

PTOLEMUS Consulting Group

Global UBI market trends & best practices

Insurance Telematics USA Conference



Chicago - 4th September 2013 - PTOLEMUS intellectual property

PTOLEMUS is the first strategy consulting firm focused on telematics and geolocation

Our consulting services

Strategy definition

New market entry, business plan development, board coaching and support

Evaluation of investment

Strategic due diligence, market assessment, feasibility studies

Procurement strategy

Specification of requirements, launch of tenders, supplier negotiation & selection

Innovation management

Product & services development, roadmap definition, project management & launch, patent strategy

Business development

Partnership strategies, response to RFPs, lobbying

Implementation

Project & programme management, risk analysis & mitigation strategy

Our fields of expertise

Mobile content and social networking

Application stores, crowd-sourcing, etc.

Navigation & location-based services

Maps, traffic, fuel prices, speed cameras, parking, etc.

Usage-based charging

Usage-based insurance, Road charging, PAYD car leasing & rental, etc.

Telematics & Intelligent Transport Systems

Connected car, tracking, fleet management, eCall, bCall, Stolen Vehicle Recovery, Car As A Service, etc.

Positioning / Location enablement

M2M & connectivity

We help all ecosystem players

Telecom operators



OEMs & telematics vendors



Content & application providers



Telecom infrastructure providers



Consumer electronics makers



Positioning solution providers



PTOLEMUS Consulting Group

- Partners in Brussels, Paris, Hamburg, Milan and the UK
- +50 years of experience in mobile
- +100 years of experience in telematics

