



UBI – A Global View

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The Big Picture

- Companies of all sizes worldwide are aggressively implementing telematics programs to gain the competitive advantages of early adoption.
- Developments differ by region. In the U.S., there are 45 states that have more than 10 UBI programs.
- Companies who do not implement soon will be at a major disadvantage and have difficulty catching up.
- Act now, but take it one step at a time.

Agenda

- Introductions
- UBI is a worldwide phenomenon
- U.S. UBI taking hold
- Summary

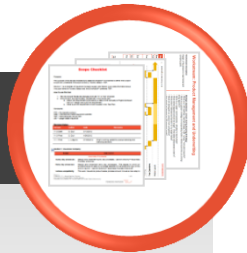


Introductions

Towers Watson's DriveAbility® Offering

Expert Advice from Consultants Experienced with UBI

- TW understands all aspects of UBI from strategy to implementation
 - Our team members have experience implementing UBI programs at insurers
- Strategy and implementation tools and templates



Vehicle Scoring and Data Analytics

- Large existing pool of telematics, external, and insurance data
- Proprietary software and techniques that enable unparalleled analysis of big data
- 10x segmentation above existing rating plans
- DriveAbility score is three times as powerful as any existing rating factor



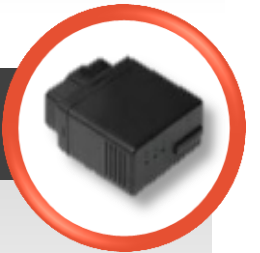
Rate Filing Services

- Most U.S. states require UBI programs to be filed in the majority of states
- Developed very good working relationships with state DOIs and are a Rate Service Organization (RSO) in all states required by our clients
- File our score in states, as required, so our companies do not have to do so



Partnership and Integration with Proven TSPs

- TW partners with selected TSPs to provide a scalable, market-defining UBI solution
- Technology solutions and infrastructure are device agnostic (devices will change over time)
- TSPs provide additional customer services
- If the insurer prefers, TW will work with other TSPs



UBI Experience



More than 50 insurance companies on UBI projects around the world, including U.S., Canada, Asia Pacific, South Africa, South America, and Europe.

These carriers include top 10 U.S. auto insurers and large multi-nationals.



UBI is a worldwide phenomenon

Insurers are realizing the benefits and launching rapidly



Notable Global Developments

Canada

- Six Canadian insurers have launched products to-date. Others to come.
 - Desjardins Ajusto
 - Industrial Alliance Mobiliz
 - CAA Connect
 - Intact
 - The Co-Operators Group
 - SGI (Motorcycle)
 - Economical actively preparing, but not ready to launch.



Example 1: Desjardins — Ajusto

- Goal: acquire safe drivers with initial discount (5%), continue to monitor and reward safe driving (25%)
- OBD device
- Measures:
 - Distance travelled, which can contribute up to 10% discount
 - Frequency of hard braking and acceleration, accounting for up to 10%
 - Time of day driven, contributing up to 5% rate decrease



Source: Canadian Underwriter, 13 May 2013.

Results

- 50% said they are safer drivers. 2/3 pay more attention to acceleration and braking
- 50k new UBI policies in the first 15 months
- Launched in Ontario and Quebec, expanding to Alberta
- Increase premium +5.4% vs YA



Example 2: CAA Insurance - Connect

- Goal: similar, but with additional focus on value added services.
- OBD device
- Value added services: track vehicle's health and fuel efficiency, as well as set service reminders.
- Phase 2: Vehicle diagnostic capabilities. Enhance roadside assistance calls using GPS location services and remote service capabilities.

CAA Connect™ Rewards Safe Drivers
Save 5% on your CAA Auto Insurance¹ premium by enrolling today!

LEARN MORE »

1 2 3 4

Example 3: Industrial Alliance - “Mobiliz”

- Goal: Improving driving behavior for youthful drivers
- Hard-installed device
- Lots of feedback and reporting. Premium varies monthly (25% discount).

