



Modus
R E S E A R C H

THE BUSINESS INSURANCE MONITOR

2017 RESULTS

Table of Contents

Executive Summary	2
Methodology	3
Chapter 1 Reputation	4
Industry Reputation	4
Insurance Reputation by Size and Region	5
Chapter2 Shopping Trends	6
FINDINGS.....	6
Frequency of Shopping for Insurance	7
Importance of Company Attributes	8
Chapter 3 Providers and Customer Experience.....	9
FINDINGS.....	9
Multiple Providers	10
Years with Current Provider	12
Types of Coverage.....	12
Claims Experience	13
Satisfaction	14
Performance on Service Attributes.....	15
Gaps between Expectations and Performance.....	16
Net Promoter Score	17
Propensity to Change Providers.....	18

The Business Insurance Monitor 2017

Reputation

- ▶ Insurance has the weakest reputation relative to other industries
- ▶ Quebec and small firms rate Insurance more favourably than others

Shopping Trends

- ▶ Almost two-thirds shop for insurance at least every two to three years
- ▶ Tailored services are the top ranked attributes

Providers and Customer Experience

- ▶ Half the market has only one commercial insurance provider
- ▶ The incidence of multiple providers is highest among micro-sized companies
- ▶ A strong majority of the market has been with their current provider for at least three years
- ▶ A majority of organizations have at least three types of coverage
- ▶ Most report a positive experience with their most recent claim
- ▶ Very few report dissatisfaction with their commercial insurance
- ▶ Insurers perform modestly well on most attributes
- ▶ There are large gaps between expectations and performance
- ▶ Providing sound advice is a major area of need
- ▶ The market provides insurance companies with a negative Net Promoter Score
- ▶ Only sole operators and Quebec companies provide (very modest) positive NPS scores
- ▶ Nearly 50% of companies say they are likely to change insurance companies
- ▶ Quebec and small companies are most likely to change

Methodology

This study is based on a sample of 828 respondents from the Modus Business Panel. This is a unique probability sample of business managers, owners and executives covering all sectors, size of businesses and levels across Canada. The data are unweighted and the overall results are accurate to within +/- 3.4 percentage points, 19 times out of 20.

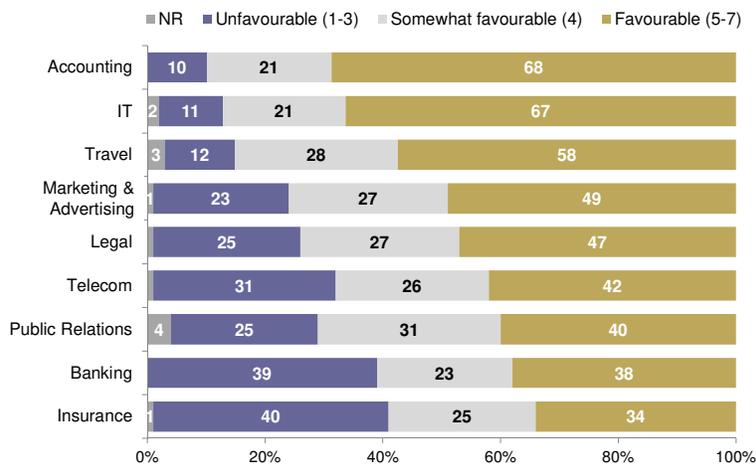
Chapter 1 Reputation

Industry Reputation

Insurance fares poorly relative to other industries

With a plurality of managers and executives providing an unfavourable rating, the insurance industry has the weakest reputation among those tested. By comparison, accounting and IT have twice the number of positive ratings. That said, insurance is more or less on par with banking.

What is your general impression of each of the following industries?



