

PTÓLEMUS Consulting Group

Why insurance telematics matters

Overview of a future €50 billion market

Telematics Munich



Munich - 29th October 2012

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

PAYD / PHYD insurance, Road User Charging, PAYD car leasing & rental

Telematics & Intelligent Transport Systems

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

Positioning / Location enablement

M2M & connectivity

We help all players in the *geo-connected mobility* ecosystem

Telecom operators



Telecom infrastructure providers



Consumer electronics makers



Positioning solution providers



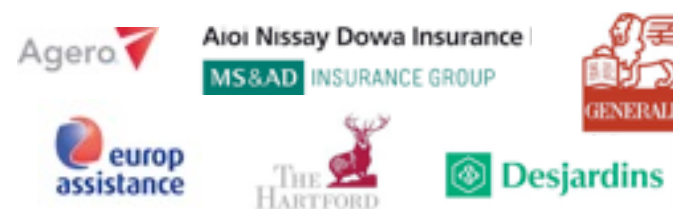
OEMs & telematics vendors



PTOLEMUS Consulting Group

- Partners in Belgium, France, Germany, Italy, the UK and the US
- +50 years of experience in mobile
- +100 years of experience in telematics

Insurers & assistance providers



Content & application providers



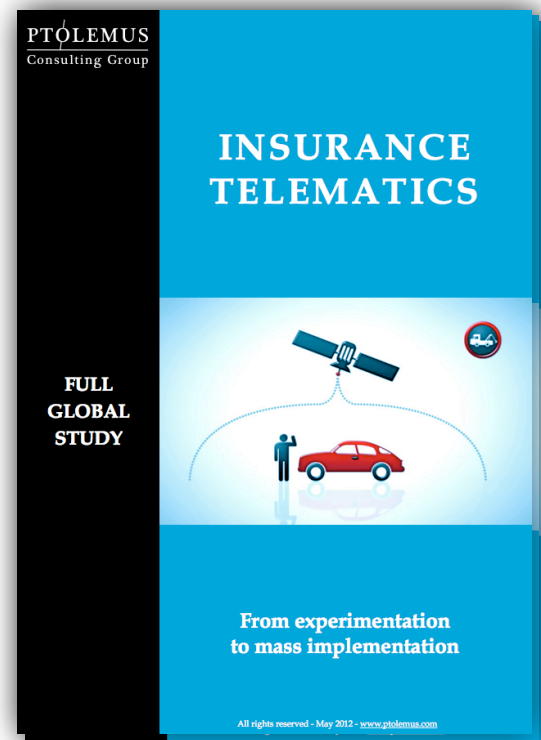
ITS operators & regulators



Financiers



We just published the Insurance Telematics study, the most comprehensive report written on the subject



