

INSURANCE

RISK

Non-Traditional UBI: Debunking the Myths

Debunking 3 UBI Myths:

- Myth #1: Telematics Data Is Just Driving Data
- Myth #2: Handsets & OBD Devices Aren't Comparable
- Myth #3: Open Data Platforms Kill Pricing Innovation



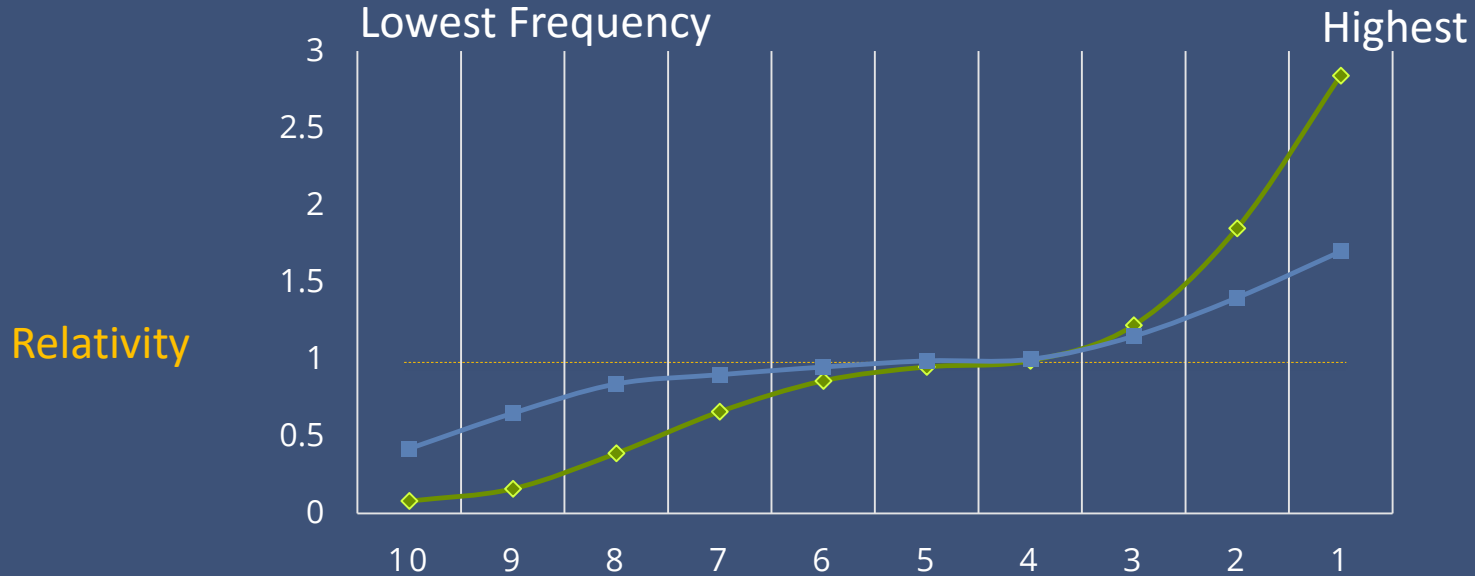
Context Increases Driving Data Insights



Myth #1

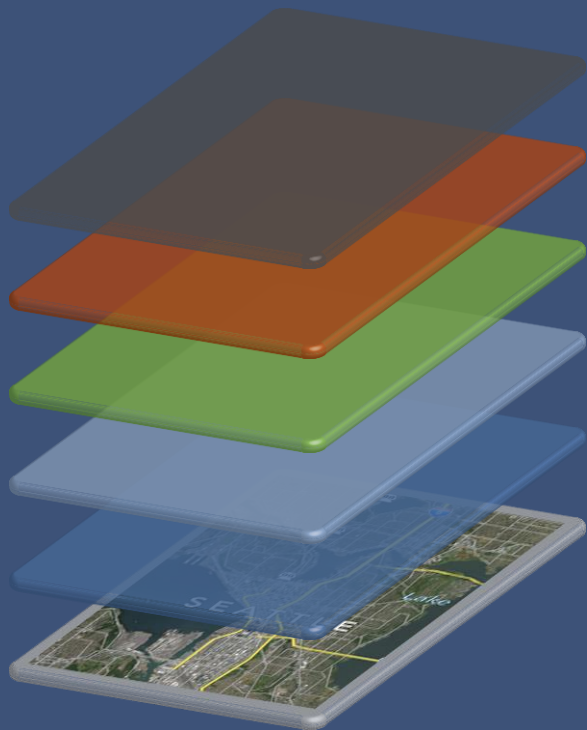
Context Matters And Adds Considerable Lift

—◇— with Context —■— Speeding, Acc. & Harsh Braking



Myth #1

Context improves on territorial rating variables



- Layer 5** Driver Behavior & detailed driving data
- Layer 4** Road Type & Maintenance status
- Layer 3** Traffic Dynamics, Congestion & Incidents
- Layer 2** Weather & Temperature
- Layer 1** Road Usage by class of business
- Layer 0** Kinematic map of vehicle capability



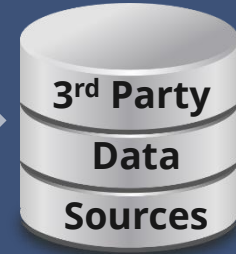
Myth #1

Every Insurer Needs Data

- Rate & Price with precision
- Segment by actual results
- Proactively reduce losses
- Desk adjust claims



**Contextual
Data**



Vehicle Driving Data



Standards open up access to billions of miles of driven decisions, with policyholder permission



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Myth #2: Handset, OBD and Embedded Devices

