

INSURANCE TRENDS

Advanced technologies helping revolutionize client services, risk mitigation

AS CONSUMERS DEMAND MORE CHOICES, CONVENIENCE, SPEED AND TRANSPARENCY FROM INSURANCE PROVIDERS, industry leaders are responding. Parametric insurance solutions enable automatic payouts without time lag or paperwork; for example, a traveller with such insurance will be immediately compensated should an airline system that monitors take-offs confirm a specific flight delay. Similarly, farmers with crop insurance that leverages data from weather surveillance platforms can be automatically reimbursed in the event that adverse weather events such as hailstorms are recorded in the insured farmer's area.

"Customers can be compensated based on a set of parameters without having to file a claim," says Doug Grant, partner at Insurance-Canada.ca Inc., an organization providing independent information about technology and the business of insurance. "But insurance can also take a more active role. By combining technology like sensors with the internet as well as mechanisms for dealing with large amounts of data, such as AI, insurance organizations have the tools for managing risks rather than just helping someone recover from a loss."

As sensors are paired with the Internet of Things, they enable real-time monitoring and feedback opportunities, and these capabilities are transforming the insurance industry from a system primarily dedicated to indemnification to one that includes loss prevention and management, says Mr. Grant. For example, when smart home systems detect a faulty water pipe, they automatically shut off water sources to minimize the damage and notify homeowners and insurance providers.

Patrick Vice, partner at Insurance-Canada.ca Inc., says that the number of sensors gathering data is growing at an exponential rate. According to a Gartner Inc. analysis, the number of connected things is projected to rise from last year's 8.5 billion to 20 billion in two years, he says.

For example, vehicles currently have about 60 to 100 sensors on



Innovative insurance solutions make it easier for customers to be compensated; for example, when farmers' crops are affected by adverse weather conditions or when travellers' flights are delayed. And sensor technology enables insurance providers to encourage and reward safe driving behaviour. [ISTOCK.COM](#)

DEPARTURE	GATE	REMARKS
	31	CANCELLED
	27	CANCELLED
	22	CANCELLED
	41	DELAYED
	29	CANCELLED
	30	DELAYED
	28	CANCELLED
	11	CANCELLED
	23	DELAYED
	43	CANCELLED



board, and this number is going to increase to 200 over the next two years, says Mr. Vice. Sensor feedback can provide valuable information for insurance providers and can also serve to monitor driving behaviour and encourage better performance.

Mr. Grant says, "The ability to translate data into advice for drivers on how to improve their driving and potentially reward them for safe habits is an example of technology enabling a more interactive relationship between insurance providers and customers."

The same trend can be seen in the life and health insurance space, where wearable technology – such as Apple watches or Fitbits – create a

platform for encouraging and rewarding healthy habits, says Mr. Vice. "The information coming from the sensors is shared by the insurance provider and the customer for the benefit of both."

Insurance innovation is also providing solutions for emerging needs, says Mr. Grant. "Before ride-sharing or home-sharing such as Uber and Airbnb came along, you wouldn't need to think about whether you were insured riding in someone else's car or having someone stay at your place," he explains. "The products that were developed to cover the insurance needs in these situations evolved alongside the same apps and technology that



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Partner at Insurance-Canada.ca Inc.

enable these new service models to succeed."

AI and deep analytics capabilities can also help to identify where new products can be successfully implemented, says Mr. Vice. "In the last two or three years, market analysis has allowed insurance providers to bring overland flood insurance to the market."

Mr. Grant believes insurance providers that look at new opportunities and embrace innovation – from new products or services to new ways of communicating, distributing or marketing – are better equipped to provide leading-edge services and gain a competitive edge in a fast-paced industry.

JOINING FORCES TO COMBAT CYBER-CRIME

It's easy to believe it will never happen to us, so we click and hope. But as intrepid internet users, Canadians are at high risk of cyber-related fraud

"Living in a connected world brings great opportunity, convenience and a fun way to keep in touch with family and friends," says Debbie Coull-Cicchini, the executive vice

president for Ontario, Western & Atlantic Canada at Intact Insurance. "But it leaves people very exposed – and these risks should be everyone's concern."

