

Insurance Telematics in Europe and North America

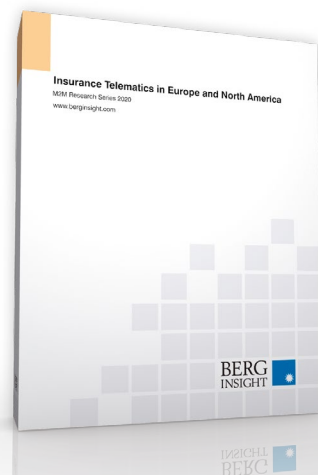


Insurance Telematics in Europe and North America is the fifth strategy report from Berg Insight analysing the latest developments on the insurance telematics market.

This strategic research report from Berg Insight provides you with 270 pages of unique business intelligence including 5-year industry forecasts and expert commentary on which to base your business decisions.

Highlights from this report:

- **Insights** from 30 new executive interviews with market leading companies.
- **Comprehensive overview** of the insurance telematics value chain and key applications.
- **In-depth analysis** of market trends and key developments.
- **Case studies** of more than 60 insurance telematics initiatives.
- **Summary** of the involvement of vehicle OEMs and mobile operators.
- **New data** on vehicle populations in Europe and North America.
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Europe and North America to reach 98.1 million insurance telematics policies by year-end 2024

The integration of telematics technology constitutes the latest revolution for the automotive insurance industry. The concept of telematics is a portmanteau of telecommunications – long-distance communications – and informatics – the science of information. Telematics in general thus refers to the collection of information related to remote objects such as vehicles via telecommunications networks. The introduction of telematics technology in the context of automotive insurance is commonly referred to as usage-based insurance (UBI) or insurance telematics. Solutions of this type generally enable automotive insurers to improve pricing mechanisms based on actual driving data, gain better control of claims and differentiate their offerings to current and prospective policyholders. Variants of insurance telematics which have been popularised over the years include behaviour-based pricing models such as Pay-As-You-Drive (PAYD), Pay-How-You-Drive (PHYD) and Manage-How-You-Drive (MHYD).

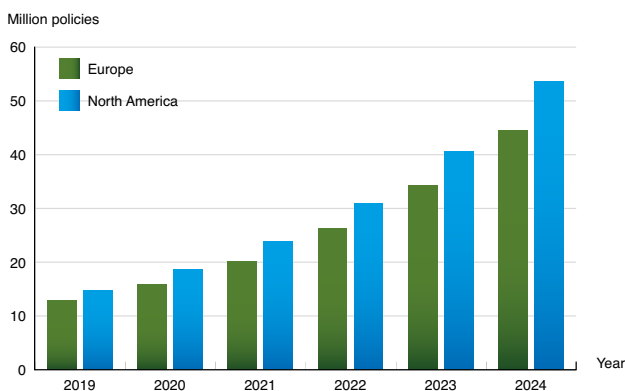
The addressable market for insurance telematics is significant. A total of around 307 million vehicles were in use in the EU23+2 in 2018, including over 267 million passenger cars. In North America, an estimated total of around 291 million vehicles were in use in 2018, out of which passenger cars and light trucks are estimated to represent almost 276 million vehicles. Some kind of basic automotive insurance is mandatory in most developed countries and there are in addition a number of subcategories of insurance that provide coverage for different types of unforeseen events involving motor vehicles. Motor gross written premiums in EU23+2 reached a total of over € 137.3 billion in 2018. The equivalent number for North America was US\$ 246.6 billion (€ 225.7 billion) in 2018.

The insurance telematics market is currently in a phase of strong growth which is expected to accelerate in the coming years. Europe and North America so far represent the vast majority of all insurance telematics programs and active policies from an international perspective, and the front-running national markets include the US, Italy, Canada, the UK and Germany. Berg Insight estimates that the total number of insurance telematics policies in force on the European market reached 12.8 million at the end of 2019. Growing at a compound annual growth rate of 28.2 percent, the number of insurance telematics policies in force in Europe is estimated to ►

reach 44.5 million by 2024. In North America, the total number of insurance telematics policies in force is forecasted to increase from an estimated 14.7 million policies at the end of 2019 to reach 53.6 million policies by 2024, representing a compound annual growth rate of 29.6 percent.

In the US, the top three insurers in terms of UBI policies have all introduced smartphone-based solutions to supplement or replace the previously used OBD dongles. Several US and Canadian insurers have during the recent year re-assessed and re-launched their telematics programs. The North American insurance carriers are also exploring claims-related insurance telematics as well as adding distracted driving parameters in UBI. The European insurance telematics market is still dominated by insurers in Italy and the UK, with an estimated 9.6 million and 1.3 million policies respectively. The market in Germany has grown considerably during 2019 and reached about 0.5 million telematics policies. Uptake on all other markets is considerably lower, with between 100,000 and 300,000 policies in Spain, France, Benelux as well as Central and Eastern Europe.

The insurance telematics value chain spans multiple industries. Insurers with notable presence in the insurance telematics market include Progressive, UnipolSai, State Farm, Allstate, Generali, Allianz, Admiral, AXA, Liberty Mutual, Intact and Insure The Box. Insurance players can either develop telematics programs independently or rely on partners to varying degrees. Smartphone-based telematics players have taken significant market shares during the past years. Leading vendors of smartphone-based insurance telematics solutions include Cambridge Mobile Telematics, TrueMotion and Arity (subsidiary of Allstate). Renowned telematics suppliers active in the insurance field for example include Octo Telematics, Vodafone Automotive, Viasat Group, Targa Telematics, Redtail Telematics, IMS (Trak Global Group) and The Floow. Other players on the insurance telematics market include Modus, Baseline Telematics, LexisNexis Risk Solutions, Verisk, CCC Information Services, OSeven, Amodo and Sentiance. Automotive OEMs are increasingly taking an active part in the ecosystem. Examples include General Motors, PSA Group, Honda, Renault-Nissan-Mitsubishi, Toyota, Tesla, BMW, Daimler and Hyundai.



Insurance telematics policies in force (Europe and North America 2019–2024)

This report answers the following questions:

- What types of insurance telematics products are offered on the market?
- Which are the leading providers of insurance telematics technology?
- What business models are available for insurers entering the insurance telematics space?
- Which are the dominant technology form factors on each market?
- Which are the most successful insurance telematics programs today?
- How are mobile operators approaching the insurance telematics market?
- How are the vehicle OEMs involved in the ecosystem?
- Which are the major drivers and barriers for insurance telematics adoption?
- Which are the key future trends in this industry?

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About the Author



Martin Svegander is a Senior Analyst with a Master's degree in Industrial Engineering and Management from Linköping University. He joined Berg Insight in 2017 and his areas of expertise include vehicle telematics, insurance telematics and shared mobility services.

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