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App for That

Canadian property and casualty insurers have started dipping their toes in the app pool, providing customers with a few options related to home and auto insurance. But current offerings skim the surface, with the potential of mobile apps running far deeper.

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Home and auto insurance carriers in Canada are starting to offer mobile apps for smartphones that allow clients to submit claims information or obtain quotes; some also give policyholders the option of submitting photos of damaged vehicles and homes.

One expert likens the app progress to date as the insurance industry "dipping its toes in the water" of the mobile app pool. Some critics contend that to make a bigger splash, however, it is critical that insurers integrate these apps with their own computer systems.

Quebec City-based La Capitale General Insurance entered the app arena last March when it began offering an app for both Apple Inc.'s iPhone and smartphones running Google Inc.'s Android operating system. With the app, policyholders can submit photos with their home, auto and health claims.

Though customers cannot actually open a claim using the app, they can use it to submit photos of damage on an existing claim, says Eric Champagne, vice president of marketing and e-commerce for La Capitale General Insurance. When submitting photos either by the app or by e-mail, policyholders must enter the number of an existing claim. "The application at this point in time is very, very simple," Champagne points out, characterizing it as the company's "first step" in developing apps with additional capabilities.

Although customers were able to send photos of vehicle damage over the Internet prior to launching the app, the process required them to upload the photos to their computers and then send as e-mail attachments.

As of late May, 248 clients had downloaded the Android app and another 828 had downloaded the iPhone app, with more than 800 health and p&c claims processed using the apps, Champagne reports. "We can assume that given the high cellphone penetration for younger people, I expect this would come mostly from the younger population," he says.

Among the other Canadian p&c insurance companies offering mobile apps are Co-operators General Insurance Company, Alberta Motor Association (AMA) Insurance and State Farm.

At press time, State Farm's Pocket Agent was available in Canada on phones and tablets running Apple Inc.'s iOS operating system and Android, says a company spokesperson. The app allows a user to submit accident claims, search for tow trucks, check claim status and find a State Farm Select Service repair facility, the spokesperson notes.

For its part, The Co-operators launched Mobile Assist, for the iPhone, in 2010. Currently, more than 50 clients monthly use the app to submit claims, reports Leonard Sharman, senior advisor of media relations for The Co-operators.

Clients can also use their iPhone app to file a first notice of loss, Sharman says.

"At the time that we launched, one of the things that we wanted to do was to have something that focused particularly on young people," he says. "The use has been increasing pretty steadily. It's not a huge chunk of our business, but going into it, we wanted to provide a new way to service clients and see how it goes, and see what we can learn from it."

In 2013, Deloitte Canada conducted a phone survey of Ontario and Quebec residents who had purchased home and auto insurance, and asked them whether or not they had downloaded an app. "Less than 2% of those surveyed had," says Mark Patterson, senior manager at Deloitte Canada.

"When we asked the follow-up question, How many times have you used that app?, most of them said it was once. They downloaded it, they looked at it and never used it again," Patterson says.

POISED FOR GROWTH

The Canadian insurance industry is "really just dipping its toes in the water because the apps are really just a forerunner for the whole digital thing," suggests Paul Cleveland, KPMG's vice president of insurance advisory services in Canada. "I think telematics is going to be the forerunner for a broader explosion in terms of the use of apps," Cleveland predicts.

With telematics, he says, an insurance carrier can use the GPS on a vehicle's on-board device to determine a policyholder's location. This feature will allow insurance companies to interact with the customer for activities other than insurance, he suggests.

One example, Cleveland says, would be that carriers could offer discount flyers to customers who drive nearby certain businesses.

"A restaurant has a deal with your insurance company," he explains. "So when you drive by, your insurance company knows where you are because you have GPS, so it sends you a message that says, 'In the next 12 hours, if you drop into this restaurant, you get 10% off.'"

For an insurance app to be successful, "it has to be something you are going to fairly often," says Troy Bourassa, vice president of operations at AMA Insurance Company. Available for Apple, Android and BlackBerry devices, AMA Insurance's app lets users get quotes on the company's auto and home insurance policies.

But the mobile app also provides advantages for the company, which has other lines of business, including roadside assistance.

It is useful to tie the app to other functionality, Bourassa suggests, because maybe the customer wants to buy cheap movie tickets or check out a travel deal. "It's something you are going to more often than if we were just insurance."

READYING FOR LAUNCH

A mobile app is "relatively easy to get off the ground," for an insurance company, Bourassa suggests, pointing out that web development is a "much more universally available skill" than the ability to write computer programs for various systems, with different computer programming languages, that carriers tend to have.

"As an insurer, you need to be a bit careful, though, because you can build a web presence pretty easily, but you may not have the connectivity in the background," Bourassa cautions. "What was really important to us was to make sure that it was perfectly integrated with our systems. There's no real advantage to having a mobile presence if you have somebody in the background that is re-keying in information and having to manage it in a very manual way," he argues.

For some insurance companies, the integration with back-end computer systems could pose a challenge, says Doug McPhie, partner and Canadian insurance leader at EY (Ernst & Young).

"A lot of the insurers have these old legacy systems and a lot of these insurers have grown through acquisition," McPhie says. "Just the integration challenge, I think, will be significant - not that it cannot be overcome."

Some carriers currently offering mobile apps plan to add more features. For example, Champagne notes that La Capitale expects to add functions to its app, though exactly what those functions will be has not yet been determined.

The company has opted to conduct a market survey to get feedback on what other mobile features it will offer.

At AMA Insurance, changes to the claims support apps are expected. "The beauty of having claims functionality embedded into an application is that it can use the other functionality of your phone," Bourassa says.

"The GPS on your phone knows where you are. Rather than writing down what's on the other fellow's pink slip, you can just snap a photo of it, it's all attached to your claim and it's uploaded with a map of where you are and photos of the damage, all at once," he says.

State Farm planned to offer Pocket Agent on Amazon's Kindle Fire Tablet as of June 13, when the device was to become available in Canada. And at The Co-operators, Sharman says that it is anticipated new services will be introduced "down the road."

Cleveland argues that the insurance industry is lagging behind the banking industry when it comes to mobile apps, perhaps because consumers do not interact with insurers as often as they do with banks. "Maybe the insurance companies, from purely an app perspective, will look at this and say, 'What's the business case?'" he notes. "Maybe the ones who have developed claims apps will say, 'We will have an app. We can learn.'"



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