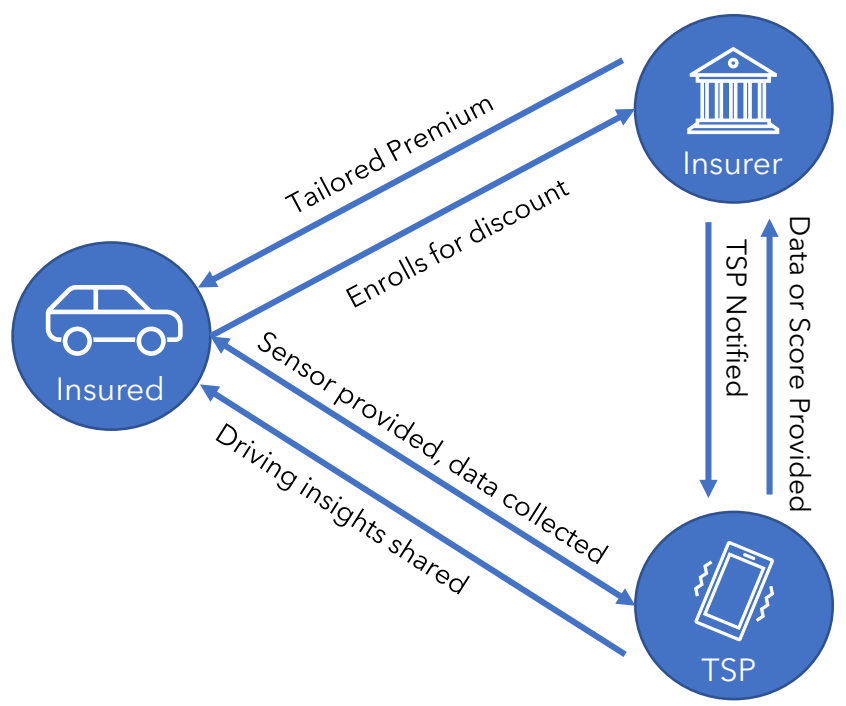


Telematics

CASTF Book Club
September 2020

What is Telematics-based Insurance?