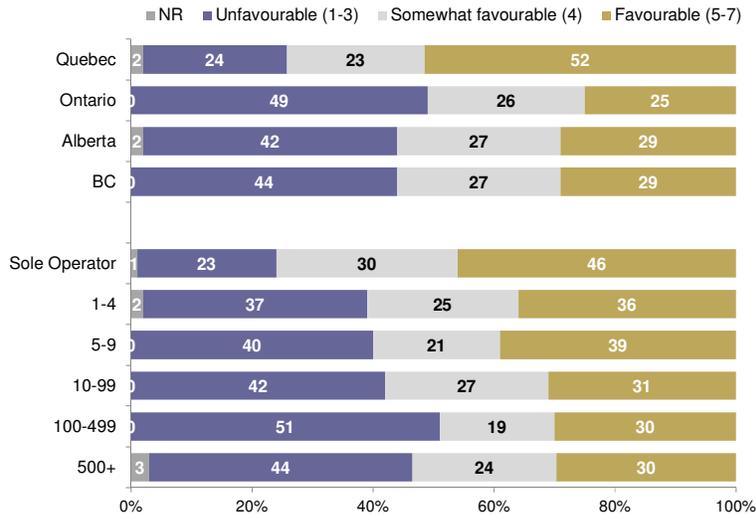
Base: all (n=828); percentages

Insurance Reputation by Size and Region

Quebec and small firms rate insurance more favourably than others

Quebecers have the most favourable view of the insurance industry. Smaller firms and especially sole operators also have more favourable views than larger firms.

What is your general impression of each of the following industries ... Insurance?



Base: all (n=828); percentages

Chapter2

Shopping Trends

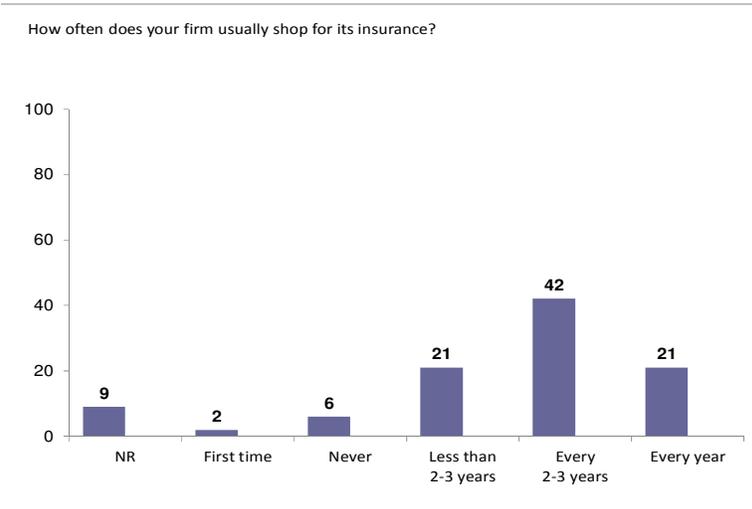
FINDINGS

- Frequency of Shopping for Insurance
- Likelihood of Purchasing Online Insurance
- Importance of Company Attributes for Purchasing Decisions

Frequency of Shopping for Insurance

Almost two-thirds shop for insurance at least every two to three years

Only 1 in 5 shop for insurance each year, while a plurality shop every two to three years. This result is consistent across organizational size but does vary somewhat regionally. In BC, 41 per cent shop annually, while fewer than half do so in other provinces.



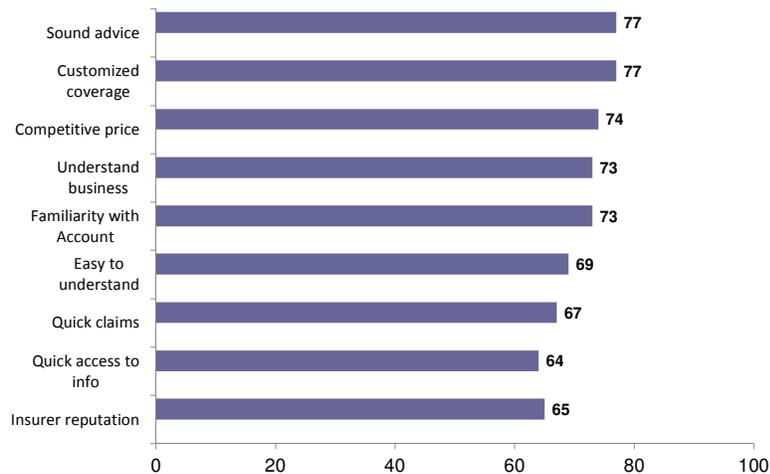
Importance of Company Attributes

Tailored service attributes are most of the top ranked attributes

In addition to price, service that is tailored to clients needs dominate the top ranked items tested: advice, customized coverage, understanding and familiarity are each rated as highly important by approximately two-thirds of commercial insurance clients.