The techniques of fraud artists are varied and constantly changing, she stresses. "Cyber-risk and identity theft are escalating." According to Risk Based Security in Richmond, Virginia, as of June 30th of this year, Canada had the third most cyber incidences in the world, so there is a huge financial impact. In 48 privacy breaches, 12.5 million records were exposed.

For individuals, identity theft and cyber-extortion are of critical concern and could happen in a number of ways. "You may receive a monthly credit card statement in your mail that's not yours; someone has stolen your identity and opened credit accounts with false information. You could click on a link or an email and be cyber-attacked by a virus that infects your computer to search for valuable information or even shut it down until the fraudster receives a ransom," says Ms. Coull-Cicchini. Cyber-extortion can exploit the relationship between businesses and their client base as well, she says. Most businesses now rely on e-commerce strategies and internet-based technology, but even the most traditional companies are now vulnerable to cyber-crime due to reputational risks. According to Symantec, 49 per cent of businesses lost customers, 43 per cent reported damage to their brand, 41 per cent noted increased expenses and 37 per cent reported decreased revenue after privacy breaches.

"Businesses large and small need to take a close look at cyber-risk within their organization. What are they doing to ensure their systems are safe?" she says. Cyber-criminals move as fast as wireless speeds, and as one approach becomes well known and therefore easier to avoid, others are being launched. With more and more "Internet of Things" devices going online, such as computerized appliances and cars, households and organizations become increasingly vulnerable. But, according to CyberScout, 97 per cent of breach-



Should you become a victim, you're not alone – brokers are advocates for their customers.

Debbie Coull-Cicchini
Executive vice president for Ontario, Western & Atlantic Canada at Intact Insurance



BY THE NUMBERS: ACCORDING TO THE CANADIAN INTERNET REGISTRATION AUTHORITY (CIRA):

CANADIANS SPEND MORE TIME ONLINE THAN ANYONE ELSE IN THE WORLD, AT **36.7 HOURS** PER MONTH ON AVERAGE;

52% OF HOMES HAVE FIVE OR MORE INTERNET-CONNECTED DEVICES (AND NINE PER CENT HAVE 10 OR MORE);

86% OF CANADA'S HOUSEHOLDS HAVE A BROADBAND CONNECTION; AND

4 OUT OF 5 MOBILE PHONES ARE SMARTPHONES.

es can be prevented with basic measures that include firewalls and anti-virus and anti-spyware programs, says Ms. Coull-Cicchini.

For businesses, employee education, policies and protocol are essential, she adds. "Companies should enforce strong password procedures and train staff on how to avoid cyber-attacks such as phishing as well as on basics such as shredding sensitive documents and visiting only secure websites."

Not surprisingly, cyber-fraud is also a concern for the insurance industry, which has been instrumental in developing both educational tools and policies that offer protection in the event of an attack.

Just as with other financial risks, says Ms. Coull-Cicchini, "brokers and insurers are here for Canadians to turn to. Should you become a victim, you're not alone – brokers are advocates for their customers. They have the knowledge and experience to assess personal and commercial insurance needs and, most importantly, recommend the right coverage. They help people navigate what can be a complex world."

Intact, known for partnering with other organizations to create innovative solutions, recently enhanced their cyber-risk products to address the gaps in traditional policies designed before cyber-crime was an issue. The two types of policies are "my Identity," which covers individuals, and "privacy breach," which provides a risk management option for businesses. "Both are designed to offset some of the costly financial impacts of identity theft or privacy breach, and to also provide access to expert and legal advice after an incident, offering extra peace of mind," Ms. Coull-Cicchini explains. "You are never alone when it comes to cyber-risks. Your insurer and broker are here to help."

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\$5
per month*

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- **24/7 legal information service phone line:** someone to turn to for assistance for personal legal matters, including identity theft, cyber events, landlord and tenant issues, family law and more.
- **Identity theft coverage**
- **Consumer dispute coverage**
- **Cyber protection**

Contact your broker or learn more at intact.ca/my-identity.

*The rate is \$50/year. Certain conditions, limitations and exclusions apply.™my Identity is a trademark of Intact Insurance Company. ©Intact Insurance design is a registered trademark of Intact Financial Corporation, used under license. ©2018 Intact Insurance Company. All rights reserved.



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