***More than a research study,
a real strategic market
analysis***

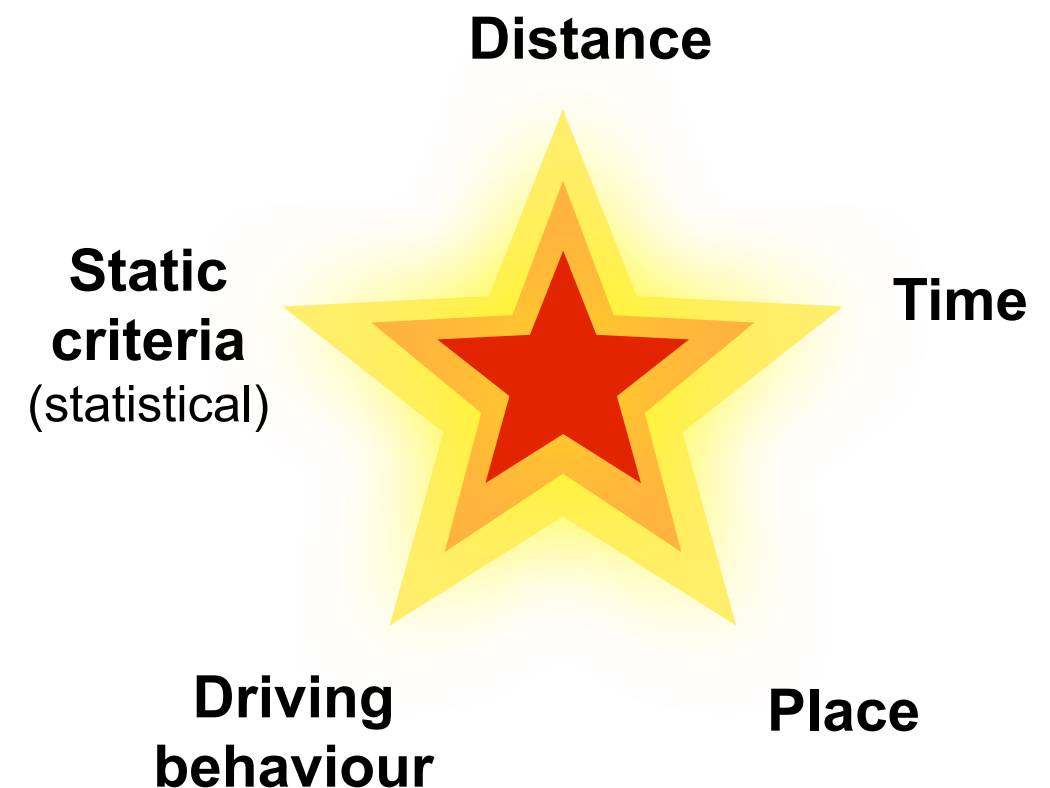
- **410 pages of analysis on the PAYD / PHVD market based on**
 - 83 interviews in 18 countries
 - 230 figures (charts, tables...)
 - 2 years of research
 - Our experience & vision of the ecosystem incl. OEMs and TSPs
- **Case studies & learnings from** ALD Automotive, Amaguiz, Coverbox, Discovery Insure, GM OnStar, Hollard Insurance, Insurethebox, Liberty Mutual, MAIF-MACIF, Norwich Union, Octo Telematics, Progressive, Solly Azar, State Farm, Unipol, Uniqa, Zurich
- **A handbook of suppliers' solutions** including our own evaluation & ranking
- **10-year market forecasts**
 - Country's readiness to telematics
 - Forecasts for the US, Italy, the UK, France, Germany and Russia
- **Insurer's telematics market model results in 4 markets***
- **A complete set of recommendations to** underwriters, TSPs, OEMs, MNOs and governments
- **A strategic analysis of the value chain evolution** including
 - The impact of eCall
 - The impact of the smartphone
 - The effects of the gender ruling

What is insurance telematics?

Its basic principles

- Most current insurance policies use static / statistical criteria to evaluate drivers' risks - Age, gender, vehicle make & age, place of residence, occupation, etc
- Insurance telematics is a policy based on these criteria and 4 new dynamic parameters

The driving risk star



In the current motor insurance market, good drivers are paying for... dogs

On the Internet, nobody knows you're a dog



"On the Internet, nobody knows you're a dog."