Importance of Insurer Attributes for Purchasing Decisions

How important are each of the following in considering the purchase of commercial insurance?



Base: deciders (n=482); percentages rating very important (6-7)

Small companies and those from Quebec also assign higher importance

Small and Quebec companies are generally more likely than others to assign high importance to company attributes.

High importance (6-7)	Size		Region			
	<100	100+	Quebec	Ont.	Alta.	BC
Sound advice	81	60	85	74	74	76
Customize coverage	78	67	86	74	73	67
Price	77	58	83	72	65	69
Understanding	74	65	74	76	73	59
Familiarity	75	59	78	76	64	63
Easy to understand	72	54	72	76	60	69
Quick claims	68	59	83	63	54	59
Quick access	66	53	78	61	46	61
Reputation	65	60	76	60	57	65

Chapter 3

Providers and Customer Experience

FINDINGS

- Multiple Providers
- Years with Current Provider
- Types of Coverage
- Claims Experience
- Satisfaction
- Performance on Service Attributes
- Gaps between Expectations and Performance
- Net Promoter Score
- Propensity to Change Providers

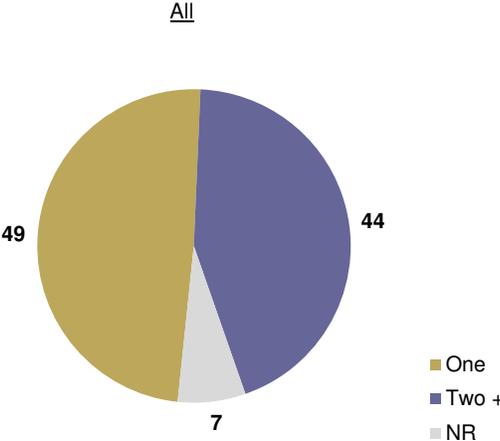
Multiple Providers

Half the market has only one commercial insurance provider

The market is nearly evenly split between those who have one provider and multiple providers.

One or More Insurance Providers?

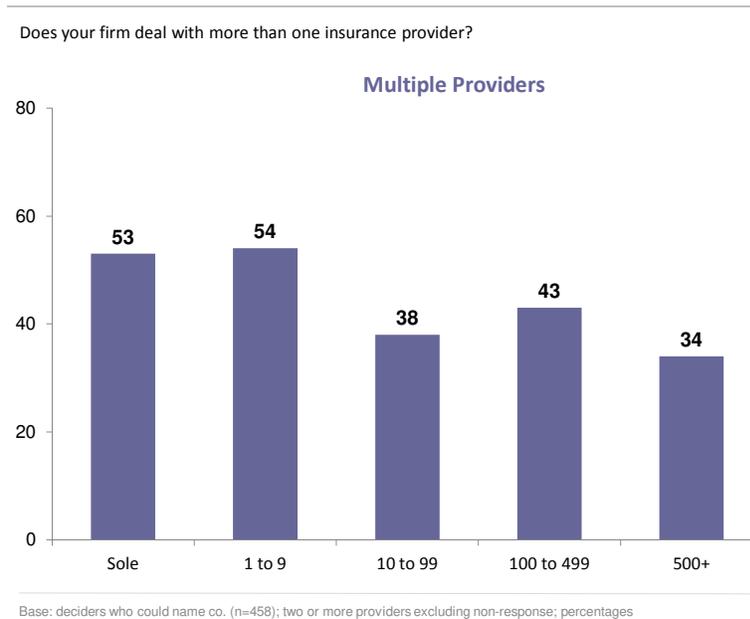
Does your firm deal with more than one insurance provider?