Up to
25% of discount

Good driving behaviour = Discounts



Others

- Intact Automerit: 5% participation discount, up to 25% renewal discount.
- Co-Operators En-route: 5% participation, up to 25% renewal.
- Even motorcycles!

automerit
Reap the rewards with automerit

The better you drive, the more you save.

automerit rewards you with a personalized discount by assessing your acceleration, braking, and the time of day that you drive. Simply plug the automerit device into your car and drive. You could save up to 25%* on your car insurance at renewal.

*See our full Terms of Use.

3 Easy Steps | Plugging in automerit | automerit Dashboard

Validate if the automerit program is available in your area

Postal Code

Already enrolled?

Safe drivers save more with the en-route Auto Program™ - Ontario clients only

Looking for a way to save on your auto insurance? With our new en-route Auto Program™, you'll save an initial 5% and up to 25% on your auto insurance, just for signing up.*

What is the en-route Auto Program?
Our en-route Auto Program is a usage-based insurance program that uses telematics technology. A small, wireless communications device** collects information about your driving including:

- Braking and acceleration
- Distance travelled
- The time of day you drive
- Your environmental impact, and more

Through your online account, you can view reports and maps of your trips as well as your driving data.



SGI released recommendations from Motorcycle Review Committee aimed at safety.

File / Global News

REGINA – SGI is proposing a pilot project to be one of the first insurance companies in the world to use telematics technology for motorcycles.

Notable Global Developments

Asia

- **China:** Very active market. Most top insurers are piloting with significant volume.
 - Pricing
 - Marketing
 - Value added services
- **Japan:** top insurers are starting to prepare for pilot using OEM data or commercial fleet data.
 - Pricing
 - Risk control
- **Thailand:** Bangkok Insurance
 - April 2015
 - Focusing on teen and commercial fleet
 - Goal is to reduce loss ratio by 15% points



Notable Global Developments

Australia and New Zealand

- A few insurers launched and others are actively preparing. Multiple technologies used.
- QBE - Insurance Box
 - Pricing, premium could go up or down
 - OBD device, charging small one time fee
- AI Insurance - Smart-Box
 - Rate reduction. Theft tracking, accident assist, claims handling
 - Hard installed device
- Tower Insurance New Zealand - Smart Driver
 - Marketing
 - Smartphone app
 - Discount up to 20% applied to new policy or existing policy



Notable Global Developments

Brazil

- Porto Seguro
 - Teen product, discount up to 30%
 - Hard installed device
 - Speed, time of driving, training programs



Notable Global Developments

South Africa

- More than 50% of the insurers have launched UBI.
- Telematics widely installed in vehicles already due to high theft rate.



Hollard – Pay as You Drive

- Includes a minimum fixed premium (covers 417 kilometers, non collision) and a variable monthly premium by distance.



“You can thus control how much you spend on vehicle cover premiums”

Discovery's Vitalitydrive



15% Improvement in driving behaviour in the first 12 months

UBI insureds claims cost is 2/3 of non UBI insureds

40% of UBI drivers earned special status within 3 months

Other UBI Products

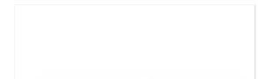


The banner for OUT SURANCE features the logo "OUT SURANCE" in purple and white, with the tagline "You always get something out." below it. To the right are navigation links for "Products", "Clients", "App", and "About Us", along with a phone number "08 600 60 000". The main text of the banner reads "Driving safely can save you money" in white on a green background. Below this is a purple button that says "Get a Quote". To the right of the button are five purple circular icons: a car, a car, a car with a checkmark, a car, and a clock.