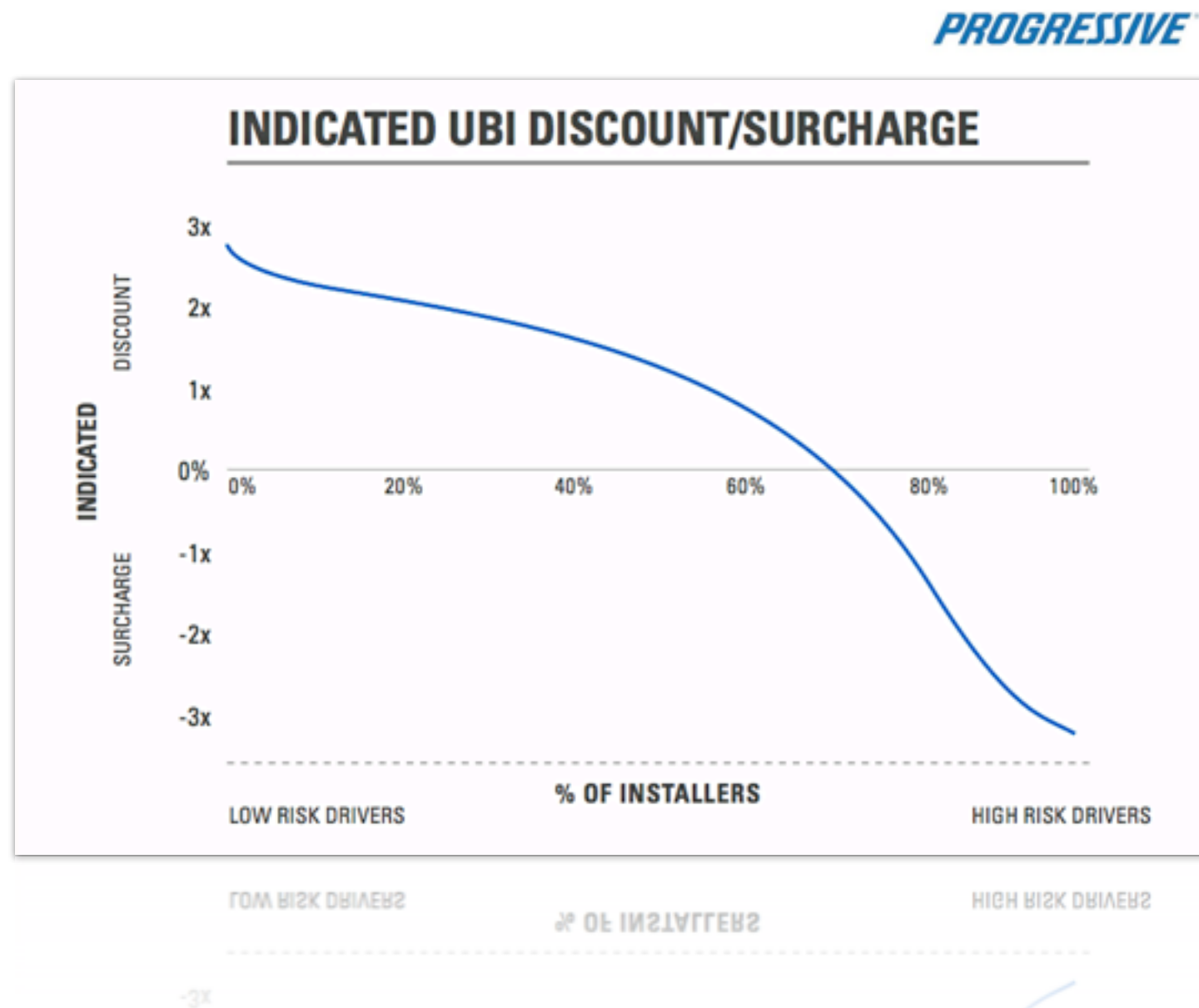
©The New Yorker Collection 1993 Peter Steiner
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In