Base: deciders who could name co. (n=458)

The incidence of multiple providers is highest among micro-sized companies

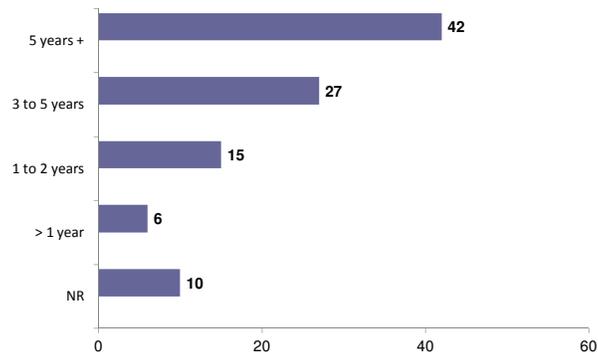
Very small companies and sole operators are the most likely to report having two or more insurance providers. Small companies (10 to 99 employees) are significantly less likely to have multiple providers, however.



Years with Current Provider

A strong majority of the market has been with their current provider for at least three years

For approximately how many years has your firm been doing business with your current insurance provider? Please feel free to consult your records if necessary.



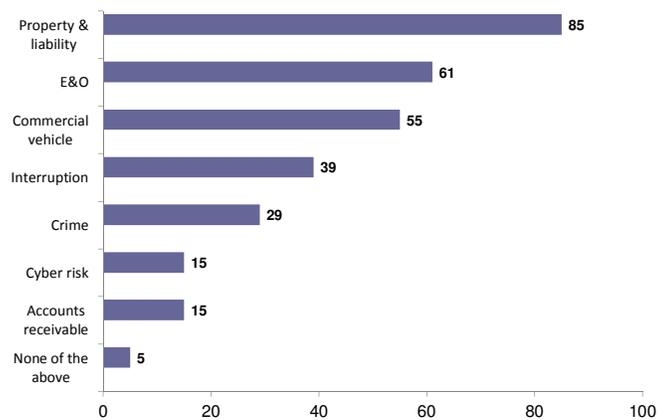
Base: deciders who could name co. (n=458)

Types of Coverage

A majority of organizations have at least three types of coverage

While property and liability insurance dominates the market, majorities hold errors and omissions and commercial vehicle coverage. All types of coverage generally increase with company size.

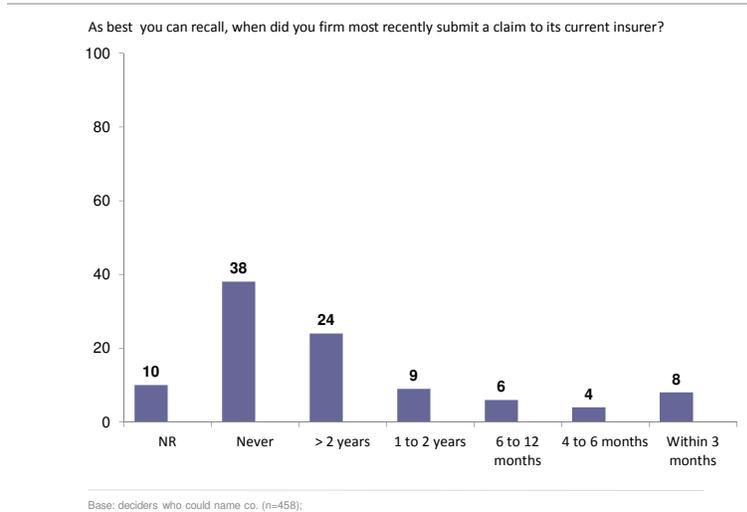
To the best of your knowledge, which of the following types of insurance does your firm currently have?