ITS operators & regulators



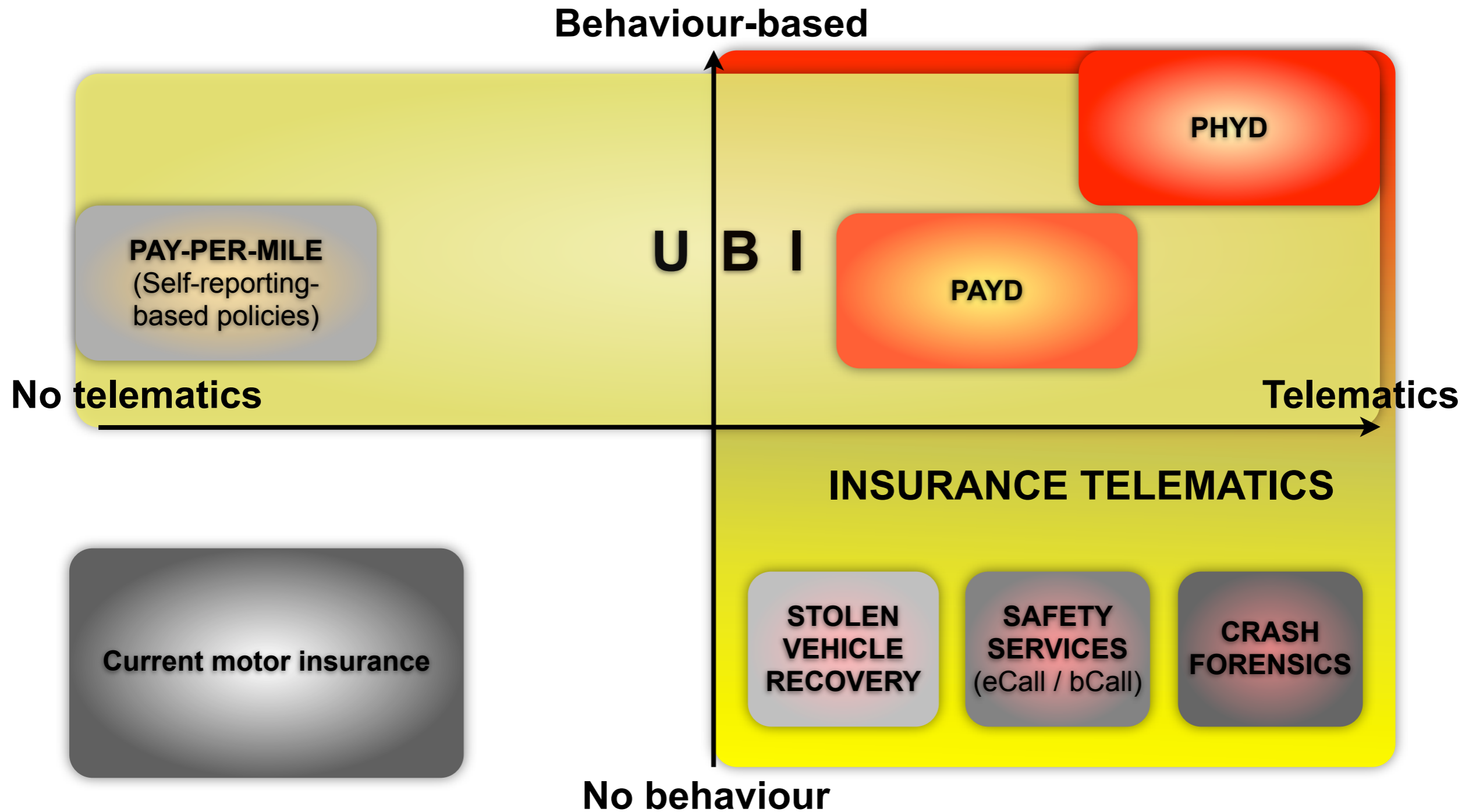
Insurers & assistance providers



Financiers

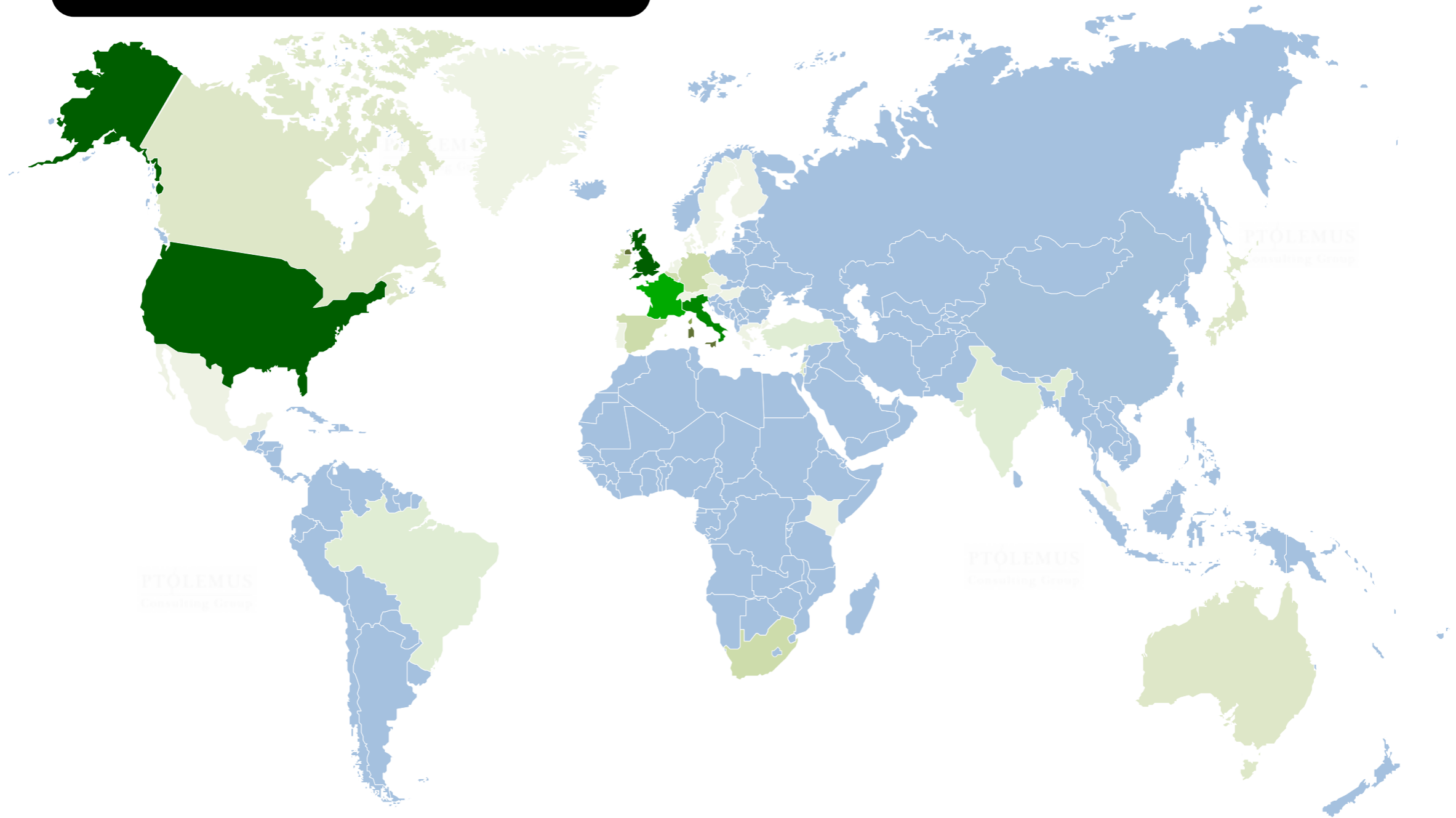


There are many flavours of telematic insurance models



Telematics has reached all the most mature insurance markets

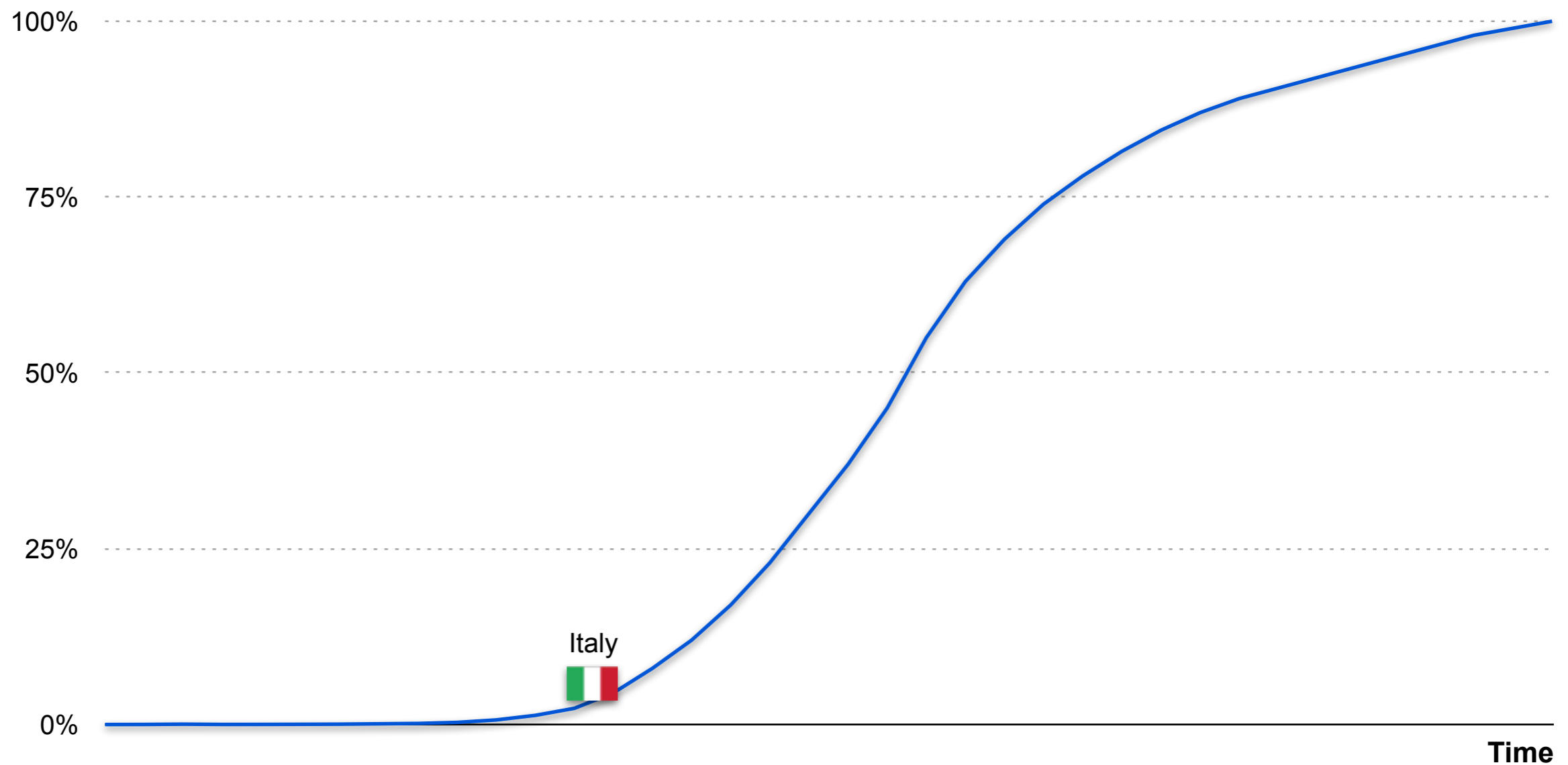
UBI worldwide trials & launches



Italy, the most advanced country in the world, just reached 5% penetration...

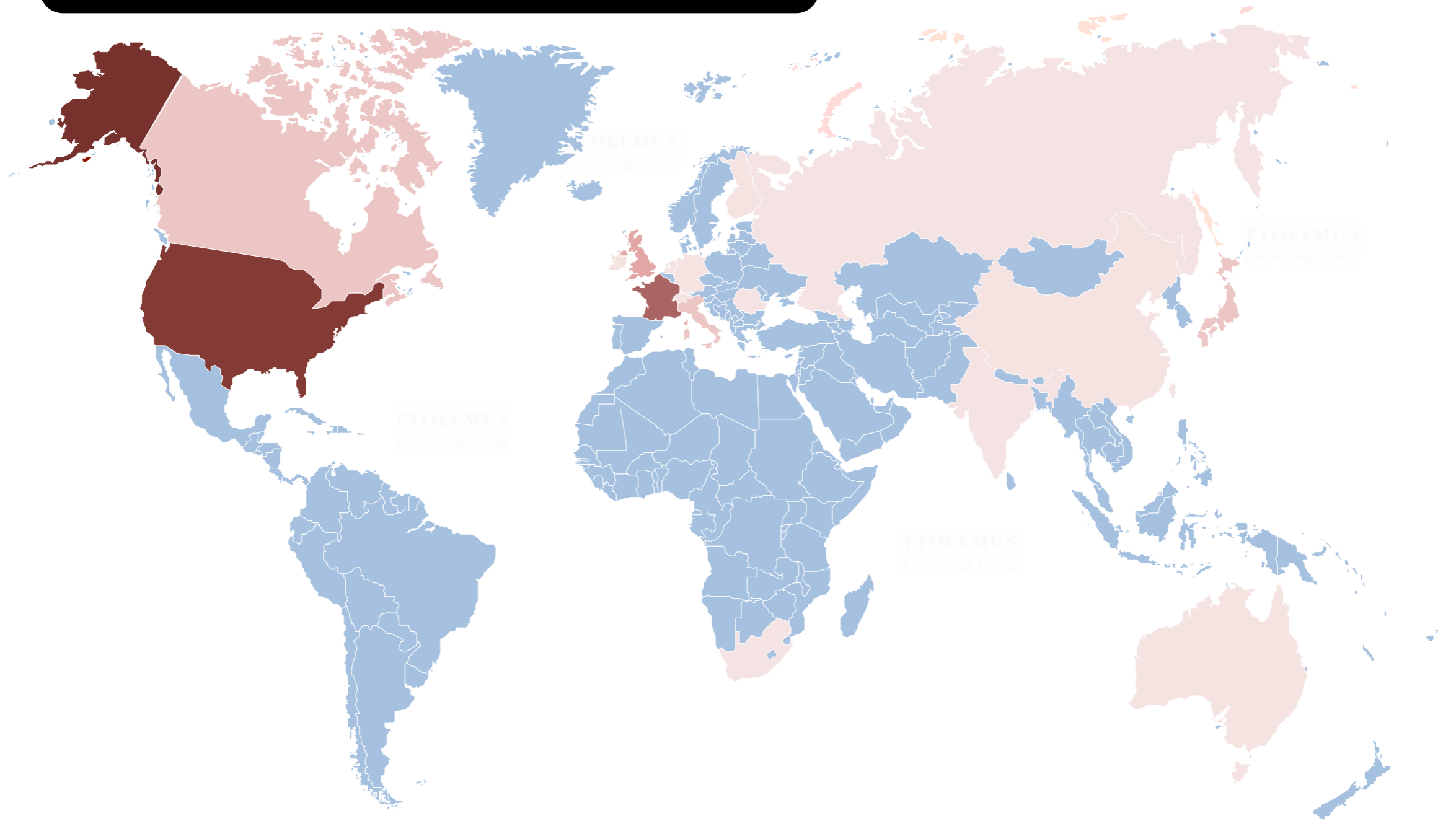
Penetration of UBI in total auto insurance policies (%)

