

# Insurance

## Secondary Research

---

Client | [Kaus](#)

Author | [Denise Macalino](#)

Last Updated | [05/09/2020](#)

---

### **How does the insurance industry in Canada work currently?**

According to the Insurance Bureau of Canada, your insurance company puts all premiums into one large pot. Your insurance is an annual contract, so the pool operates for only one year at a time. Your insurance company uses the pool of many premiums to pay for the losses of the few who make claims that year. Unlike the US, almost all Canadian provinces have a no-fault insurance system, where each individual's insurance covers them, even in the event of them being a victim in an accident. In the US, it is only mandatory to have one Liability coverage, whereas in Canada, you must carry more coverage.

Property and casualty insurance companies in Canada are regulated by federal and/or provincial regulators, called Superintendents of Insurance. In certain provinces, the government pays for injury claims and not the insurance company.

Insurance recommendations by the government of Canada depend on the individual's circumstances, including the following changes: moving in with your partner, starting a family, buying a home, renting a home or an apartment, starting a business, buying a new vehicle, taking a loan or getting a credit card. When it comes to premiums, insurance policies consider factors such as your age, your gender, where you live, what car you drive, how much you use your car, your driving record, your claim history, the amount of your deductible. In the US there are only private insurance companies, whereas in Canada certain provinces do have government insurance programs as well as private insurers. In general, insurance costs more in Canada than it does in the US. This is because you need to purchase more coverage such as uninsured benefits, DC-PD and accident benefits.

When it comes to auto insurance, it is mandated by law that a driver and additional drivers are covered. Maximum coverage is the amount insured individuals can claim for a loss or an event. Home insurance, on the other hand is not mandated by law, but can cover an individual in the case of theft, loss, or damage to the inside and outside to your home or

property.

## Anticipated changes in the industry

### 1. Non-traditional players will enter the market.

Amazon and Walmart are among the corporate giants preparing to enter the insurance industry. Being ahead of the curve in tech, they will be more prepared than other companies wanting to transition to being an online service

### 2. Explosion of data will change the underwriting equation

Companies being able to access more data on users, including where they are checking their websites from, what devices they are using, etc. can allow insurance companies to use more customization in their policy making

### 3. Insurers will shift focus to more proactive risk management services

"Insurance is the only product that users buy but hope to never have to use". With an ever increasingly unpredictable world, users will be looking for proactivity rather than reactivity, when it comes to choosing policies. Customers want to add more value to that relationship. They want more touch points - for example, a home Insurance company could use aerial photo technology to inform you of your roof discoloration. If an insurance policy for auto insurance provided a regular check up on your vehicle, this would prevent potential accidents that a car malfunction might cause.

### 4. Digital Shift

Companies that haven't already transitioned to an online space will struggle to market to the younger generations, already accustomed to getting answers to the most complex questions online. Online sales are becoming more and more commonplace. It is no longer a perk for an insurance company to make the online experience seamless, but a necessity as they compete with other giants in the industry.

## What are the biggest concerns users face when buying insurance?

Users want and **expect** the ability to research products and services online. 50% of the insurance customers have a preference for using digital channels when looking for product information, or updating personal information with their insurer. Smartphone traffic to

auto, home, and life insurance websites has increased by 84% over the past two years.

Insurers must continue to invest in building high-quality mobile apps and websites that enable potential customers to explore, research, and purchase their products and services. In short, they have to be able to do more than just look at quotes. They want to have immediate access to the information on what their policies are covering.

Users also want to be able to manage their policies. The ability to customize is substantial. Considering that Kaus offers existing packages rather than quotes, it is important to emphasize the small customizations that customers **can** make. 90% of life insurance customers want to manage their policies through digital channels. InsurTech companies are among those who have successfully developed apps and websites that contribute to great customer experiences. All-State for example has included the functionality of allowing users to make claims with photos of their vehicles.

Insurers need to develop apps and websites that make it easier for customers to communicate with an insurance representative. Human or chatbot services integrated within the apps will help users feel safe and taken care of in the most stressful times. Users need to be able to do the following: request roadside assistance, schedule repairs, update policies to reflect new purchases or changes in their personal life, and more. A second challenge for insurers is creating mobile apps and websites that offer a great user experience that makes the process of managing insurance policies stress-free.

IoT (The Internet of Things) can help provide insurers with the capacity to collect valuable customer data directly from their person, vehicles, and homes. This data can help insurers provide valuable personalized advice to prevent accidents, the loss of property, etc.

With the use of connected devices to monitor customer driving behaviour, insurers can even effectively send notifications to their customers to encourage healthier and less risky behaviour. They can then reward safe drivers with lower premiums. This will reduce the claim payouts for insurers while also making premiums more affordable for customers.

QA testing (Quality Assurance testing) will play a key role in allowing insurance companies to assess the blocks in the user experience. QA test campaigns enable brands to uncover anomalies or bugs that block functionalities, interfere with customer pathways, or create a disappointing user experience.

## References

[1] - Determining your insurance needs; government of Canada

<https://www.canada.ca/en/financial-consumer-agency/services/insurance.html>

[2] - 3 Customer Experience Challenges within the Insurance Industry

<https://www2.stardust-testing.com/en/3-customer-experience-challenges-insurance-industry>

[3] Issues facing the insurance industry

<https://blog.ssq.ca/en/career/issues-insurance-industry-2020>

[4] Customer Experience Challenges when buying insurance

<https://www2.stardust-testing.com/en/3-customer-experience-challenges-insurance-industry>