the car, neither...



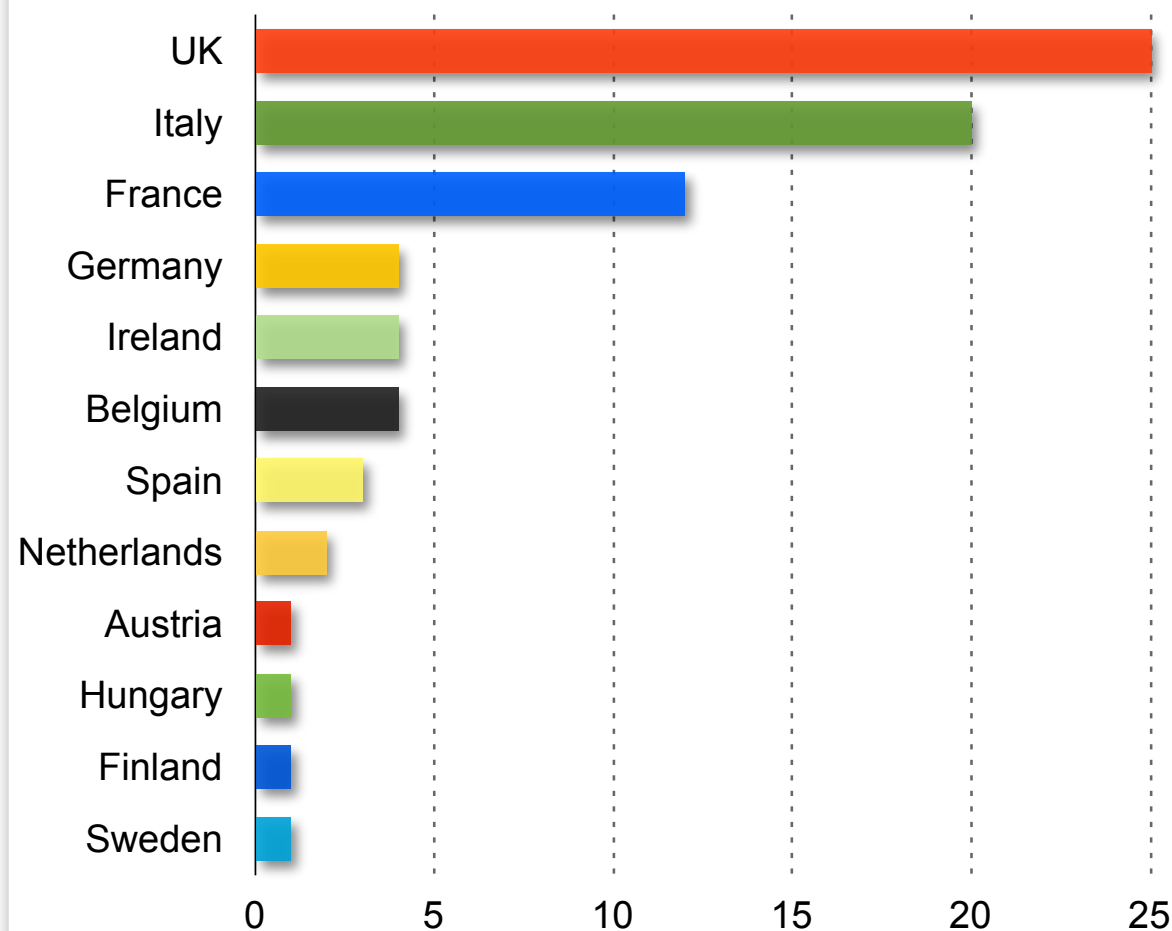
This is confirmed by the most advanced telematic insurers