Share of total auto policies



We expect it to reach new markets, notably in Asia

Insurance Telematics Study - Worldwide sales

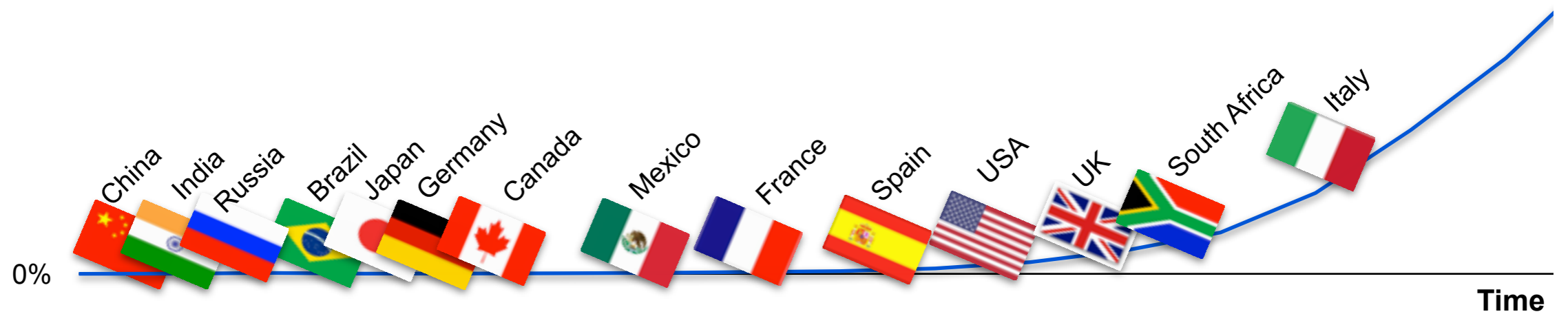


The 5 leading countries are all high premium markets

Penetration of UBI in total auto insurance policies (%)

Share of total auto policies

25%



In all markets, there are specific challenges to telematics

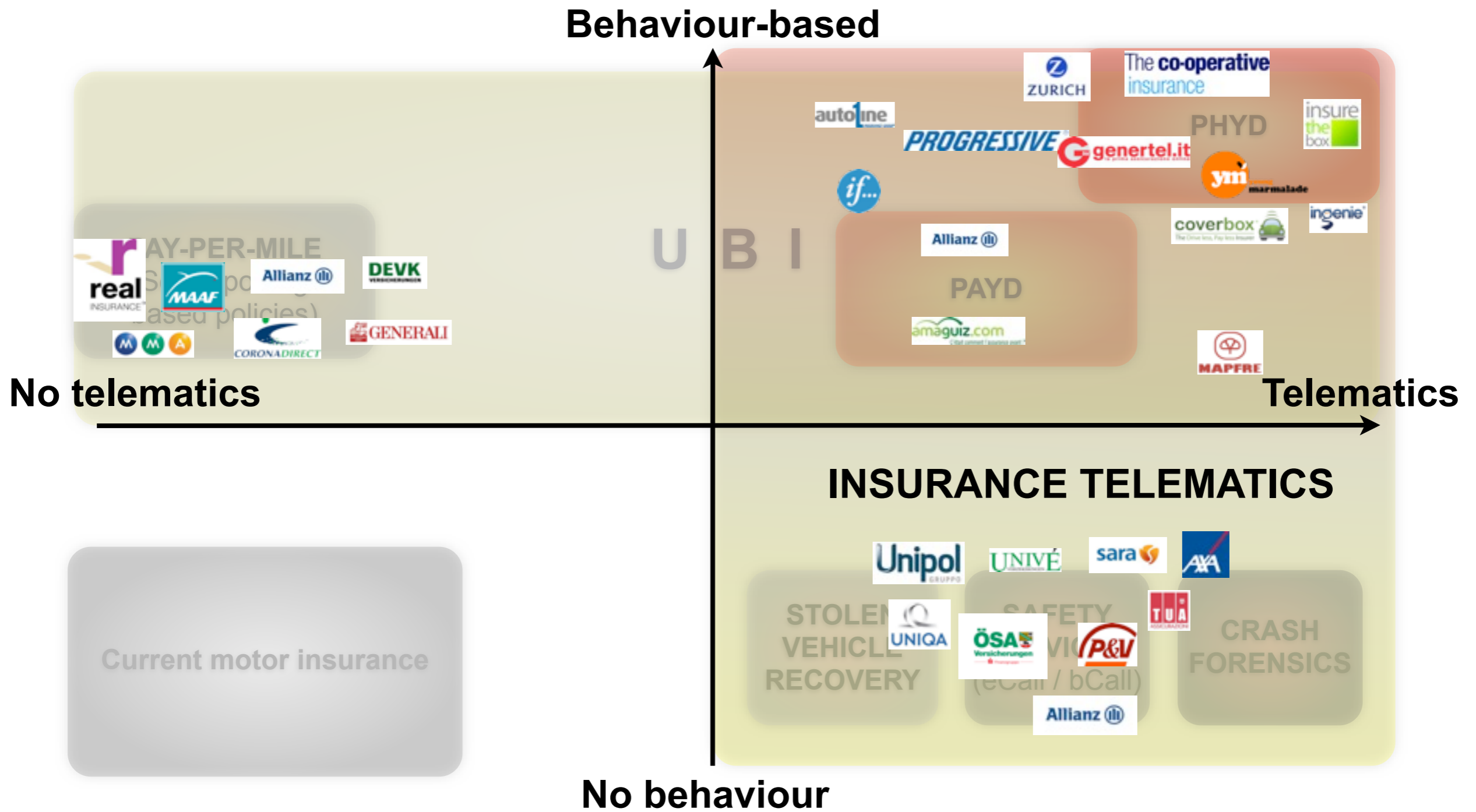
Challenges faced by insurers to launch UBI

		Italy	UK	France	Germany	Spain	Russia
2013	Business case	Yellow	Yellow	Red	Red	Yellow	Red
	Technology solution	Green	Green	Yellow	Yellow	Green	Yellow
	Marketing strategy	Green	Green	Yellow	Yellow	Green	Red
	Sufficient data for scoring	Green	Green	Red	Red	Yellow	Red
	Channels	Green	Green	Yellow	Yellow	Yellow	Red
	Customer privacy*	Green	Green	Yellow	Yellow	Green	Yellow

The number of European insurers that have launched telematics is growing fast



Due to these varying market conditions, insurers are responding differently



We will present 7 successful practices

Market	Issue	Best practice
Italy	High fraud & theft	Inventing the future
Europe	Unknown customer acceptance	Testing different business models
Italy	Selecting the good risks	Launching new business models
UK	Entering a loss-making market	Winning online
Ireland	Addressing the Y generation profitably	Developing new, innovative solutions
UK	Providing affordable insurance to young drivers	Involving car makers
South Africa / UK	Reduce claims	Providing driver feedback