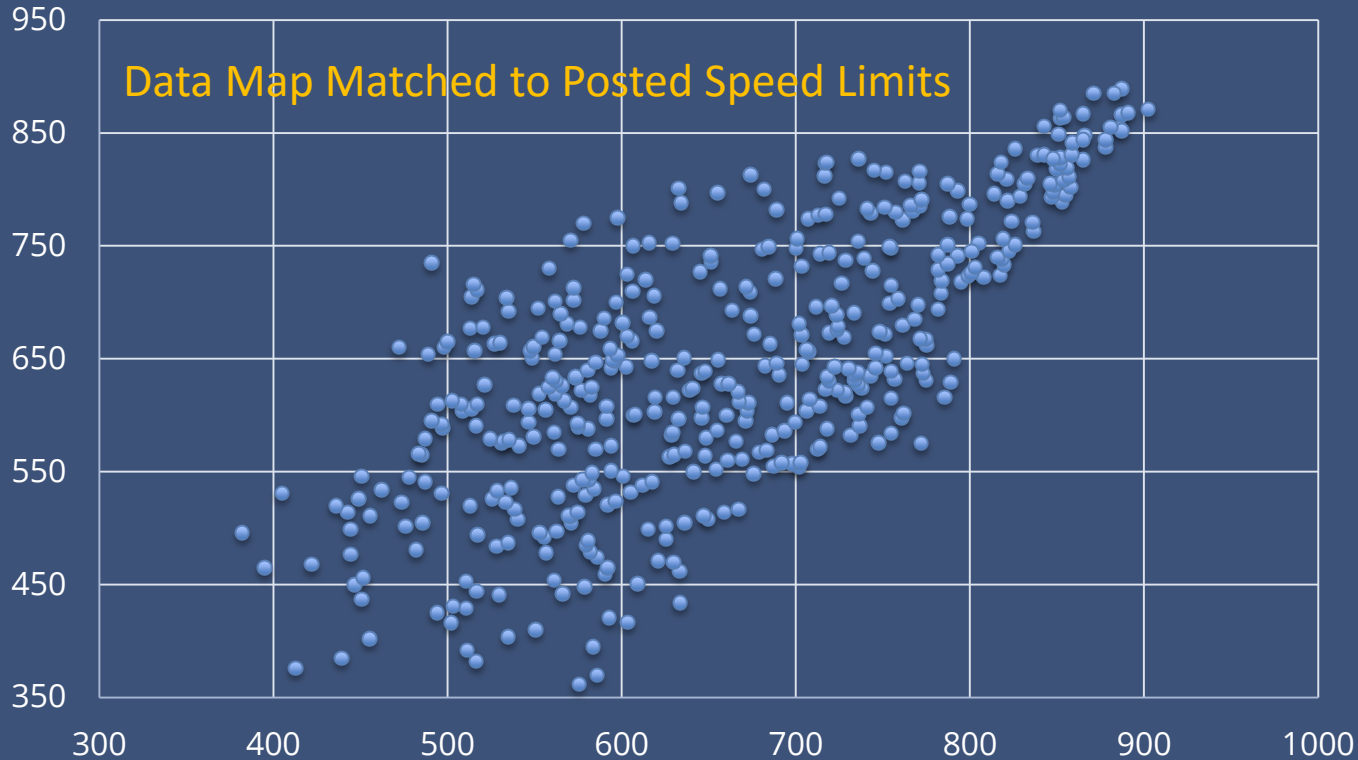


- Kinematic attributes
- Peer-to-Peer behavior
- Driver choices
- Sample bias
- Thick “rich” data

Context Matters