Progressive's experience in the US



UBI in Europe - From innovation to business

Number of UBI trials & launches in Europe

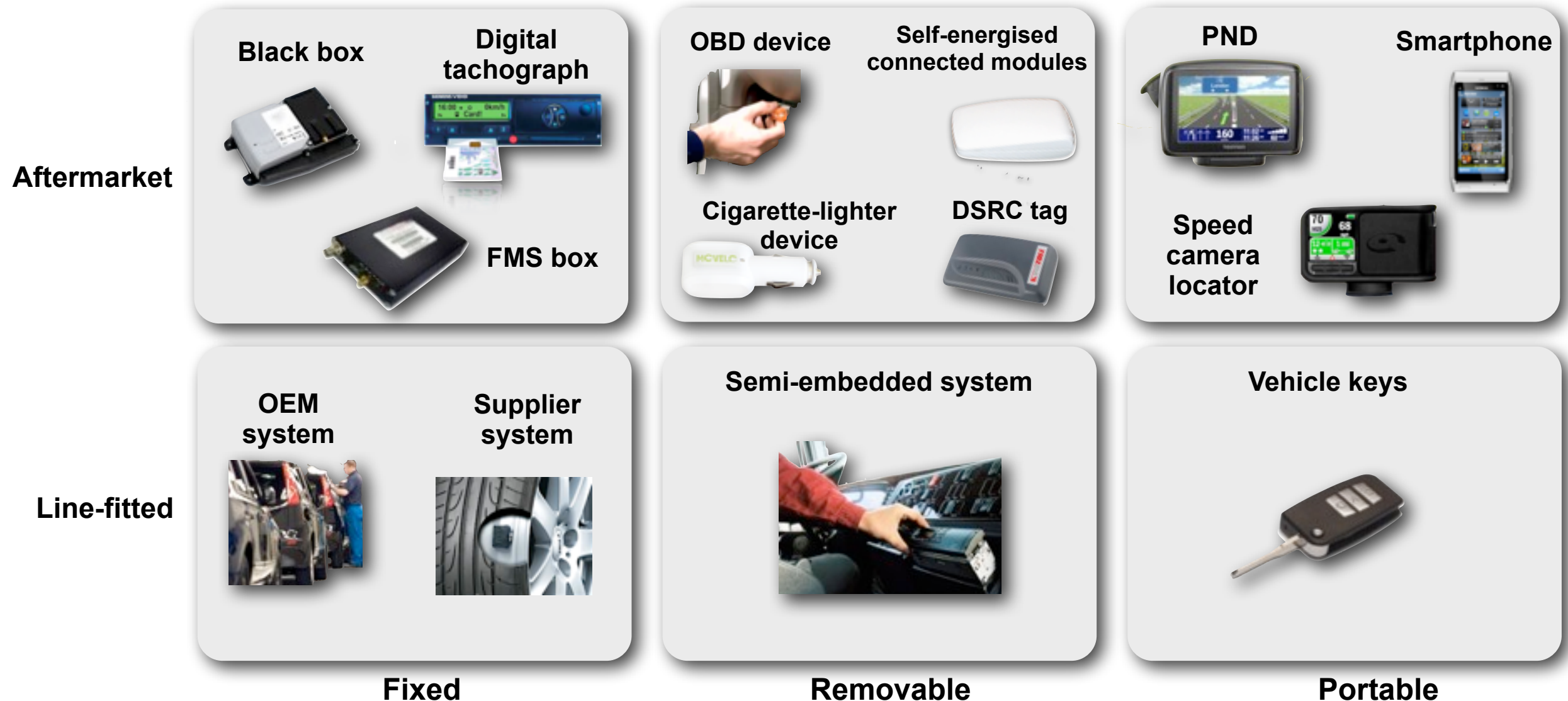


UBI has passed the innovation phase

- 88 trials & launches in Europe
- 67 commercial launches in Europe
- **Success stories in multiple countries**, notably