Unipol has entirely designed the model that suited its market conditions



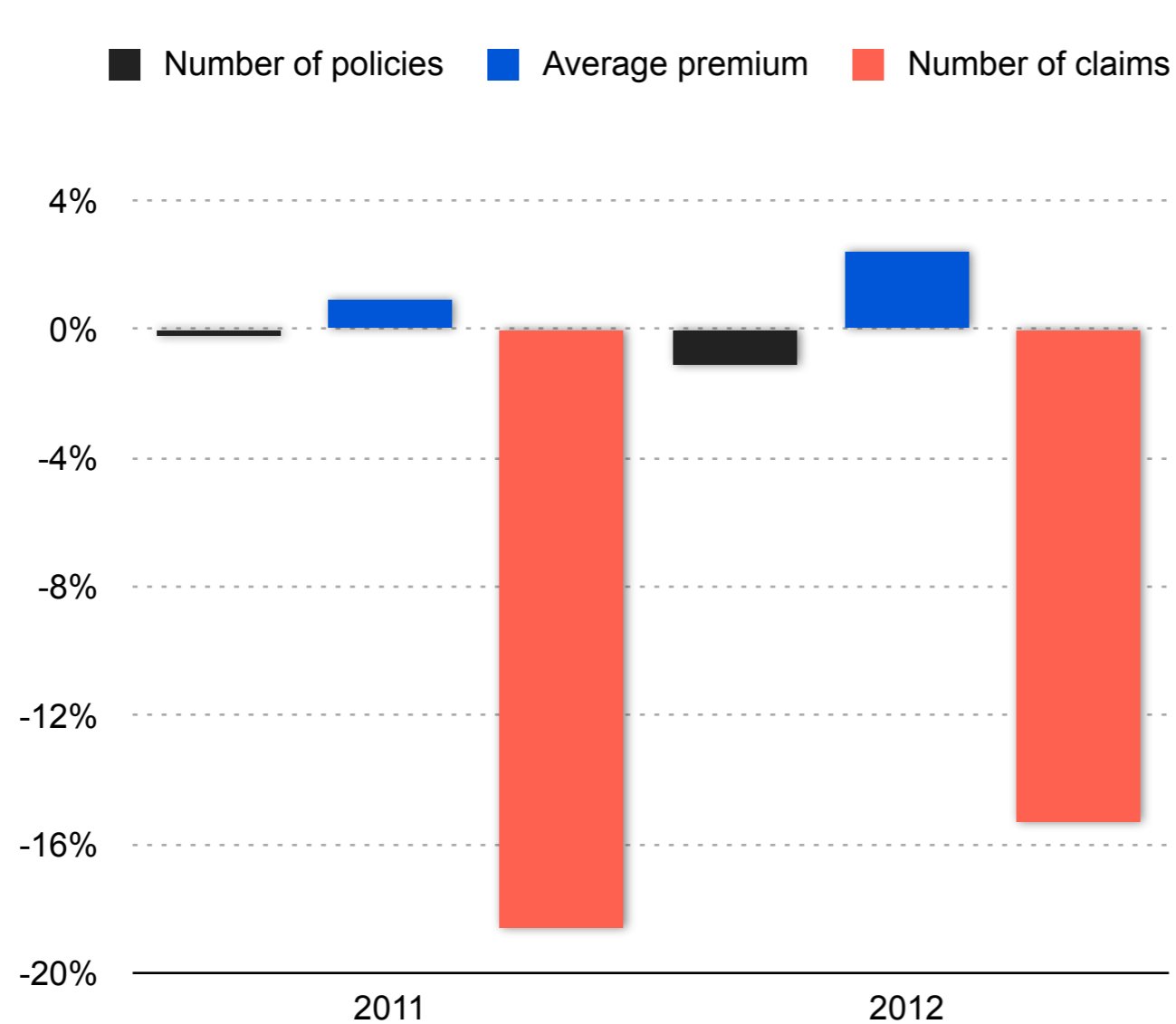
Unipol, the pioneer



- The Italian market is strongly affected by fraud and a high level of vehicle theft
- Unipol co-invented insurance telematics in Europe, together with Octo Telematics, in 2003
- It launched an offer that addressed the market key issues:
 - A professionally-installed black box that can offer stolen vehicle recovery
 - A crash analysis capability to fight against fraud
- Also proposes automatic crash notification and a location-based breakdown service
- Despite its complexity, the project was **backed by the company's CEO** all along and Unipol now has **over 800,000 telematic customers**

Unipol is able to publish positive results

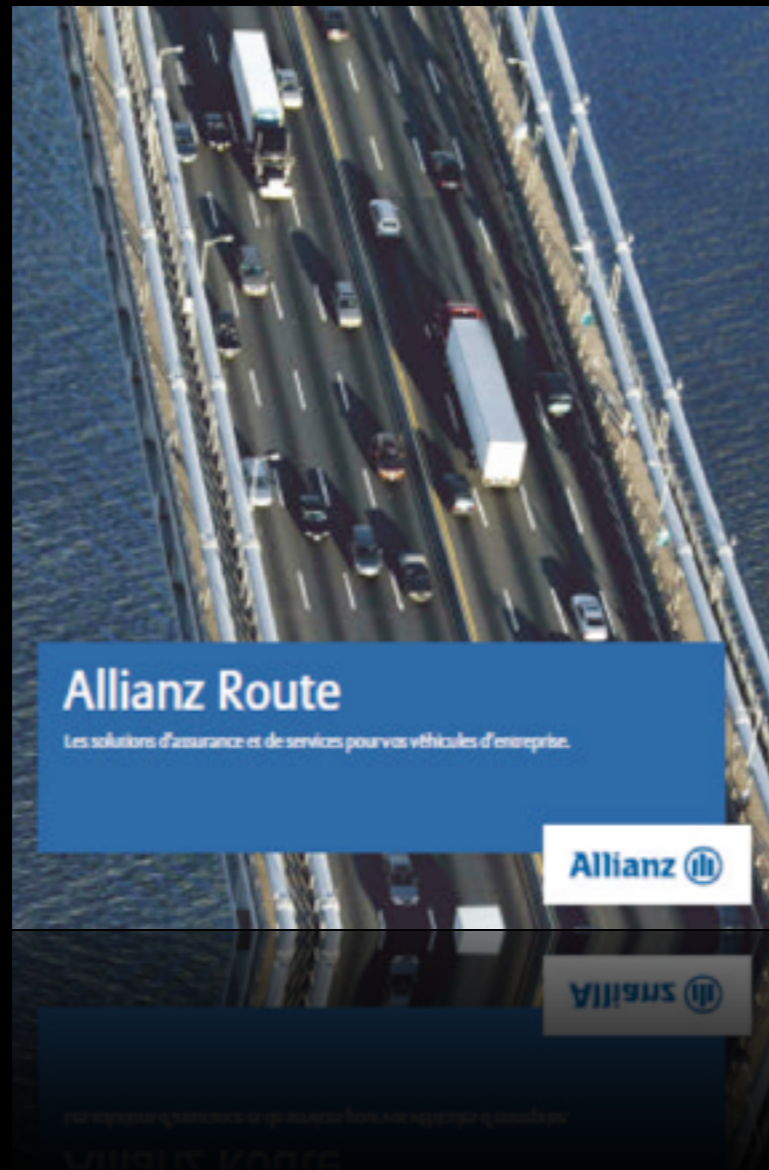
Key KPIs - Unipol Motor Third Party Liability insurance



Allianz has tested several telematic models on European commercial line markets



Allianz, the Telematic Service Provider



- **Created its own telematic business unit** at a global level
- Specifies & purchases a black box directly from its technology suppliers, notably MetaSystem
- Launched a **simple fleet management service** (Mileage, time & trips, Pay per use model) in Italy, France, Germany, Spain, the Netherlands, Switzerland, Greece and the Czech Republic
- Also proposes eCall, bCall and SVR
- **Sells it directly to its fleet customers** through its commercial network

Allianz has also launched Allie, a smart online assistance proposition, in Italy



Allie, an OBD dongle, sold with an assistance service and a smartphone application