[Car insurance](#) [Buddy@OUT](#) [OUT-in-Africa](#) [Help@OUT](#) [OUTbonus](#) [FAQ](#)

Safe_Driver@OUT

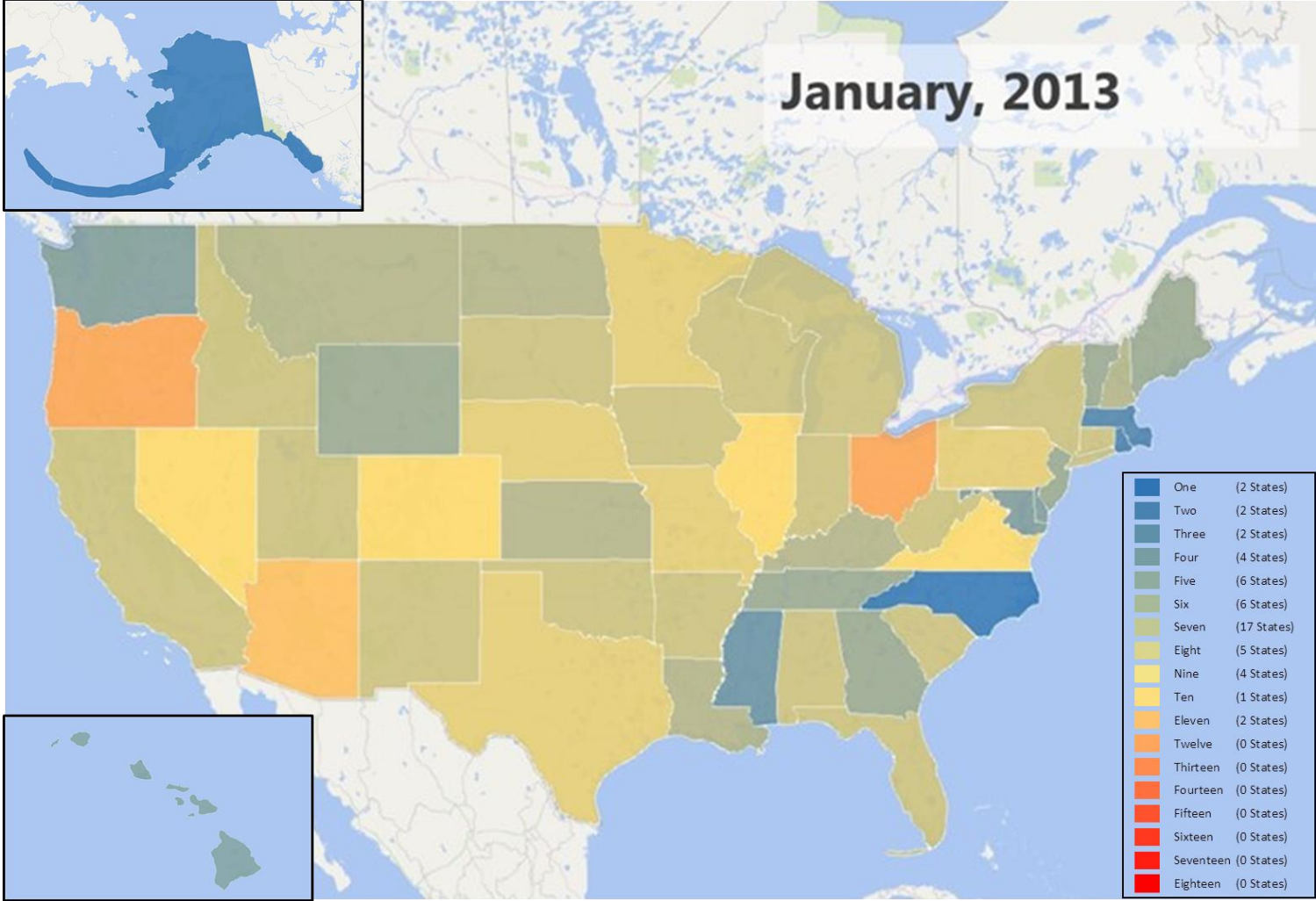
If you're a safe driver, this one's for you!