Italy (Unipol), Spain (Mapfre), France (Amaguiz), the UK (Insure the box, Co-operative), Austria (Uniqa) and the US (Progressive)
- Overall, over **3 million UBI policies** globally

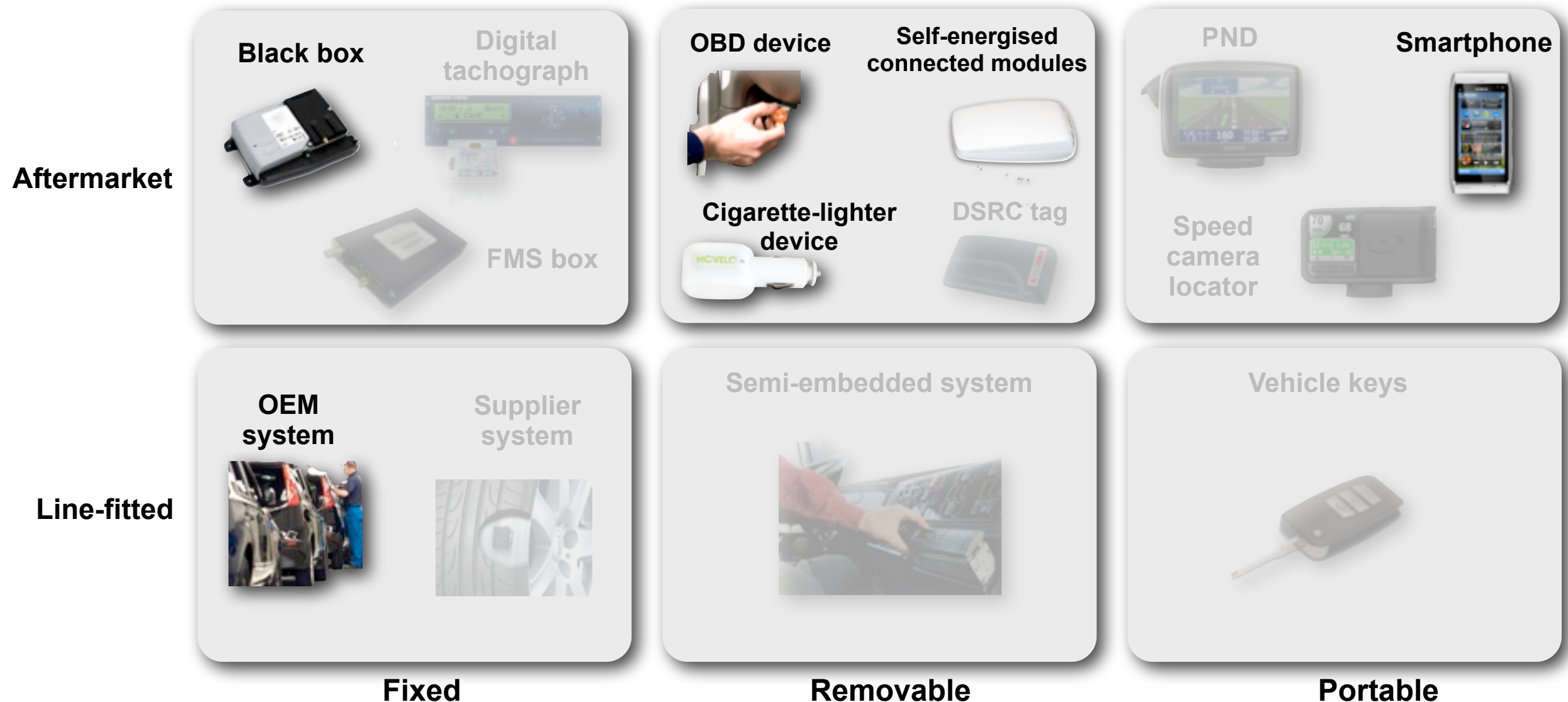
Connectivity is coming to the vehicle, both through single application devices and "Swiss knives"