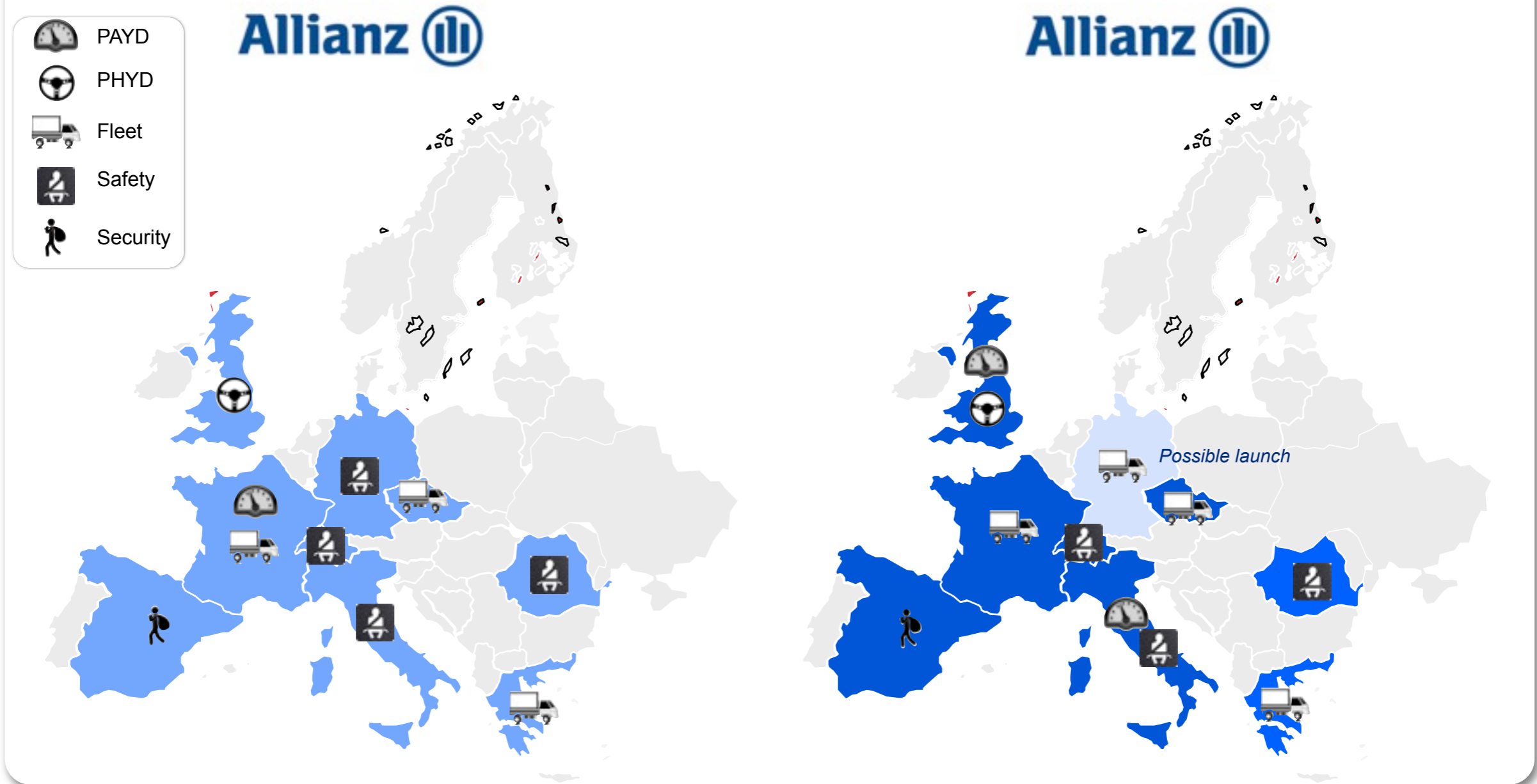
Sold for €129 with a 2-year subscription to assistance services



Overall, Allianz has launched telematics in 9 countries, reaching 100,000 customers*

Markets where a trial / launch has been made

Markets with existing telematic operations



Genertel, the evidence that a new business model can succeed

- In 2010, the Italian telematic market was dominated by
 - Anti-fraud & anti-theft telematic models
 - Proposed by Octo Telematics
 - Sold through agent networks
- In 2011, Generali, the market leader, decided to
 - Build a new, online unit, Genertel
 - Launch the first PHYD service, using 3 synthetic scores: A *Prudence score* based on speed; A *Risk score*, based on time & place of driving; A *Care score* based on harsh accelerations & braking
 - Call on a new supplier, Cobra Automotive Technologies
- Today, Genertel is a major success and Generali is broadening telematics to all its Italian units
- Most Italian insurers are now evaluating the possibility of launching PHYD offers



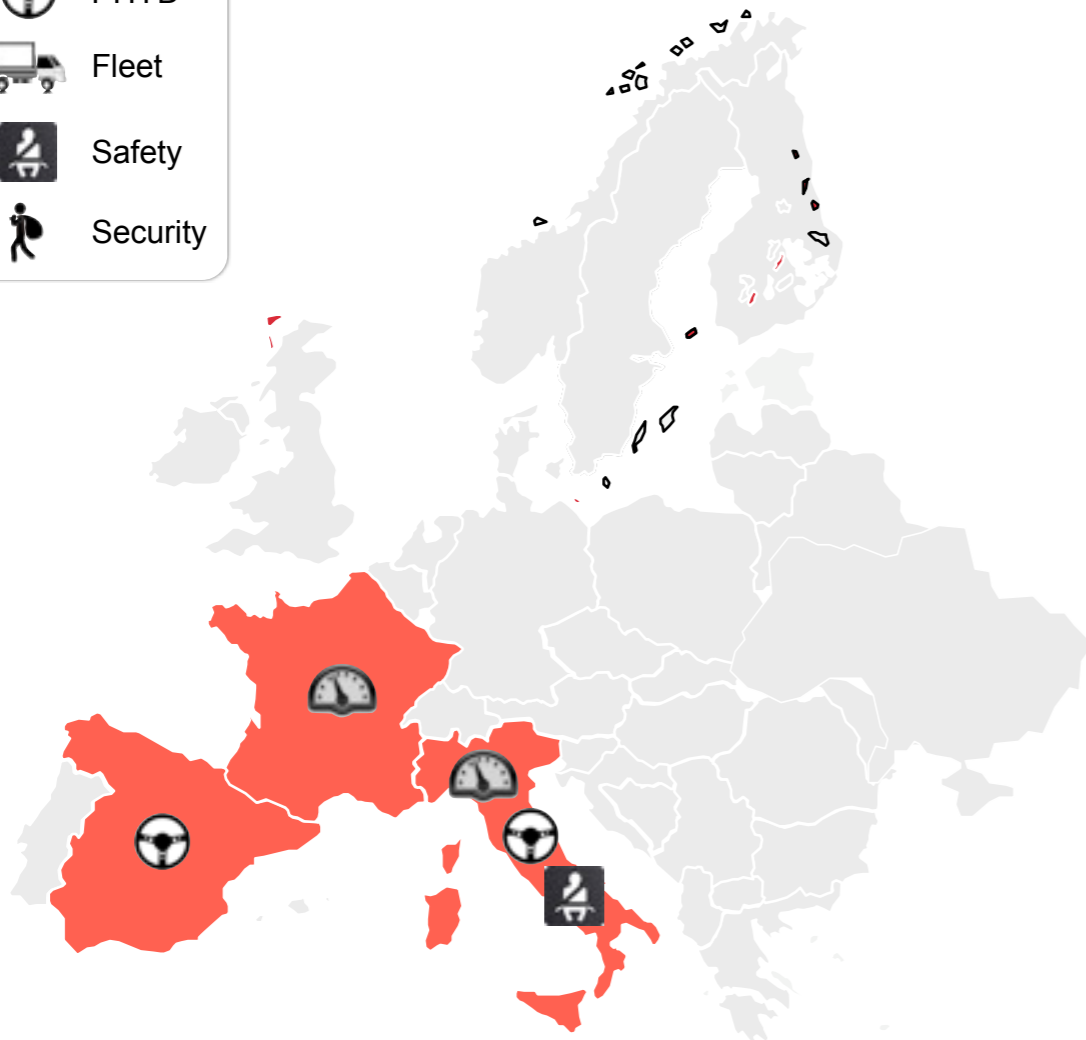


Generali is now broadening its PHYD strategy to Southern Europe

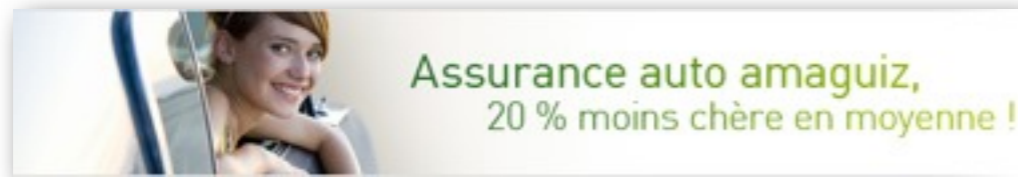
Markets where a trial / launch has been made

Markets with existing telematic services

- PAYD
- PHYD
- Fleet
- Safety
- Security



Online insurance and UBI fit well together



Insurethebox is the most successful online start-up worldwide

Home About Us Miles Telematics Box Fitting ShoppingBox Press Contact Search the site Portal Login

insure the box

Get a car insurance quote **Get a quote**

Already received a quote? **Retrieve a quote**

0333 123 1308
Mon - Fri 8am - 9pm
Sat 9am - 5pm
calls to 03 numbers cost the same as
calls to numbers starting 01 or 02

The UK's leading telematics insurer

Customers save an average £574* on their car insurance

How it works

With insurethebox you choose a 6,000 mile or 8,000 mile policy; more miles are available if you need them. And we fit a little telematics box out of sight in your car - at no extra charge. You can track your progress in Your Portal and we collect your driving information to reward you for driving safely.