Installed vs Handset Results Without Context



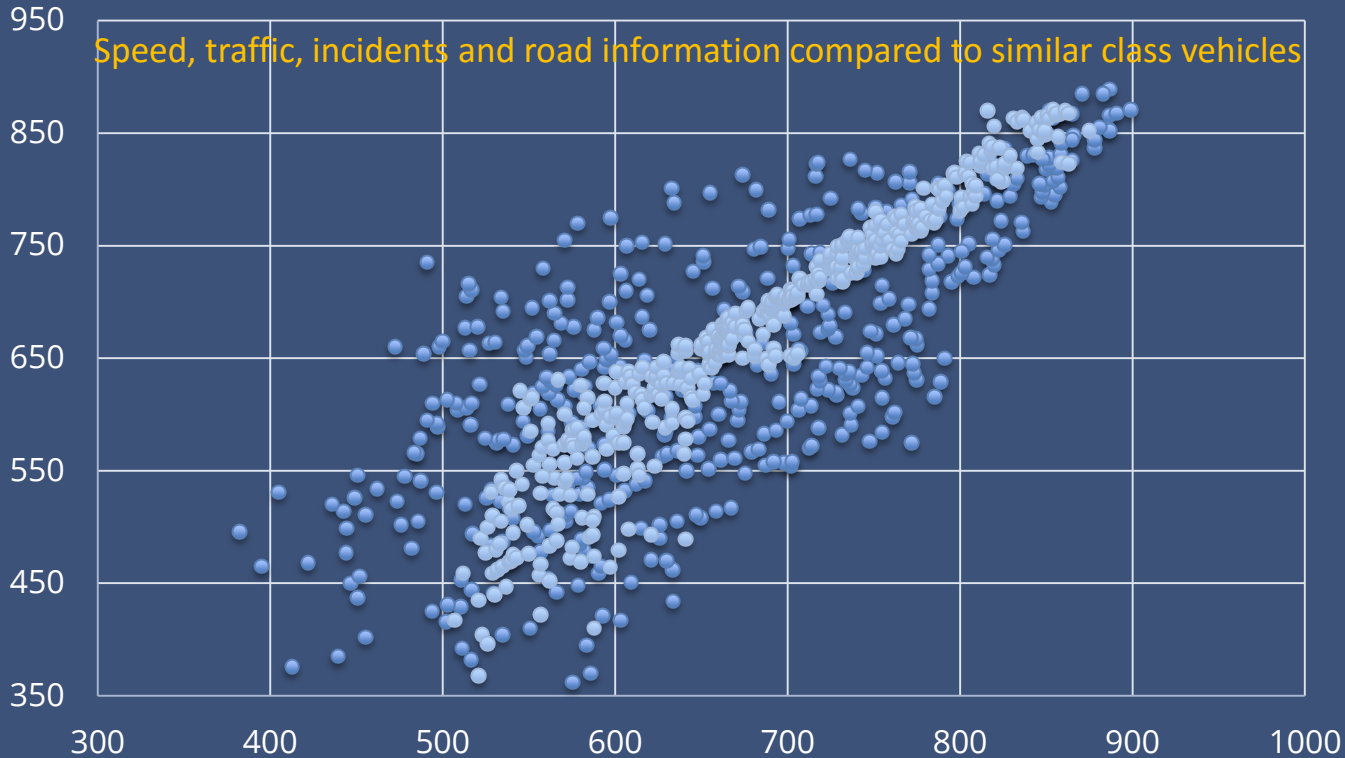
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Handset