Base: deciders (n=482), percentages

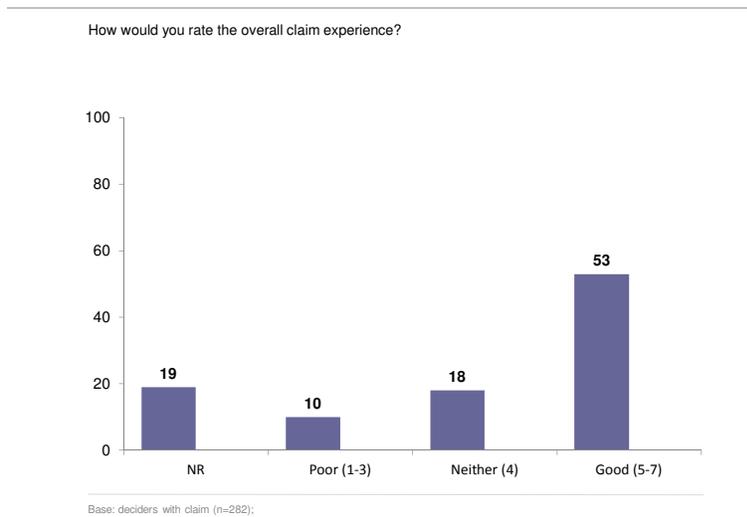
Just over half report a claims experience

A quarter of clients have had a claims experience within the past two years (27 per cent).



Most report a positive experience with their most recent claim

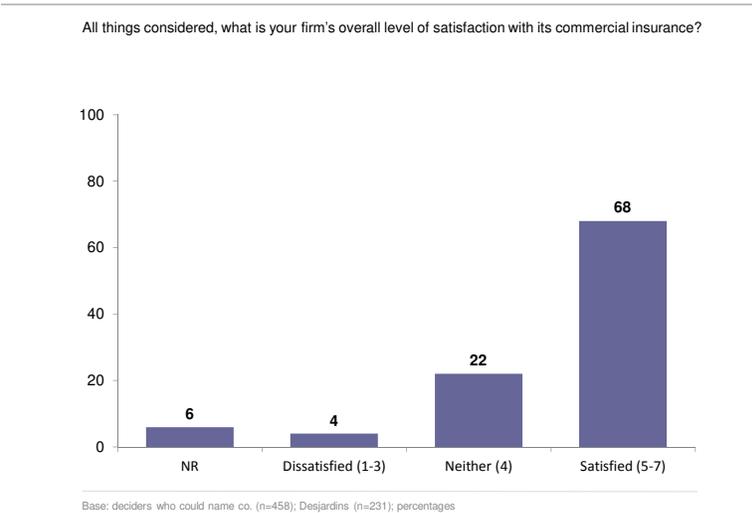
Only 1 in 10 of those who have made a claim say the experience was negative. The significant level of non-response reflects the high number whose claim experience is more than two years past. Among the few with a negative experience trust (8), timeliness (7), difficult procedure (4) and failure to deliver (3) were the reasons cited.



Satisfaction

Very few report dissatisfaction with their commercial insurance

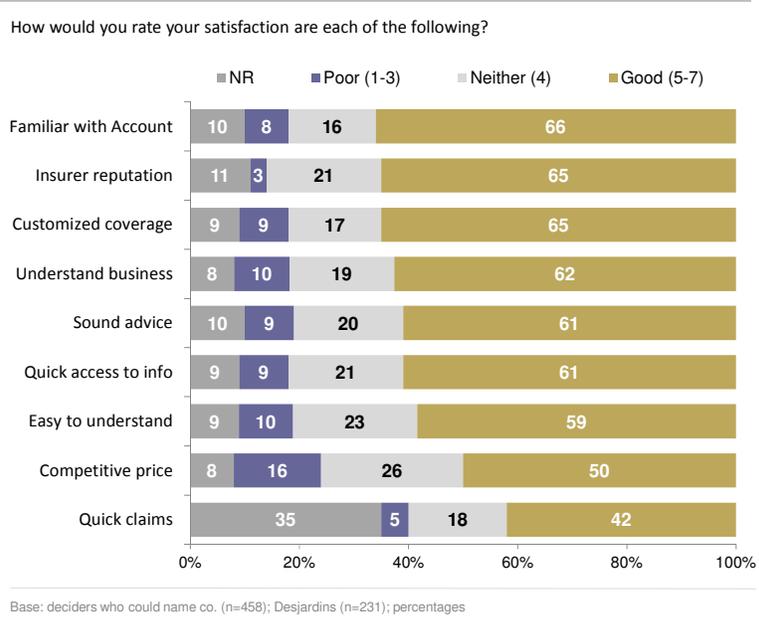
While satisfaction reaches only two-thirds in the market, only a very small minority express dissatisfaction with their commercial insurance.



