

Digital tech could promote more coverage

DIGITAL technology could be the best way to reach customers who are underinsured, an executive said during last week's 2021 Virtual Symposium held by the Insurance Institute of B.C.

Even in North America, which has a relatively high level of insurance penetration compared with other regions in the world, there are still some lines which have a low uptake rate.

"An example would be pet insurance which has less than 2% penetration, where if you go to Sweden you see 25% to 50% penetration levels," said Dejan Mirkovic, CEO and co-founder of Goose Insurance services.

"For critical illness insurance, Japan is at a 40% penetration level. In North America that's less than 15%. So there are several lines in North America where consumers are just simply underinsured.

"Using data we can accelerate the underwriting process and make it simpler for consumers to access these products ensuring that they are actually protected."

Mr. Mirkovic was speaking during the 'Digital Driving Forces in Consumer Experience' session at the symposium.

His company is a digital insurance provider that offers products such as travel and life policies.

"We only have nine products on the shelf today, but over time we'll understand that consumer better and understand which policies they have in force and which policies that they don't and then make relevant recommendations," Mr. Mirkovic said.

Digital data can also be useful when it comes time for a policyholder to renew a policy, said Jeff McCann, CEO and founder of MGA Apollo Insurance.

He said data collected on a policy that was processed digitally can be mined to inform the insurer and the policyholder that they need a new type of coverage, something that might be missed in the traditional paper system of selling policies.

Brown expects problems with no-fault in B.C.

PEOPLE WHO are catastrophically injured in a car accident in B.C. will be dramatically more at risk under the province's new no-fault system, the former chief underwriter for its government-owned auto insurer has said.

Colin Brown, former chief underwriter of the Insurance Corp. of B.C. and now president and CEO of Stratford Underwriting, an MGA that offers private auto insurance in the province, was speaking last week during the Insurance Institute of B.C.'s 2021 Virtual Symposium about the future of B.C. auto.

The province made the switch to a no-fault system at the beginning of this month, moving away from a tort system.

Under the new system, compensation is based on the last five years of salary, which Mr. Brown said could leave someone who is seriously injured at a relatively young age facing many years of lost income. That could leave room for private insurers in the province, he said.

The 'Enhanced Care' wage replacement maxes out at \$100,000 a year until age 65, at which time one would receive an unspecified retirement income, depending on what other pensions one is eligible for. Anyone making more than that can purchase optional 'top-up' wage replacement to a maximum of \$200,000 a year.

But for the young college grad, with a degree in, say, medicine or law, the opportunity to sue for future lost wages is gone.

"That's a lot of money and that money would have been available in the tort scheme," Mr. Brown said.

"So there are opportunities here for underwriters to find spaces where people are going to need to top up."

More competition in private auto insurance would be helpful, he said, and he believes that is likely to happen as the new system takes hold.

However, he said, B.C. residents have become used to dealing with ICBC.

"People in B.C. have become a little bit lazy," Mr. Brown said.

"They just go in, they put down their renewal from ICBC, they pay

by credit card or check or whatever, and they move on.

"It has become a bit of a tradition. It has been, after all, the best part of 50 years — this change (to no-fault) is the first major change in almost 50 years."

Time will show whether the system works or not, Mr. Brown said, adding that he hopes there are plans for regular reviews by the government and ICBC.

Whatever the problems may be, he expects that the province is likely to stick with a no-fault system.

"I don't see it changing dramatically in the near future.

"It would take a change in

government fairly quickly before this becomes ingrained."

He said the experience with auto insurance systems in Manitoba, Saskatchewan and Quebec suggests that once a province switches to a no-fault system, it is very difficult to back out.

"And so my own opinion is that it's unlikely to change backwards," Mr. Brown said.

"It may change forwards in terms of amounts paid and maybe the government will find, as Ontario did, that there's a business in no-fault and that they need to be more careful about the amounts of money that they're willing to pay."

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