the weak direct path in this study differs from the stronger direct trust transfer observed in internet-only banking (Zhang et al., 2018), suggesting that the intangibility and long-term commitment of life insurance raise the standard of evidence consumers require before extending their trust.

These findings have important implications for affiliated life insurance brands, particularly those under banks, conglomerates, or diversified corporate groups. A strong parent brand can create initial credibility, but this advantage must be actively converted into sub-brand trust. Compared with insurance-focused brands, affiliated life insurance brands may benefit from broader corporate reputation, a larger customer base, or access to an ecosystem. However, this advantage can weaken if customers do not see clear evidence of insurance competence, quality of service, and risk protection. Thus, the real managerial challenge is not only to borrow trust from the parent brand, but to translate that trust into insurance-specific confidence.

This study, therefore, contributes to the literature by showing that parent brand trust is better understood as a trust asset rather than a complete source of trust. The asset becomes valuable only when customers perceive the life insurance sub-brand as capable, low-risk, and clearly connected to the parent brand. This is especially relevant in Indonesia, where life insurance penetration remains low, and customer trust in the category is still developing.

6. CONCLUSION

6.1. Theoretical Contributions

This study contributes to the trust transfer literature by showing that trust transfer from a parent brand to a life insurance sub-brand is not a simple, direct spillover. Although brand trust in the parent brand significantly influences brand trust in the sub-brand, the direct effect is weak. This indicates that, in high-risk, intangible services such as life insurance, parent brand trust alone is insufficient to build strong sub-brand trust.

The study also contributes by identifying entitativity, perceived quality, and perceived risk as mechanisms explaining how parent brand trust translates into sub-brand trust. Entitativity captures the relational perception that the parent brand and sub-brand are meaningfully connected. Perceived quality represents consumers' evaluation of the sub-brand's competence, service standards, and ability to deliver reliable protection. Perceived risk represents the risk-reduction mechanism, showing that trust in the parent brand can lower uncertainty and make the sub-brand appear safer. This distinction helps explain why trust transfer may be limited when consumers do not perceive the sub-brand as capable, less risky, and clearly connected to the parent brand.

In addition, this study extends branding research by positioning entitativity as a higher-order construct formed by perceived similarity and perceived brand tie. This approach provides a more structured explanation of parent-sub-brand unity and its role in trust formation. Rather than treating affiliation as a simple brand association, the study shows that perceived unity between the parent brand and sub-brand is an important condition for trust transfer.

6.2. Practical Implications

For managers of affiliated life insurance sub-brands, the findings suggest that parent-brand reputation should be treated as a starting point rather than a complete trust-building strategy. A well-known parent brand may provide familiarity and initial credibility, but it does not automatically create strong trust in the life insurance sub-brand. Managers must translate parent brand credibility into evidence that is relevant to the life insurance category. Since sub-brand trust is the strongest driver of behavioral intention, managers should also translate trust into concrete consumer actions, including policy purchase, continued premium payment, and willingness to recommend the sub-brand to others.

In practice, the findings suggest that bank-affiliated or conglomerate-backed life insurance brands should not rely solely on their parent brands' reputations. Managers need to translate parent-brand credibility into insurance-specific signals, such as product clarity, reliable service quality, claim confidence, financial stability, and long-term customer commitment. Communication should not only highlight the affiliation with a trusted parent brand but also explain how this affiliation strengthens the sub-brand's governance, service standards, and ability to fulfill insurance promises. Although affiliated life insurance brands may benefit from broader parent-brand familiarity, they still need to prove category-specific credibility. As this study does not directly compare affiliated brands with life insurers without bank or conglomerate parent-brand affiliation, this implication should be understood as a managerial direction rather than a confirmed empirical comparison. In the broader Indonesian context, where life insurance penetration remains below 1% of GDP, building category-specific trust through clearer parent-sub-brand integration, service quality, and risk reduction offers a practical pathway to address the trust barrier that constrains industry growth.

6.3. Limitations and Future Research

This study has several limitations. First, the data were collected from Indonesian respondents, which may limit the generalizability of the findings to other markets. Second, the study used a cross-sectional design, so it cannot capture how trust transfer develops over time. Third, the study focused on selected parent-brand and life insurance sub-brand pairs and did not directly compare different types of life insurers based on their parent-brand affiliation.

Future research could compare trust transfer mechanisms across bank-affiliated, conglomerate-backed, and insurance-specialist life insurance brands, including both global and national insurers. Such a comparison would help clarify whether different brand origins shape different trust-building mechanisms, and whether parent-brand affiliation or category-specific insurance credibility becomes more influential under different market conditions. Future

research could also compare existing and potential customers to examine whether prior insurance ownership changes the roles of entitativity, perceived quality, and perceived risk in building trust toward the life insurance sub-brand.

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8. DATA AVAILABILITY

Data supporting this study are openly available from Mendeley Data at (doi: 10.17632/8kjtmyvv6f.1).

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