Safer drivers can earn up to 100 Bonus Miles a month and save money at renewal. With insurethebox there are no penalties and no curfews - simply good driving rewarded.

Why choose insurethebox?

- ✓ A fair premium fixed for the year with no curfews and no fines
- ✓ Theft tracking device to help find your car if it's stolen
- ✓ Accident Alert to help keep you on the road and safe after an accident
- ✓ Safe driving rewarded - customers earn an average 58 Bonus Miles a month
- ✓ Dedicated UK Claims Line available 24/7
- ✓ Courtesy Car while your car is being repaired by an approved repairer**

What our customers say

Get a quote

Help

All steps of the purchasing process have been brought online



Important Information

- › Policy Miles
- › Clear Box
- › Theft Recovery
- › Accident Alert
- › Cancellation Terms
- › Automatic Renewal
- › Cover Options
- › Documents
- › Contact Us

Your Quote **Extras** Registration Legal Payment

Save quote

1 Select your optional extras

Box Motor Legal Protect £25.00	<input type="checkbox"/>	Add
Box Key Protect £23.00	<input type="checkbox"/>	Add

2 Choose how to pay

6,000 Policy Miles <input checked="" type="radio"/> One Payment ↓ £788.61	6,000 Policy Miles <input type="radio"/> 10 x Monthly Instalments ↓ £70.66 x 10 Representative example Initial deposit of £157.72 followed by 10 monthly payments of £70.66 Total charge for credit £75.71 Total Payable £864.32 Representative 28.60% APR variable
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This quote is valid for 30 days and includes Insurance Premium Tax.

Save quote

[LOGIN TO YOUR PORTAL](#)

Need Help?
0333 123 1308

Calls to 03 numbers cost the same as calls to numbers starting 01 or 02

Mon to Fri - 8am to 9pm
Sat - 9am to 5pm

or email us at:
service@insurethebox.com

[Terms and Conditions](#)
[Private Car Policy Document](#)
[Private Car Policy Summary](#)

Combined, UBI and online revolutionise the user experience



"The service model is completely different. The traditional model is to avoid customers; with telematics it's the opposite.

We worked out that we have 200 customer touch points in our business model.

Building trust is paramount – customers are giving us private information and we are the guardians of that data – the relationship is far more intense and intimate than before.

Getting it right is vital because retention is key in the telematics model – to recoup the initial investment and to benefit from our ability to understand who are the best risks."

Mike Brockman, CEO, Insure the box

Possible approach for insurers

- The relationship with customers is permanent, which could lead to very high running costs
- The only way to succeed is to develop highly automated CRM processes and tools including
 - Electronic signature for contract acceptance
 - e-mail as the main communication channel (Phone only as a second level channel)
 - A highly detailed web customer dashboard including account management, settings management (privacy), driving profile & statistics, messages, detailed FAQ, etc.
 - A replica of this dashboard for smartphones & tablets (at least iOS and Android)
 - The ability to file a claim entirely online
 - Automatic response messages that are customised for the customer case

Insure the box proves that online insurers can also succeed in selecting risks and reducing claims

- Launched in June 2010, insure the box focuses on PHYD insurance
- It has sold around 125,000 policies, entirely online
- Its incentives for safe driving have **reduced accidents among 17– 21 year olds by 35–40%**
- It indicates that 95% of its customers get reductions on renewal averaging 34% based on their driving experience



The screenshot displays the 'insure the box' logo in the top right corner. Below it, a blue banner reads 'how does it all work?' followed by 'three easy ways to reduce the cost of your car insurance by fitting a Clear Box telematics device'. The page lists three benefits: 1. 'only pay for the miles you need' (with a note that you can top-up miles like a mobile phone), 2. 'being a good driver earns you additional miles each month' (with a note that they will show how to earn extra miles), and 3. 'shop online through our portal & get additional reward miles... just for shopping!' (with a note to get miles in gear by shopping with top name retailers). An illustration of a green car with a driver and a passenger is shown. At the bottom, there is an image of a smartphone and the Clear Box telematics device.

Using a smartphone for insurance data collection is not science fiction any more



Smart phone, smart insurance?

- In June 2012, Autoline, a Northern Ireland broker, was the first worldwide to use a smartphone application to
 - Record driving behaviour data
 - Calculate drivers' score on a scale of 100
- The application is developed by MyDrive Systems, which has also developed the rating algorithm
- It promises users discounts of
 - Up to 40% for App users
 - Up to 50% for safe drivers
- The policies are underwritten by a panel of insurers

Young Marmalade is bringing the insurance and the car purchase processes together, aiming at young drivers