Myth #2



Installed vs Handset Results Without Context



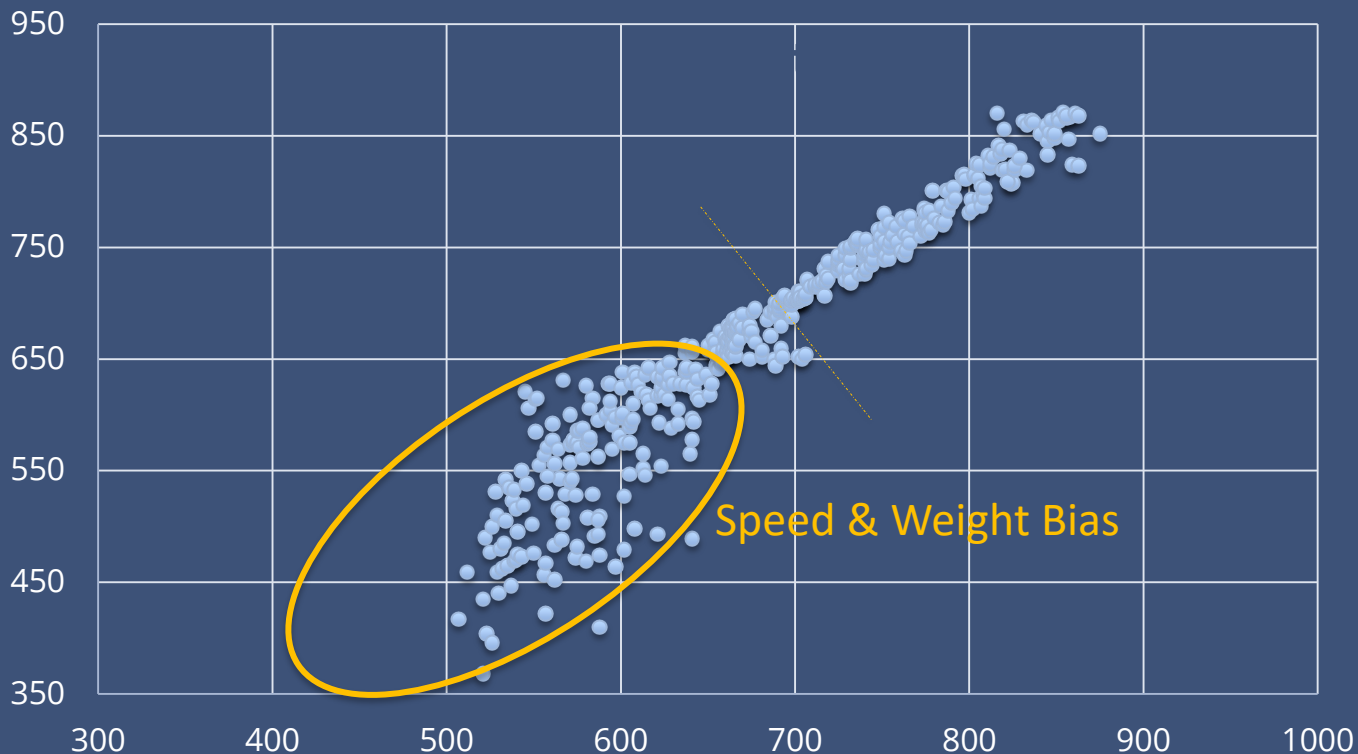
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Handset