Possible technologies for vehicle connected services



Only a few of them have been tested for insurance yet

Possible technologies for vehicle connected services



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

Autoline, with MyDrive

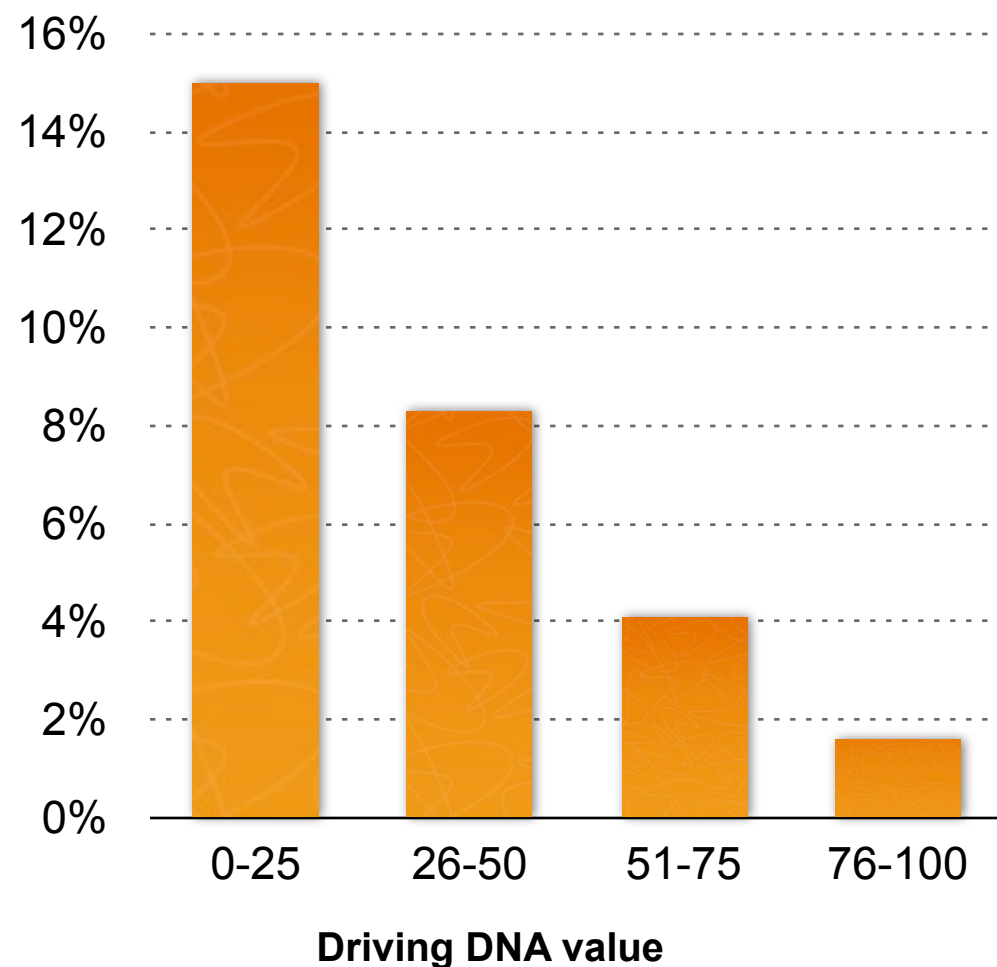


Movelo, with a Scandinavian insurer

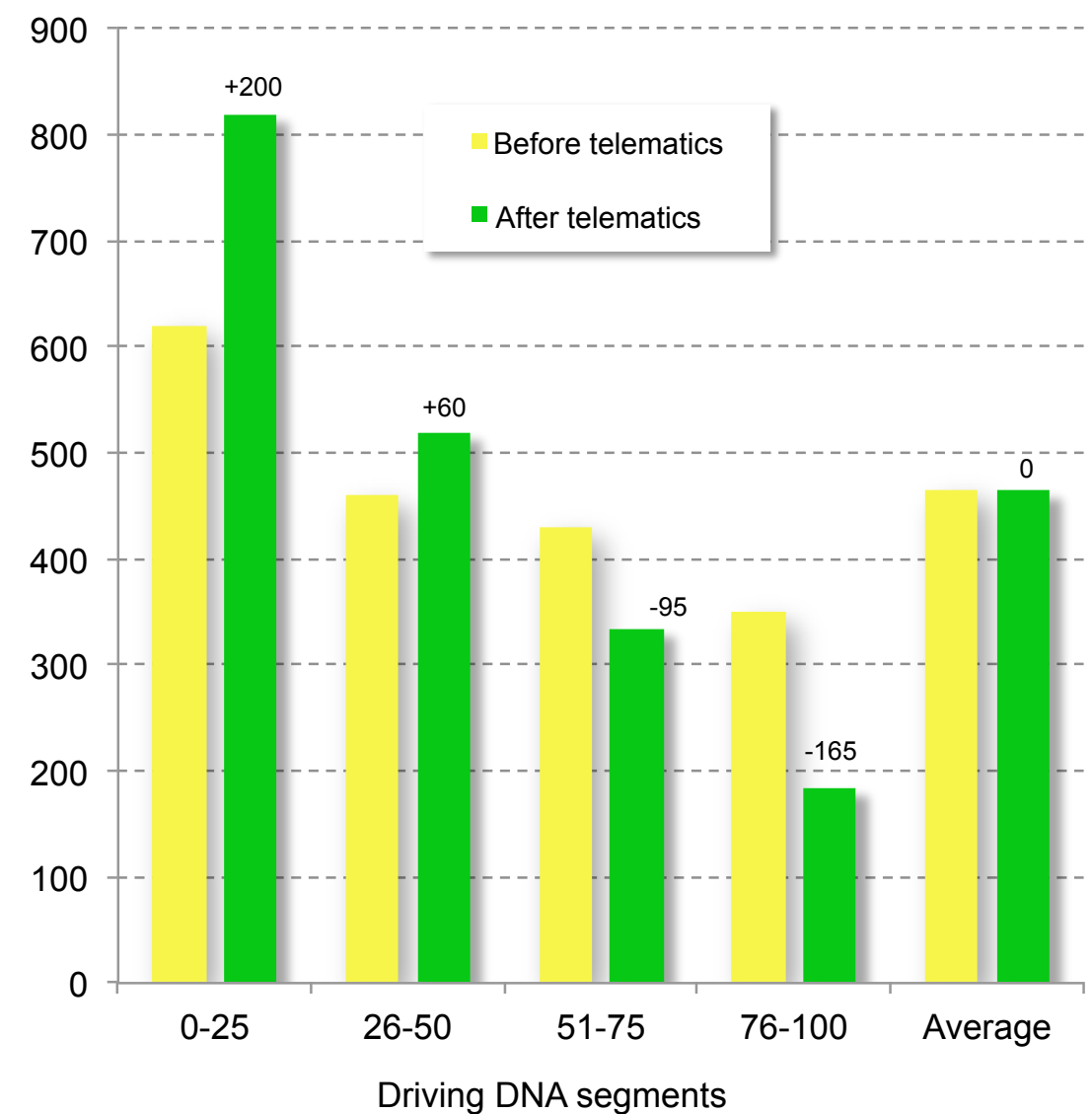


Telematics brings a new transparency to risk rating & pricing

Probability of fault accident (%)



Average premium (in £)