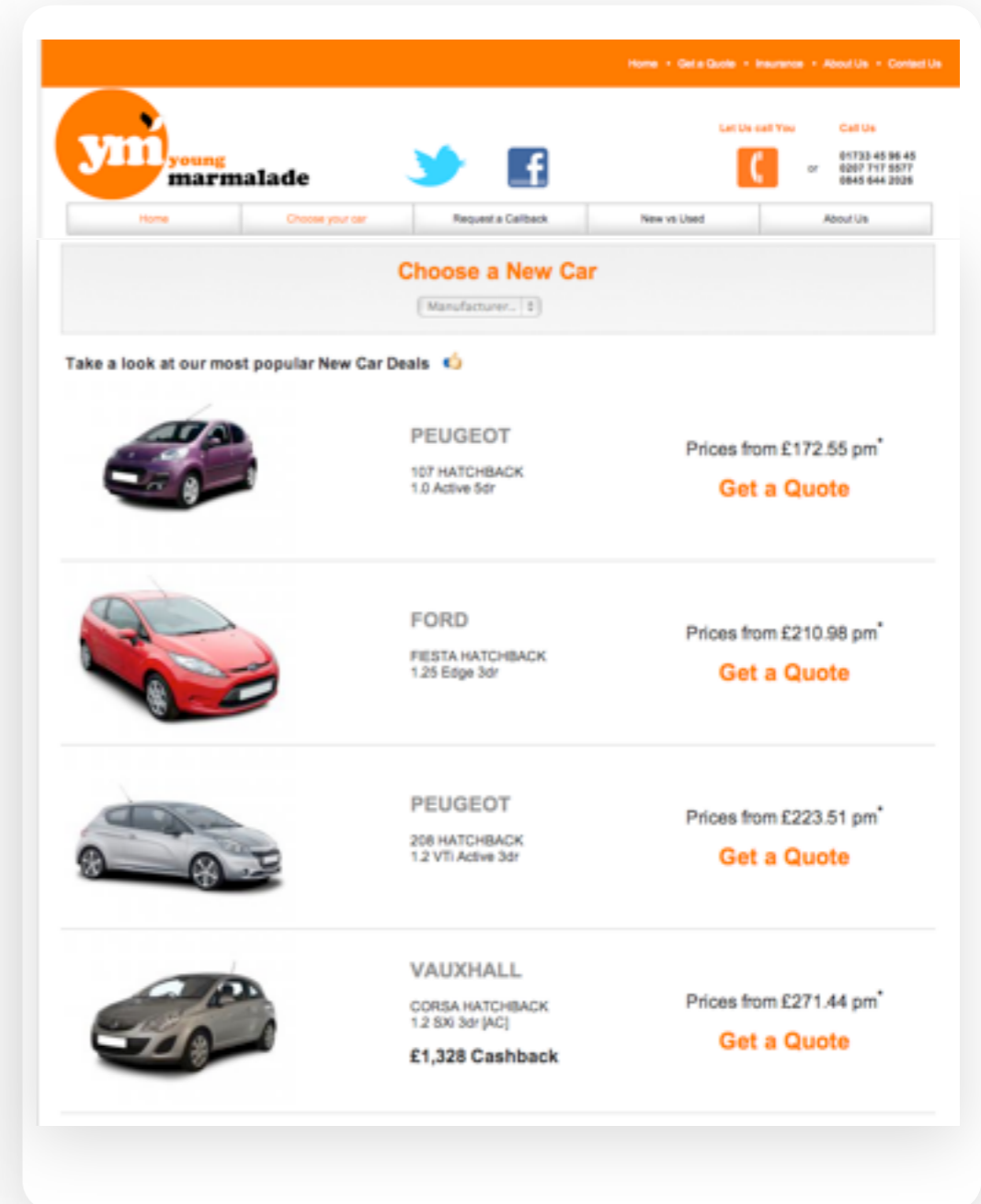


Company's approach to telematics

- Young Marmalade is trying to solve the conundrum of finding insurance for young drivers
- Its approach is linking insurance to the purchase of a new, safer car, with a small engine size
- Its process is entirely focused on reducing risks
 - Web dashboard with green, amber, red indicators
 - Alerts are sent to both driver and parents in case of a dangerous event
 - Repeat dangerous events can lead to policy cancellations
 - Drivers can receive online tuition courses from the Institute of Advanced Motorists
- Supplier is FMG, which is used to help corporate drivers improve their driving behaviour
- Underwriter is Covea

Age	Insurance Premium
17	£1,899
18	£1,499
19	£1,349
20	£1,199
21	£1,049

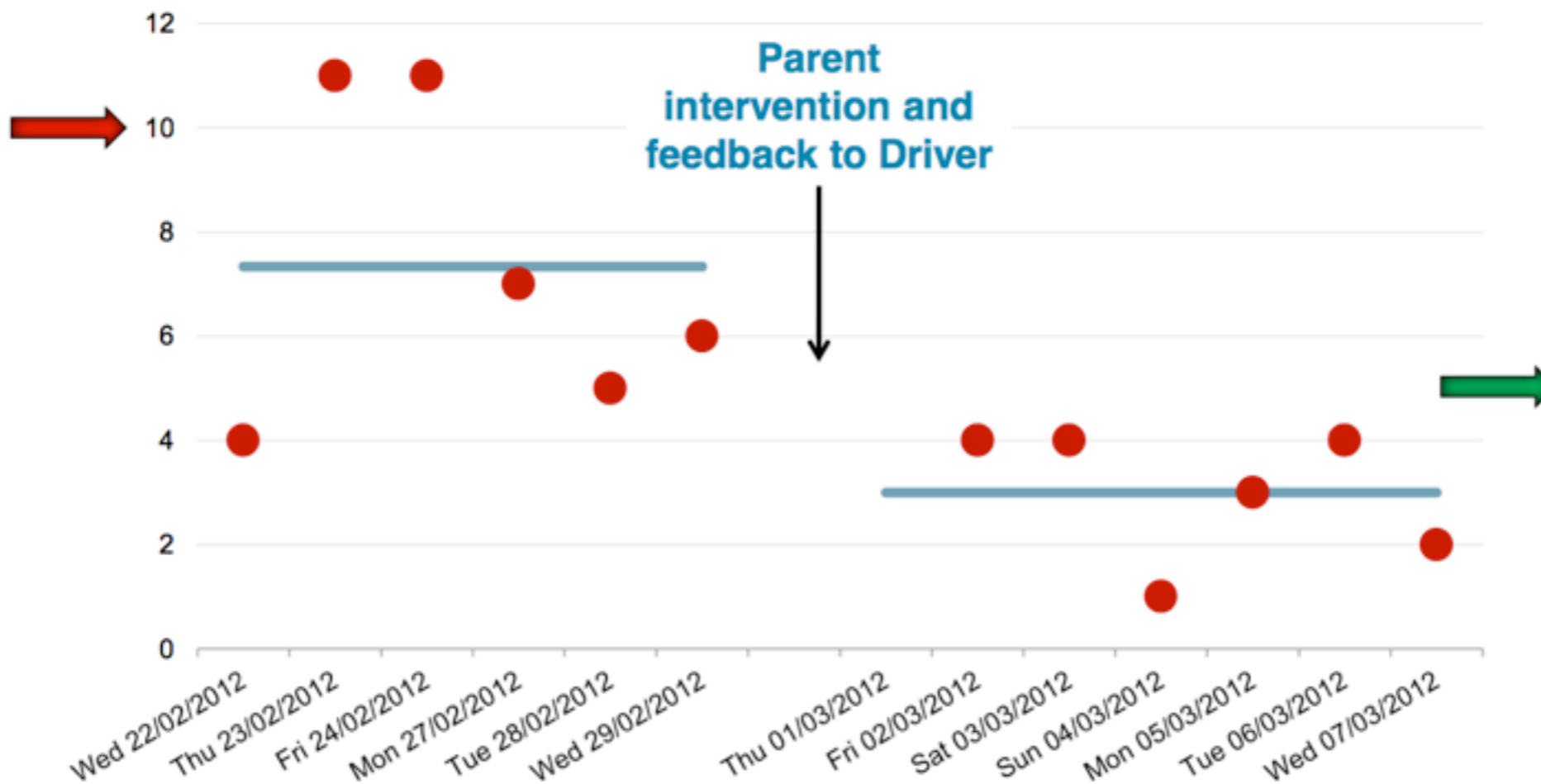
Several OEMs participate to the plan



Discovery proves that it is possible to manage risks thanks to driver feedback

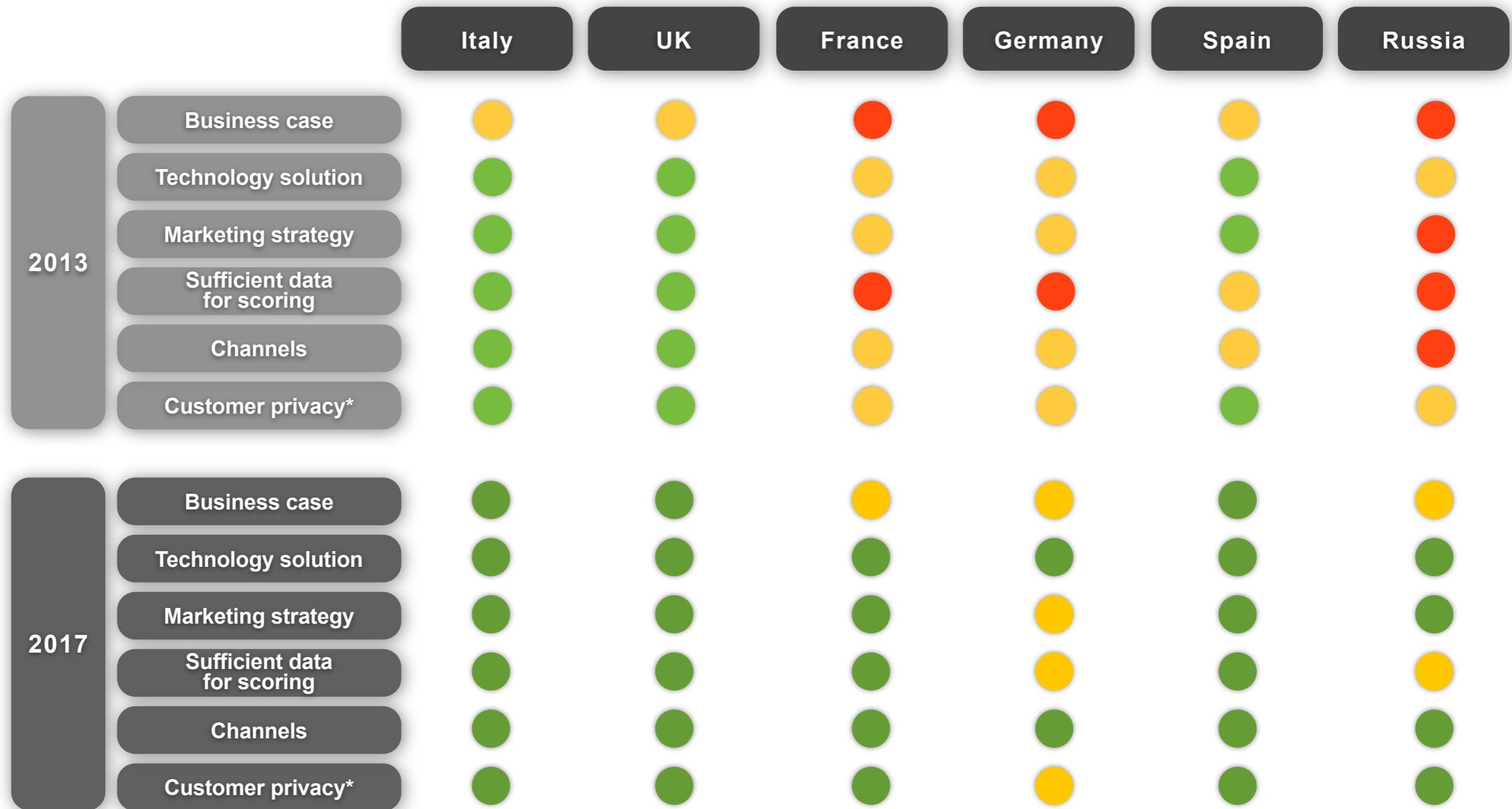
Number of high risk driving events per day - Discovery Insure (South Africa)