Use of driving data to improve pricing, claims and customer engagement

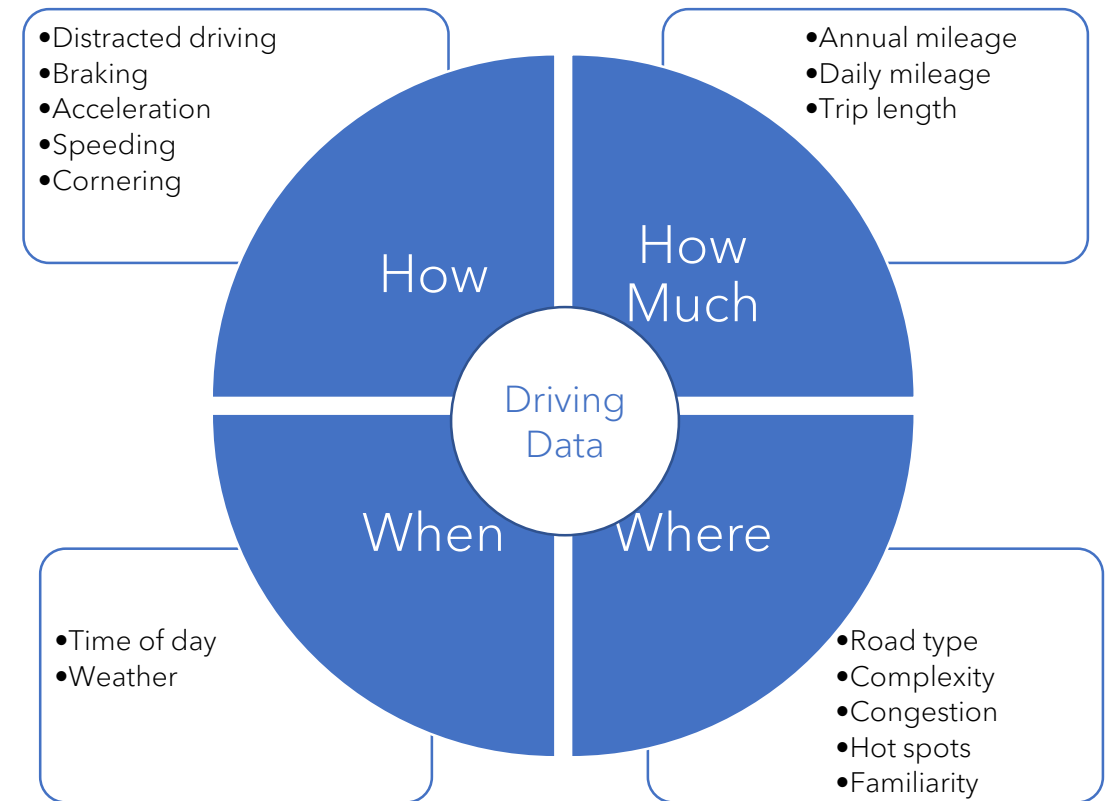


A "Win/Win" Proposition

Insurer	Consumer
<ul style="list-style-type: none"> • More accurate risk assessment • Improved claims handling • Positive engagement • Reduced losses • "Green" brand 	<ul style="list-style-type: none"> • Fairer, controllable premium • Better claims experience • Information about driving • Improved driving • Helping environment

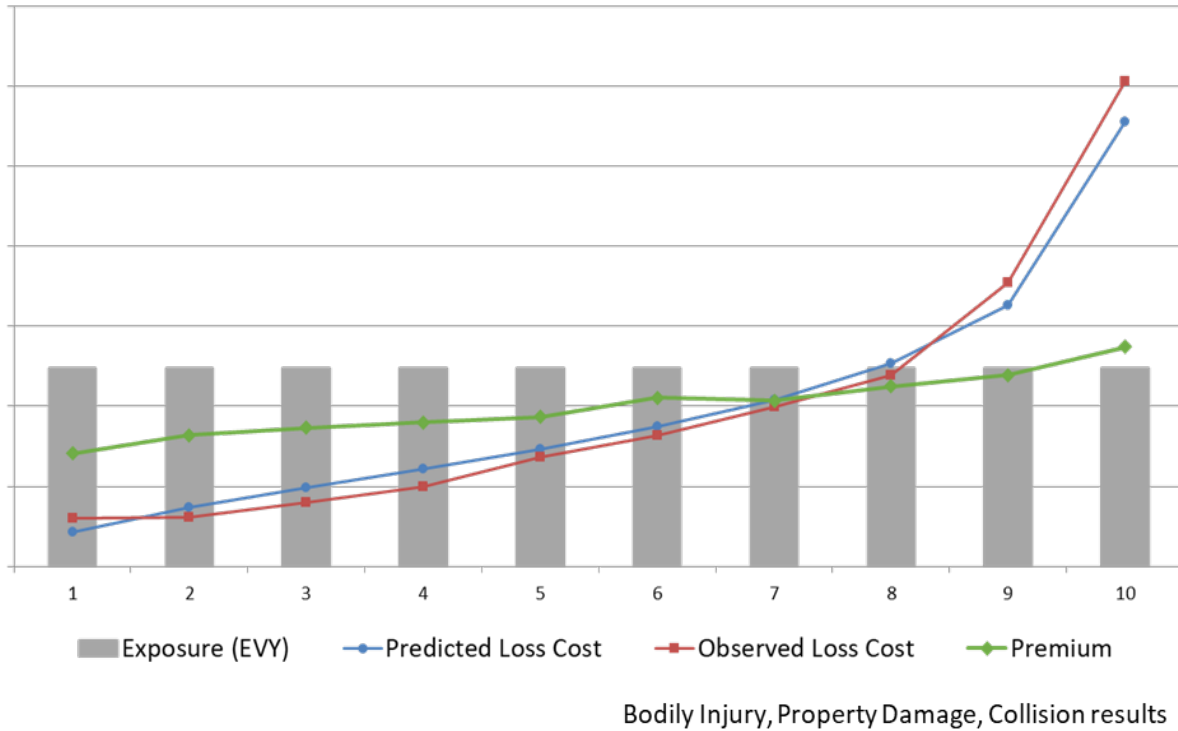
Data collected

- Data collected by TSP from range of sensors (1Hz or more frequent)
 - Time stamp
 - Lat/long
 - Accelerometer
 - Distracted driving information
- Data is processed and enhanced
 - Data cleansing routines
 - External data appended
 - "Features" calculated
- Data may be stored by insurer and TSP



How powerful is the data?