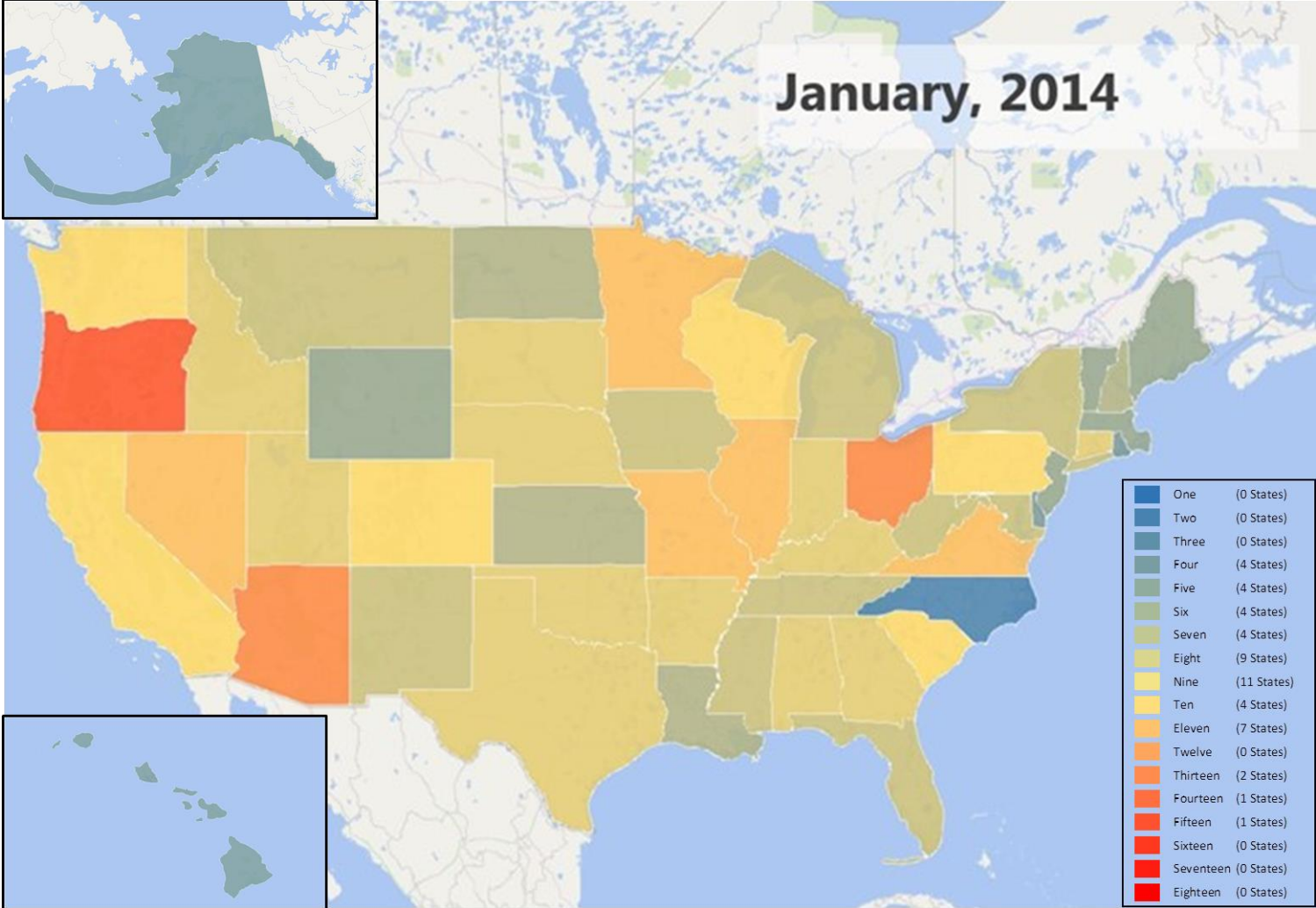


U.S. UBI is taking hold

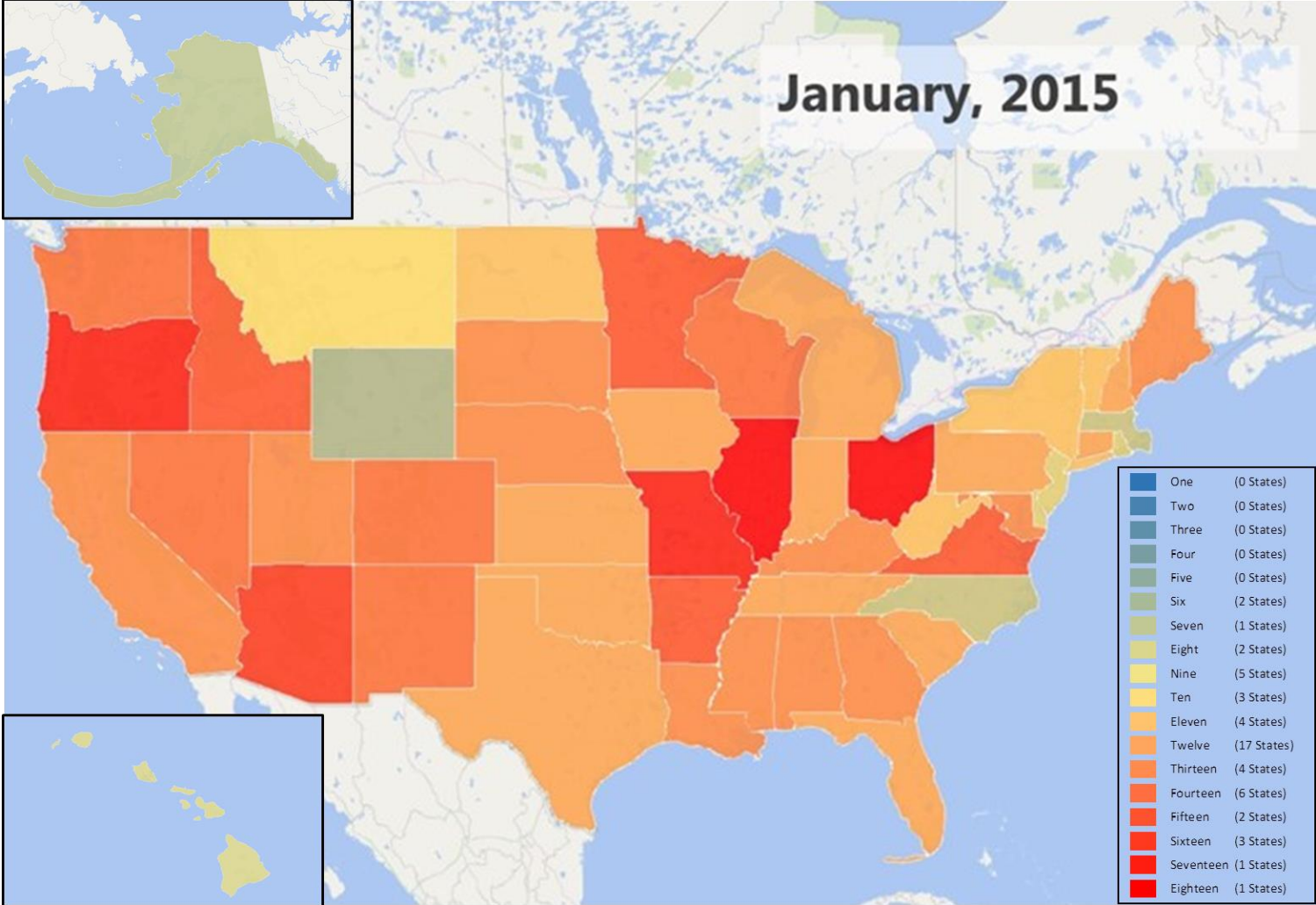
Proliferation of U.S. UBI Programs



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Insurers in Texas

Nine have telematics programs:

- Allstate
- Auto Club
- Esurance
- National General
- Liberty Mutual
- Nationwide
- Progressive
- State Farm
- USAA



Act Now: Doing nothing is not an option

- Early adopters quickly picking off self-selected low risk customers.
- Late adopters face adverse selection.
- UBI is sticky.
- It's not reversible as with insurance credit score.
- Long lead time to market entry:
 - Impacts all areas of your organization.
 - Consider time for product design, test, program, data collection, analysis, regulator filing.
 - Understanding and working with telematics technology is not trivial.