Myth #2



Installed vs Handset Results Without Context



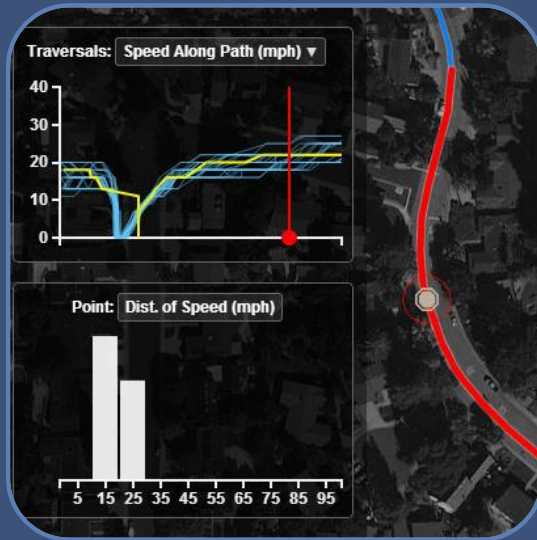
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Handset

Myth #2



How Are Kinematic Maps Made?



- Big Data... crowdsourced from 44MM vehicle probes
- Data combined from many sources into a single reference model
- Add in third party data like weather & road maintenance

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Connected Vehicles Invite Proprietary Pricing

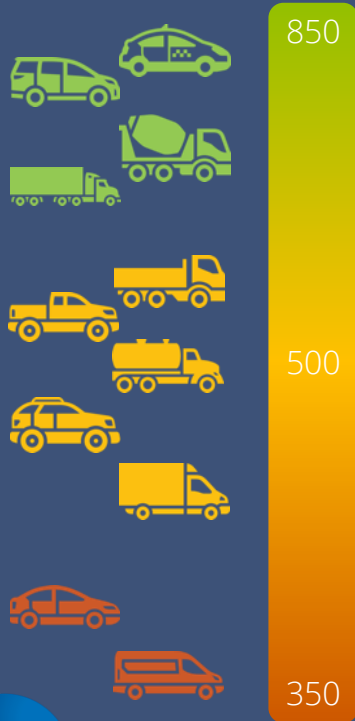
Open systems advantage...pricing innovation.

1. Detailed data on how, where and when vehicles are being driven
2. Dozens of sources normalized to a standard, affordable data set
3. Delivered as a trusted "Safe Driving" score, similar to an insurance credit score, with significantly more lift.



Myth #3

A FAIR Comparison by Class and Territory



FAIR Score® provides a peer-to-peer comparison. Both Personal Lines and Commercial risks are scored against risks in the same geographic area. Fundamentally more accurate index of driver and vehicle capability.



Myth #3



Summary of non-traditional UBI

1. Insurance-Telematics Requires Context, especially for fairly rating higher mileage, older and commercial drivers
2. “Big Data” Will Identify Fundamental Differences Between Vehicles
3. Driving Data Must Be Compensated With Peer-to-Peer Speed Differences, Vehicle Weight, Load status and Traffic
4. “Thick Data” Provides Qualitative Differences by Vehicle Type and Driver Age for the same Weather, Traffic and Congestion
5. An Open Data Platform Provides More Insight And Fairer Rating; soon everyone will use open data sources for underwriting benefits.



THANK YOU!

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