DriveAbility Validation Test



Source: CAS presentation for Octo Telematics

Decile	Predicted Premium	-1
1	-70%	
2	-55%	
3	-43%	
4	-32%	
5	-21%	
6	-17%	
7	0%	
8	13%	
9	36%	
10	103%	
Abs[Avg]	39%	

Variation: Products

PAY-AS-YOU-GO

SNAPSHOT

PAY-HOW-YOU-DRIVE

USAGE-BASED INSURANCE

PAY-PER-MILE

BEHAVIOR-BASED INSURANCE

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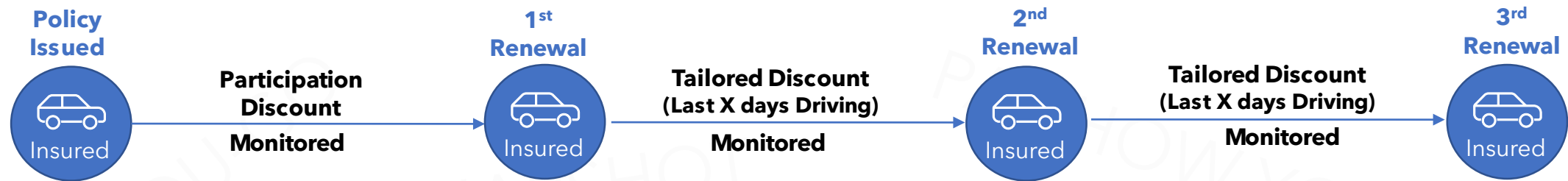
Product Example: Short-term UBI



- Customer only tracked during monitoring period
- “Earned” adjustment applied *prospectively* until major policy changes
- Some companies trying pre-policy only monitoring (TBYB)

Example: Progressive, Root

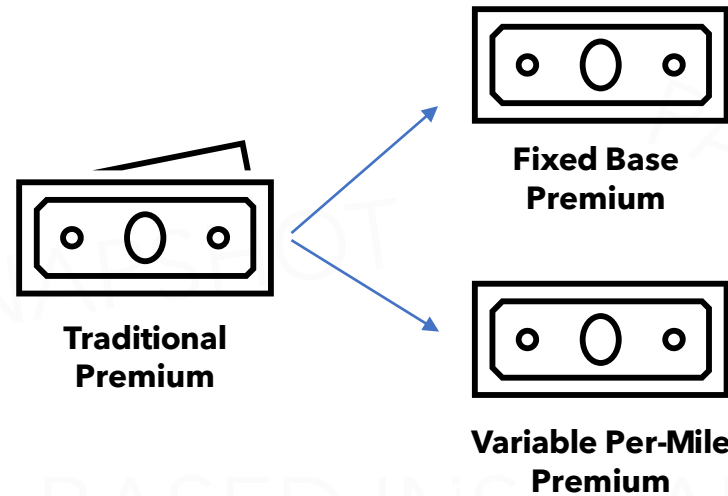
Product Example: Continuous UBI



- Customer tracked continuously
- Discount updated *prospectively* throughout lifecycle, generally at renewal
- Continuous tracking allows other services (e.g., crash/claims)

Example: State Auto









Product Example: Pay-Per-Mile



- Customer tracked continuously
- Variable premium determined *retrospectively* based on actual driving data
- May have maximum mile limits
- Continuous tracking allows other services (e.g., crash/claims)

Example: Metromile, Noblr

Variation: Sensors

	App Only	App + Tag	OBD II	OEM
Tracks				
Exposure				
Trip Detection Required	YES	N/A	N/A	N/A
Distracted Driving	YES	YES	NO	YES
ADAS Data	NO	NO	NO	YES
Cost of Solution	\$	\$\$	\$\$\$	TBD

Regulatory Topics

- Additional complexity for rate review process
- Reliance on growing number of 3rd party vendors (sensor, score, data)
- Mechanisms to handle consumer issues (e.g., removing invalid trips)
- Handling market conduct exams
- Mass market access to telematics product (e.g., have smartphone?)
- Effect on disparate impact concerns
- Privacy and responsible data storage and usage
- Data portability for consumer

Thank you

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