Performance on Service Attributes

Insurers perform modestly well on most attributes

Performance is reasonably well on all attributes with the exception of price. There are few variations in these findings across company size or region. Notably, familiarity ratings increase progressively with decreasing size and Quebec companies are more positive than others on easy to understand language.

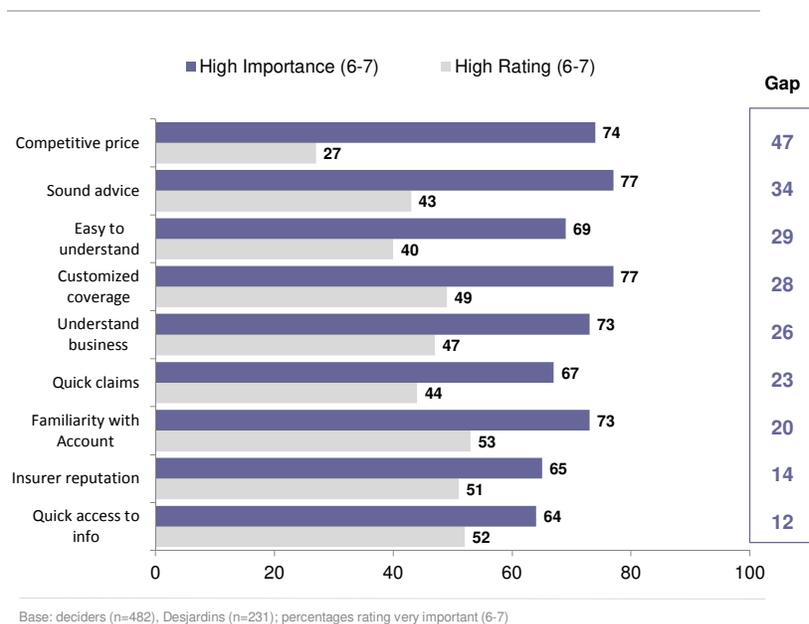


Gaps between Expectations and Performance

There are large gaps between expectations and performance on a series of attributes

Excluding non-response and taking only the top two box for both importance and rating reveals some sizable gaps on service attributes.

While price shows the largest gap, providing sound advice is revealed as a major area of need. Notable gaps are also found with providing easy-to-understand language, customization, understanding businesses, the speed of claims processing and access to someone familiar with an account.



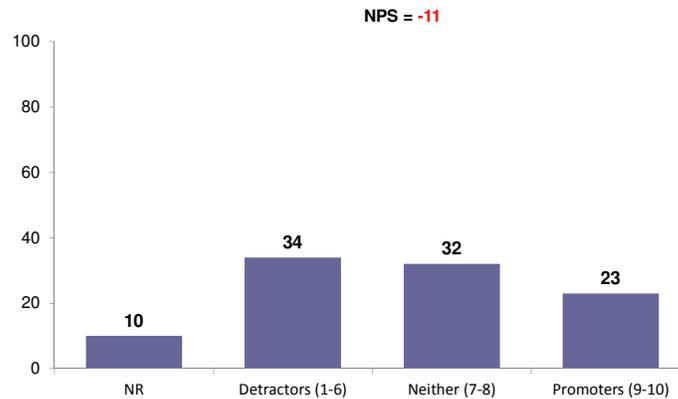
The extent and range of these gaps likely help to explain the insurance industry's less than stellar reputation. More importantly, they reveal areas that can be exploited to help improve market share.