U.S. insurers that don't currently offer a UBI product are probably already beginning to experience adverse selection that will only get worse with time.

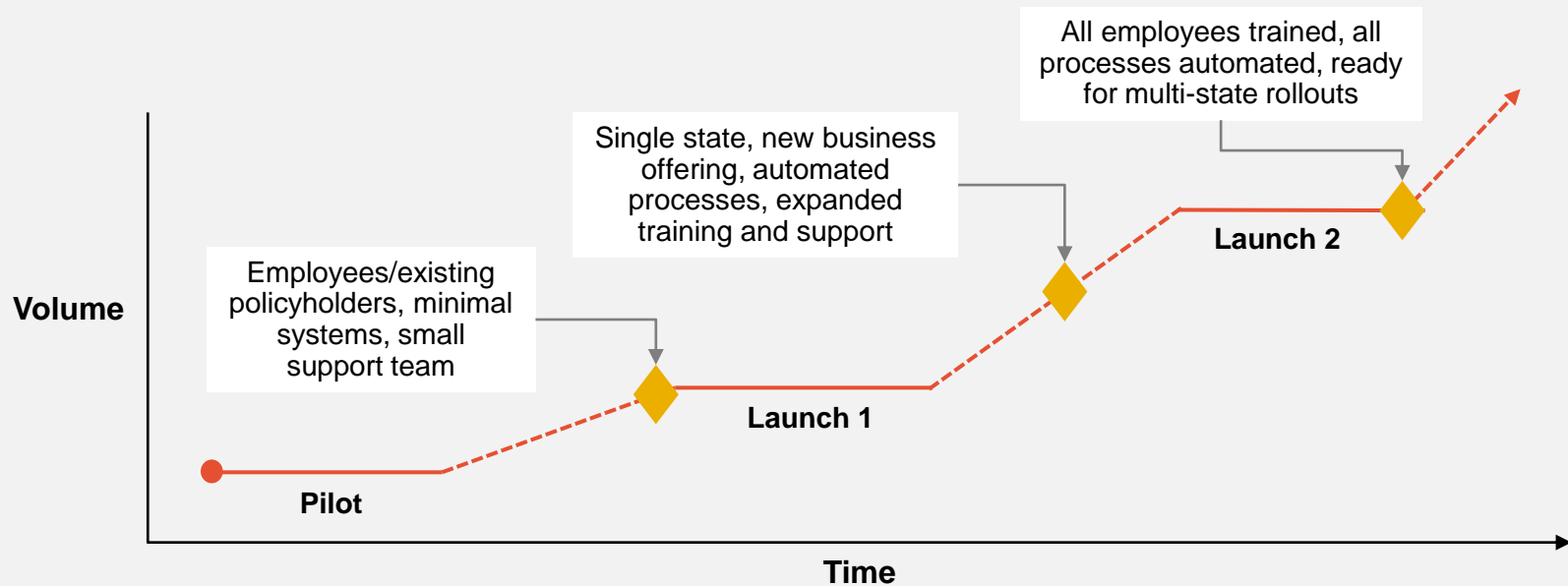
Towers Watson recommends an incremental approach to launching UBI products

Companies who have successfully launched full-scale programs tend to follow a similar launch runway.



Act now, but one step at a time

- Inflection points are reached as processes change from manual to automated, and training/support expands from a small team to full call center support.



- Each stage of the implementation involves greater degrees of automation and sophistication.



Summary

In Summary

- Companies worldwide have launched UBI to gain the competitive advantages of early adoption.
- Companies who do not implement soon will be at a major disadvantage and have difficulty catching up.
- Act now, take incremental steps.





Thank you. Questions?

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