

Insurance and the Future of Mobility

February 2018

While automated vehicles will disrupt the way auto insurers do business today, they also pose a significant opportunity for innovation among insurers.



- **New opportunities for marketing and distribution**
- **Opportunities to create new products**
- **Need for data to develop and underwrite new products**
- **Need for data in claims management**

Advanced safety features are making their way into more vehicles on the roads, but while they are reducing the frequency of accidents, they have not yet been shown to reduce the overall cost of accidents.

Insurance claim frequency % changes for crash avoidance systems (pooled estimates across vehicles models)

Technology	Collision	PDL	BIL
Forward collision warning	-3	-9	-12
FCW with autobrake	-3	-13	-20
Adaptive headlights	-1	-5	-7
Lane departure warning	+2	-3	+3



Source: IIHS Presentation, "IIHS Real World Results for Advanced Driver Assistance Systems & Fleet Deployment, July 24, 2017

Insurers will need access to data to be able to adequately rate and underwrite automated and semi automated vehicles.

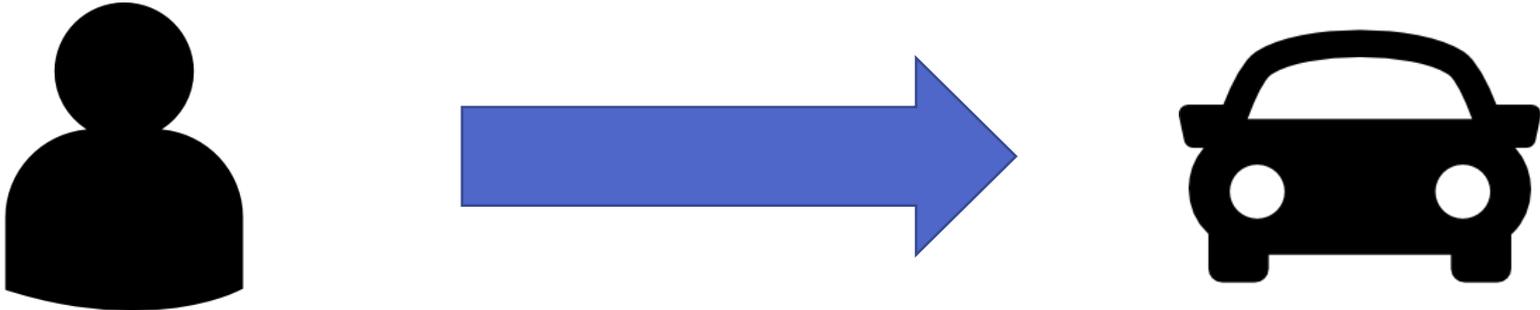
In order to adequately price and underwrite insurance for semi automated vehicles insurers will need:

- To know what ADAS features are on a specific vehicle
- The status of those systems: on/off, maintenance completion, etc.
- Data about the impact of those features on:
 - Accident frequency
 - Accident severity



UW/Risk
Management

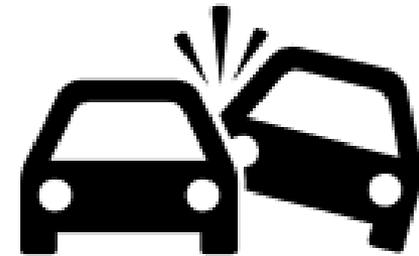
Numerous questions remain around liability and automated and semi-automated vehicles.



Eventually, liability will shift from human drivers to product liability in automate vehicles. There are questions about liability during the transition period – particularly, determining liability for vehicles that can switch from human-driven to autonomous mode.



Insurers will need access to automated vehicle data in order to adjust claims quickly and efficiently.



Types of data needed:

- Location and time
- Vehicle state: speed, braking, throttle, etc.
- User Intervention: alerts provided, user action after alerts, etc.
- Vehicle sensor data: any equipment malfunctioning, maintenance status, etc.
- Vehicle to vehicle/infrastructure data transmission (interruptions, data transmitted)

Claims
Management

Innovation is already taking place in the auto insurance market with carriers starting to rethink the way they distribute products.

Bundled lease / purchase

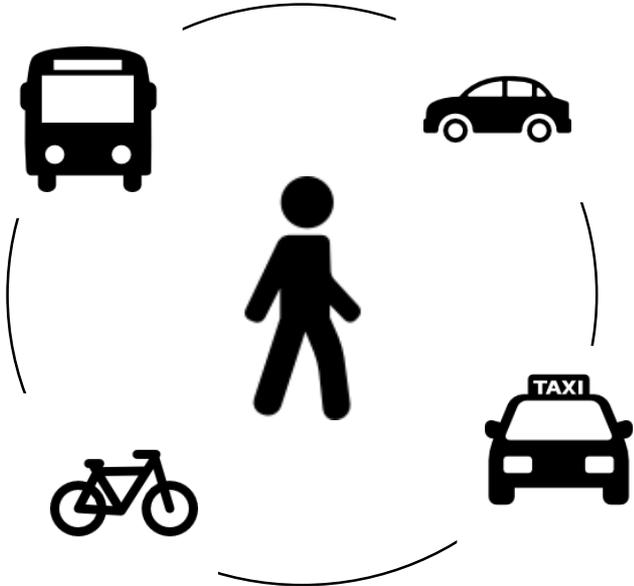
- Longer-term agreement aligning with a traditional lease contract
- Insurance costs and agreement is bundled with OEM arrangement.
- Longer term agreements, such as two-year, similar to traditional lease agreement



The future of auto insurance is full of possibilities for new product development provided insurers have access to the data and partnerships necessary for that innovation.



Insurance policies for automated fleets?



Insurance that covers an individual as they travel, regardless of mode of transportation?