



Usage-Based Insurance from a Regulatory Perspective

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Topics

- Current State of the Market
 - Insurance providers that are using telematics
 - States with approved UBI programs
- Rate Filing Process for UBI programs
- Regulatory Issues/Concerns
 - Trade Secrets
 - Privacy for Consumers
 - Sources of Data
 - Pricing

Current State of the Market

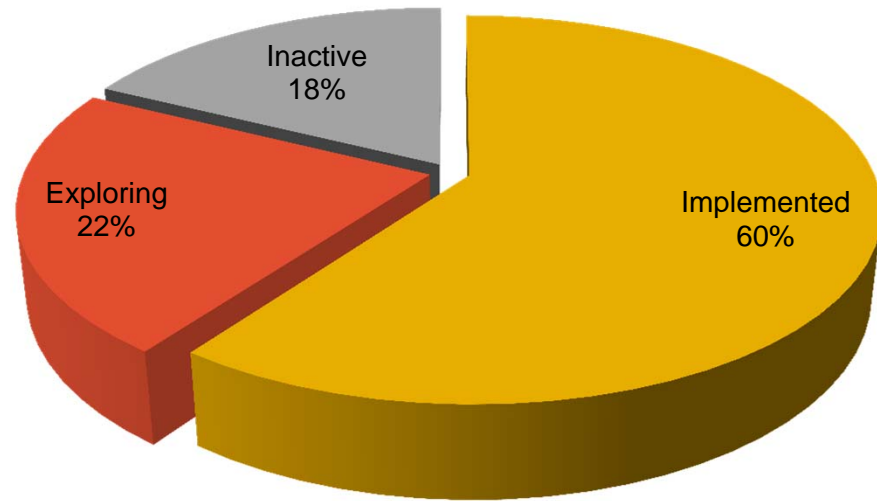
Selection of insurance providers that have launched telematics

Widespread development underway on a global basis



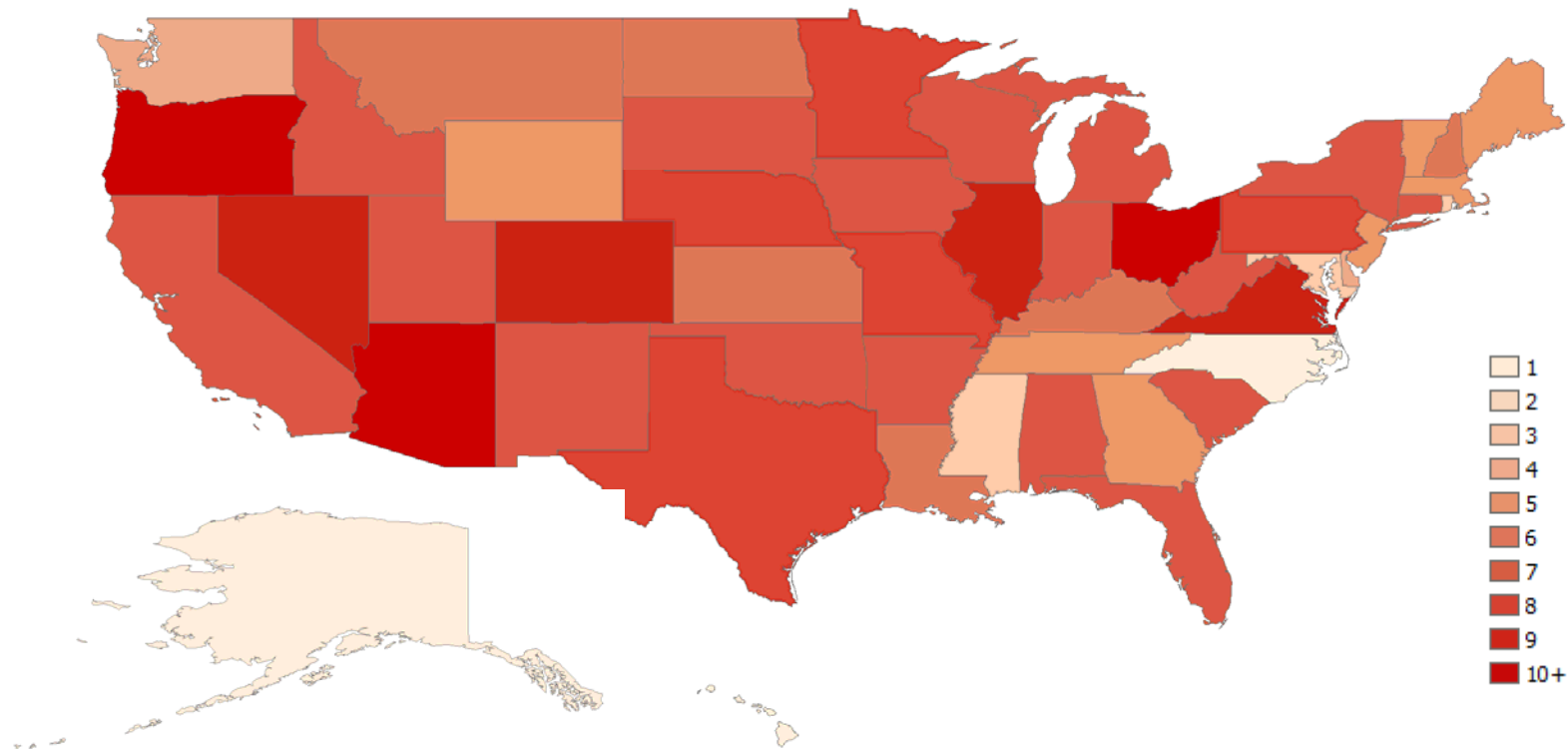
Top 50 U.S. private passenger auto companies

- At least eight top 10 personal auto insurers have implemented programs to insureds in at least one state
- U.S. companies representing over 80% of the market already have programs or are actively pursuing them



Widespread presence of personal lines programs in US

- Forty-six states have 4+ personal auto UBI programs implemented



These programs range from simple, verified-mileage programs to full-fledged, UBI offerings

Questions related to state of market

- What are some of the key differences between how states are currently regulating UBI programs?
- What do you think the market for UBI programs will look like in the five years? When, if ever, do you think UBI will become a “standard” mechanism used for rating auto insurance policies?

Rate Filing Process for UBI Programs

Rate filing process

- What questions should the insurance company be prepared to answer about their filing that might be different from non-UBI filings?
- What impact has companies' reliance on third-party vendors had on the rate filing process?
- Due to the lack of credible historical loss experience from prior UBI programs to support filed rates, what other types of information do companies use to support new UBI-based rates?
- What percentage discounts have states typically allowed for new UBI programs?

Regulatory Concerns/Issues

Regulatory concerns/issues to consider

- Generally speaking, how much information do insurance departments typically require companies to reveal in the publicly available rate filings that contain UBI-based discounts/surcharges?
- Some consumers are hesitant about UBI programs due to concerns about the privacy of their data. What steps should be in place during the regulatory approval process to ensure that consumers' privacy is maintained by insurance companies?
- There are currently several different sources for telematics (self-installed devices, OEM in-vehicle systems, smartphones). Which sources have been approved by insurance departments to-date and what are the concerns regarding the non-approved sources?
- Are there concerns on the part of regulators regarding the fairness of pricing between UBI and non-UBI participants, and within UBI programs themselves?