Net Promoter Score

The market provides insurance companies with a negative NPS

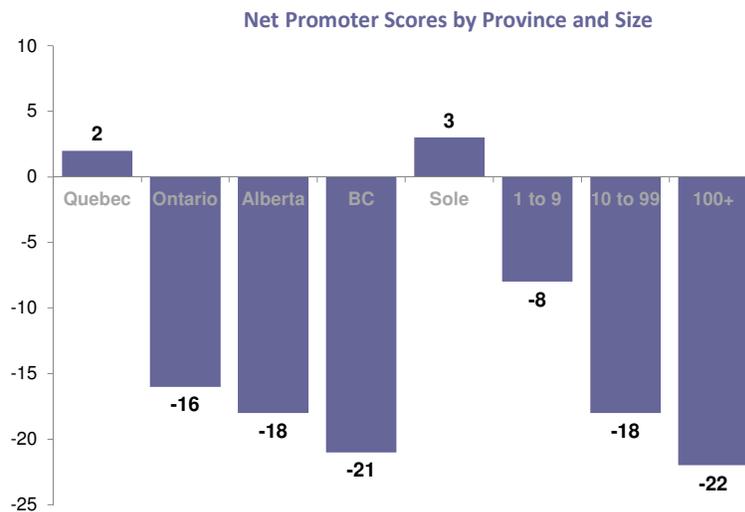
Reflecting service gaps and modest satisfaction levels, clients are more likely to be detractors than promoters for insurance companies.

Based on your experience with your current insurance provider, how likely are you to recommend your commercial insurer to a friend, colleague or other business people?



Base: deciders who could name co. (n=458); Desjardins (n=231); percentages

Only sole operators and Quebec companies provide (very modest) positive NPS scores



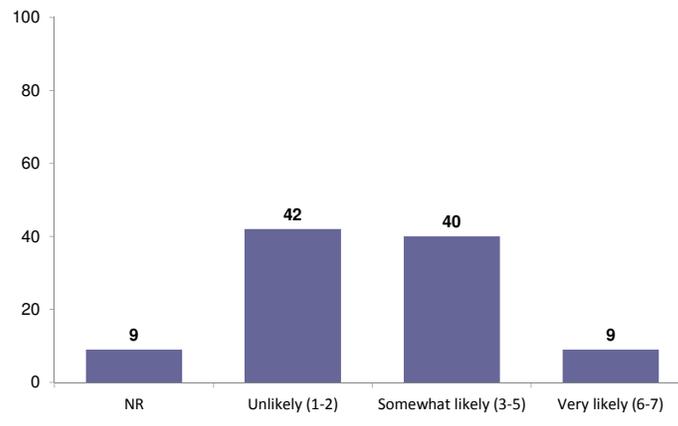
Base: deciders who could name co. (n=458); percentages

Propensity to Change Providers

Fewer than half say they are unlikely to change insurance companies

Propensity to change providers is a traditional measure of loyalty and gives a sense of the potential for churn in the market. While just fewer than 1 in 10 are highly likely to change providers, only a minority say they are unlikely to do so.

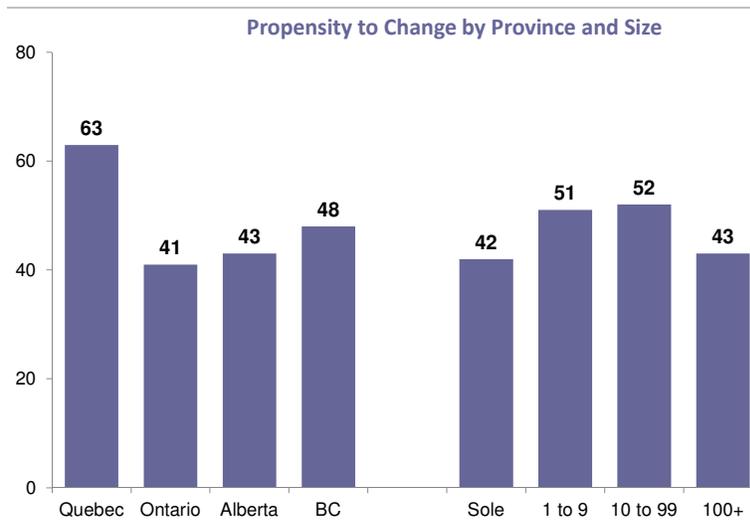
How likely is it that your firm will change insurance companies over the next 12 months?



Base: deciders who could name co. (n=458); Desjardins (n=231); percentages

Quebec and small companies are most likely to change

Despite a generally more positive outlook, small firms and those from Quebec report greater likelihood for changing providers.



Base: deciders who could name co. (n=458); at least somewhat likely to change (3-7), percentages