# THE GROWING IMPORTANCE OF RENTAL REIMBURSEMENT (LOSS OF USE) COVERAGE

With an estimated value of $25 billion CAD, the Canadian auto insurance industry is highly competitive – and it's becoming even more so as the biggest players battle over product offerings and price to win market share. According to a **Data Insights Market report**, increasing ownership and higher vehicle values are expected to contribute to a 4.4% sustained compound annual growth rate (CAGR) for the industry through 2033.[1] Meanwhile, claims costs continue to climb due to inflation, increased repair charges and an ongoing auto-theft epidemic, leading to higher and higher rates for consumers, with an average increase of over 12% from **Q3 2023 to the same period in 2024.**[2]

In a time when consumers are already grappling with the rising cost of living, it's more important than ever that insurance companies looking to stay competitive find ways to maximize customer satisfaction and trust while delivering value to their clients. Rental reimbursement, also known as loss of use coverage, can be one way to help bridge the gap.

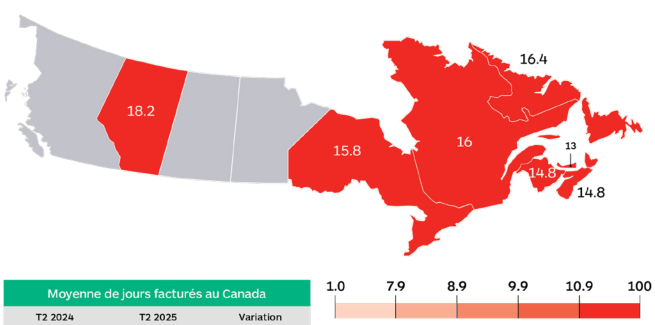
**"Rental reimbursement should no longer be considered merely supplementary. With the potential to positively impact customer satisfaction and retention, these policies can represent a strategic advantage for insurers willing to prioritize them in initial policy discussions and throughout the client relationship," said Mary Mahoney, Vice President at Enterprise Mobility™.**

**Rental Reimbursement: More Than a 'Nice to Have'**
As customers demand more seamless, personalized experiences and added value, the commonly held view of rental reimbursement as a niche add-on may be missing the mark on the critical role it can play in forming a well-rounded auto insurance policy.

According to Q2 2025 Length of Rental (LOR) data from Enterprise, Canadian drivers are waiting an average of over 15 days for collision-related repairs – a long time to be without transportation, especially for those relying on their vehicle for their daily commute. Rental reimbursement coverage helps provide peace of mind, minimizing frustration during what can be an already stressful time.

**Click here to view the latest Length of Rental reports from Enterprise.**

## Canada Average Length of Rental by Province T2 2025




| Moyenne de jours facturés au Canada | | |
|---|---|---|
| T2 2024 | T2 2025 | Variation |
| 15.5 | 15.4 | -0.1 |

* Source: Enterprise Rent-A-Car. Includes ARMS® Insurance Company Direct Billed

1 Data Insights Market, "Canadian Auto Insurance Market Charting Growth Trajectories: Analysis and Forecasts 2025-2033," March 2025, https://www.datainsightsmarket.com/reports/canadian-auto-insurance-market-19753, 2 Canadian Underwriter, "Auto rates continue to climb, while home rates plateau," October 2024, https://canadianunderwriter.ca/news/industry/auto-rates-continue-to-climb-while-home-rates-plateau/

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For the insurance professional, rental reimbursement presents a significant opportunity to enhance their value proposition and differentiate themselves in a crowded market. Those who proactively educate and enroll their clients in these policies may have the advantage.

**Key Insights**
Enterprise conducted a comprehensive Canadian insurance penetration study in 2024 to understand the impact of rental reimbursement policies. Key data points revealed the relationship between rental reimbursement coverage and customer satisfaction, finding policyholders who use rental benefits during a claim are more satisfied with their overall claim experience, with 93% saying they are likely to rent again for a future claim.

This satisfaction extends beyond claim resolution, influencing customer loyalty and brand perception. With price, service and coverage being relatively equal in importance to insurance customers according to the study, those policyholders who have rental reimbursement tend to stay with their provider for longer and shop for new insurers less frequently. If and when they do choose to shop around, these customers highly value the coverage in considering a new provider. Even among those without a rental reimbursement policy, half consider it an important factor in their decision.

“This data is critical for insurance professionals focused on customer retention and growth,” said Mahoney. “In a market where consumers have more choices than ever, positive claims experiences and value perception are crucial differentiators.”

**53%**

**of customers have rental reimbursement coverage.**

Despite the benefits to insurers and the insured, the study revealed a gap – and opportunity – between potential and actual penetration of rental reimbursement policies in the market.

Just 53% of customers with comprehensive auto insurance policies have rental reimbursement coverage, yet 44% of those without the coverage still chose to rent a vehicle during a recent claim. Meanwhile, 21% of customers without coverage say they have never heard of rental reimbursement, or their provider doesn’t offer it.

**The Business Case**
It’s no wonder rental reimbursement policies play a role in increasing long-term customer retention, as clients who feel more satisfied, protected and valued are less likely to switch providers. While insurance rates continue to be the most common reason consumers may decide to make a change, nearly a third say better coverage was a factor.

For those who don’t already have rental reimbursement, or whose reimbursement rate is less than what’s needed to offset the total cost of the rental vehicle, a robust rental policy offers customers an opportunity to enhance their coverage – and experience – overall. Having timely access to a rental vehicle through their insurance policy means customers can continue their daily lives without interruption or additional financial stress.

The time invested in educating clients about the advantages of adding rental reimbursement to their auto insurance policies – and ensuring they receive coverage at an appropriate level and for the right-size vehicle – is well spent when considering the potential gains in customer satisfaction and retention.

According to the study, satisfaction levels were dramatically lower among those whose rental policies covered only a small portion of the cost, with a mere 33% of respondents reporting being very satisfied with their provider, compared to 64% of customers whose rentals were fully covered. Even those who rented without coverage at all were more satisfied than those with policies that covered half or less than half the cost of the rental, demonstrating the impact the level of coverage can have on how customers feel about their provider.

“The more out-of-pocket expenses a customer pays, and the more friction they encounter in carrying on with their day-to-day activities, the less satisfied they are with their insurance provider during a claim,” said Mahoney.

**Educating Clients: Key to Success**
Insurance professionals play a vital part in helping clients understand the importance and benefits of rental reimbursement coverage, with 60% of the study’s respondents who have these policies reporting they learned about the benefits through their broker”.

This presents insurance providers with a valuable opportunity to educate their customers – a conversation many will welcome. About half of those without coverage say they’re open to the idea of rental reimbursement, and that number increases dramatically among drivers with a recent claim (67%) and for those who opted to rent on their own (78%).

By making a point to highlight the coverage in early policy discussions, as well as during reviews or whenever updates are made, brokers can introduce the benefit of rental reimbursement while also helping to keep its value top of mind for their clients should they ever need to use it.

Despite having coverage, 37% of study respondents who did not rent during their most recent claim say it’s a decision they’d change if given the chance. Knowing the potential positive impact choosing to use rental coverage can have on customer perception of the claims experience, it makes sense that proactively promoting the value of rental reimbursement can not only lead to higher acceptance rates, but increased customer satisfaction overall.

**Embrace the Future of Insurance with Rental Reimbursement**
As the insurance landscape evolves, the role of rental reimbursement in shaping customer experiences and driving business success is becoming increasingly important. For more information on how Enterprise can support your efforts in the rental reimbursement space, explore our online **agent resources** or reach out to speak with a representative today.

**For more information, visit enterprise.com/agentresources**.