Policy-holder: Parent
Driver: Au pair (under 25)



In all markets, the barriers to enter telematics are diminishing

Challenges faced by insurers to launch UBI



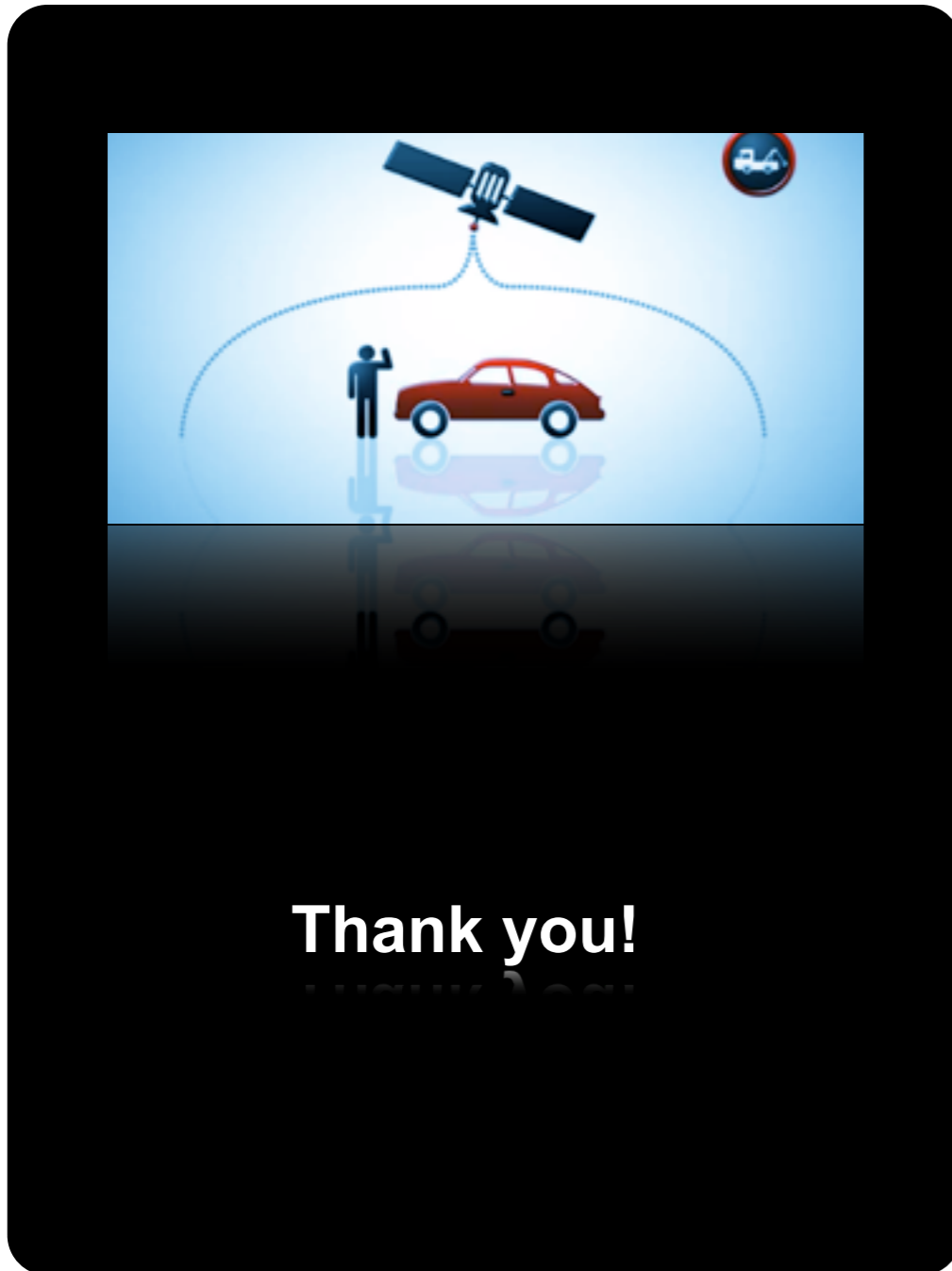
What you have seen represents 0.01% of what you will find in the UBI Global Study, the reference report on the subject



The global reference report on the subject

- **720 pages of in-depth analysis on the UBI market** based on
 - 200+ interviews in 25 countries
 - 3 years of research performed by 6 consultants in 4 countries
 - The learnings from 15+ consulting assignments for insurers, OEMs, TSPs, investors, etc.
 - Our experience & vision of the ecosystem incl. OEMs and TSPs
 - 350+ figures (charts, tables, etc.)
 - 60 relevant patents listed
- **Case studies & learnings** from ALD Automotive, Autoline, Allianz, Amaguiz, Carrot, Coverbox, Discovery Insure, Generali, GM OnStar, Hollard Insurance, Ingenie, Insurethebox, LeasePlan, Liberty Mutual, MAIF-MACIF, Norwich Union, Octo Telematics, Progressive, Solly Azar, Quindell, State Farm, Unipol, Uniq, UK aggregators and Google, Young Marmalade, Zurich
- **Detailed profiles of**
 - 20 insurance markets
 - 20 leading UBI insurers
- **A handbook of 40+ suppliers' solutions** including our own evaluation & ranking
- **10-year market forecasts**
 - Country's readiness to telematics
 - Forecasts for the US, Canadian, Latam, European, Russian, African, Indian, Chinese and Japanese markets
 - Personal line / commercial line
 - Aftermarket / OEM
- **Insurer's telematics market model** results in 5 markets
- A complete set of **recommendations** to carriers, TSPs, OEMs, MNOs and governments
- A **strategic analysis of the value chain evolution** including
 - The impacts of EOBR, eCall, CONTRAN 345, ERA Glonass, the Monti law, the gender ruling, etc.
 - The impact of the smartphone
 - Managing Big Data

Across the world, telematics is rewarding insurers who have a well designed strategy that fits their market conditions



- The UBI growth has just started
- There is no closed door to telematics in any market
- Insurers need to find the right door by
 - Innovating, not simply copying & pasting
 - Testing different solutions and business models
 - Be patient - Success does not always come immediately but through iterations
- In the US, the current OBD dongle roll-over model is proven but
 - It does *not* fully reduce insurers' costs
 - It is *not* very adapted to high premium segments
 - It does *not* bring a long-term connection with the customer
 - It is exposed to IPR issues until 2015!
- We believe it is possible for American insurers to invent new models, inspiring themselves from successes across the world*

PTOLEMUS Consulting Group
Strategies for Mobile Companies



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