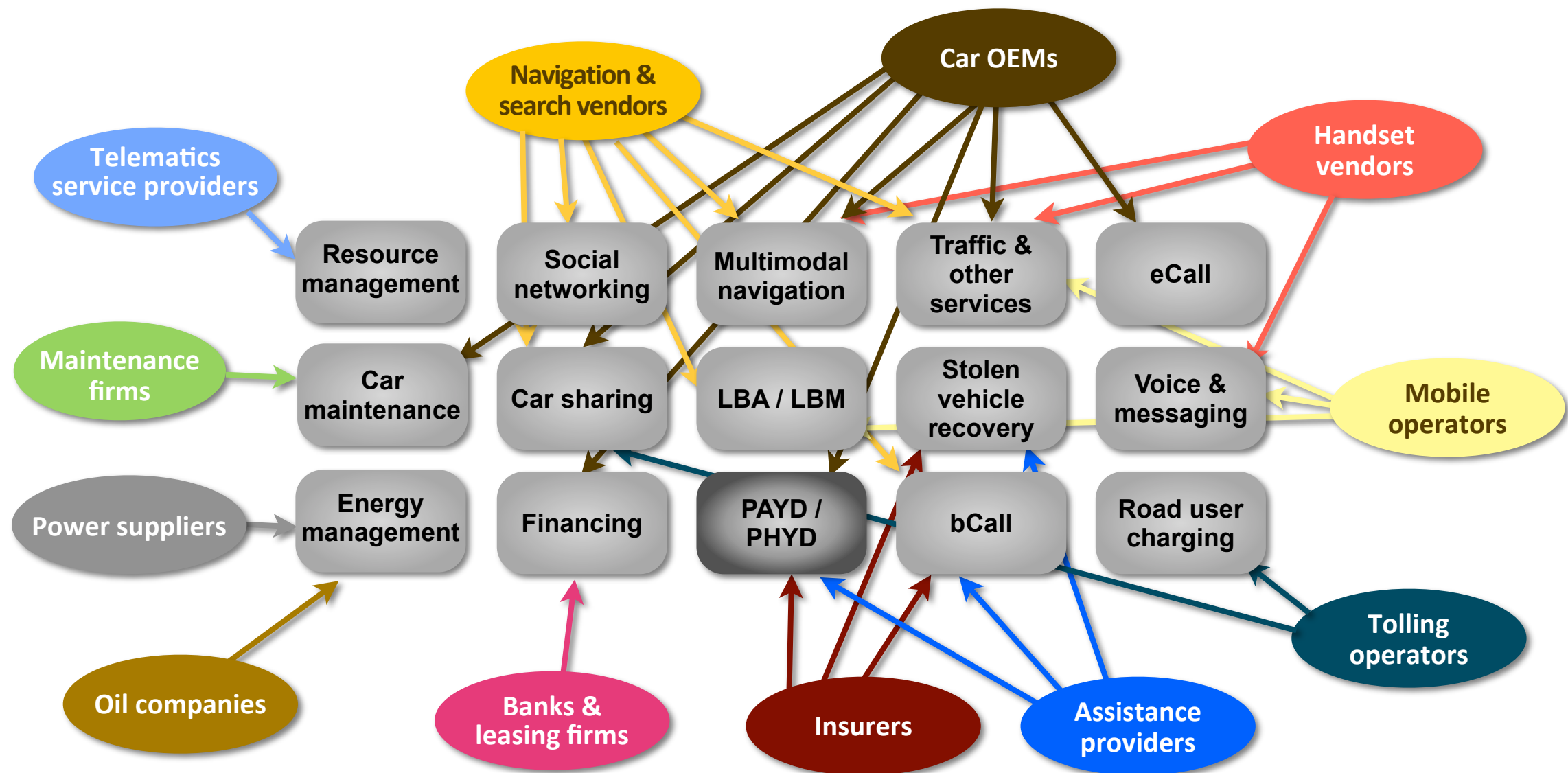


With PHYD, customers can *influence* their level of risk and their premium



Insurers will not be the only one to offer connected services

Numerous players will offer connected car services



What's in it for automotive OEMs?

- Little additional cost vs. their eCall device
- **Mandatory** in most EU countries, insurance is *ideal* to launch connected services
- Insurance is tightly tied to **repair**, which can create significant add-on repair & parts revenues
- Connectivity enables remote **diagnostics & maintenance**, potentially avoiding costly recalls & increasing downstream revenues
- OEMs can sell **complete all-in-1 CAAS offers**

The image displays two automotive advertisements. The top advertisement is for Peugeot & GO, featuring a stack of services: GARANTIE 4 ANS, ASSISTANCE, ENTRETIEN, and FINANCEMENT, all included in a 4-year package for 99€/month. The bottom advertisement is for Nissan Micra, showing a red car and a 'Tout en 1' offer for 7240€, which includes insurance, maintenance, and financing.

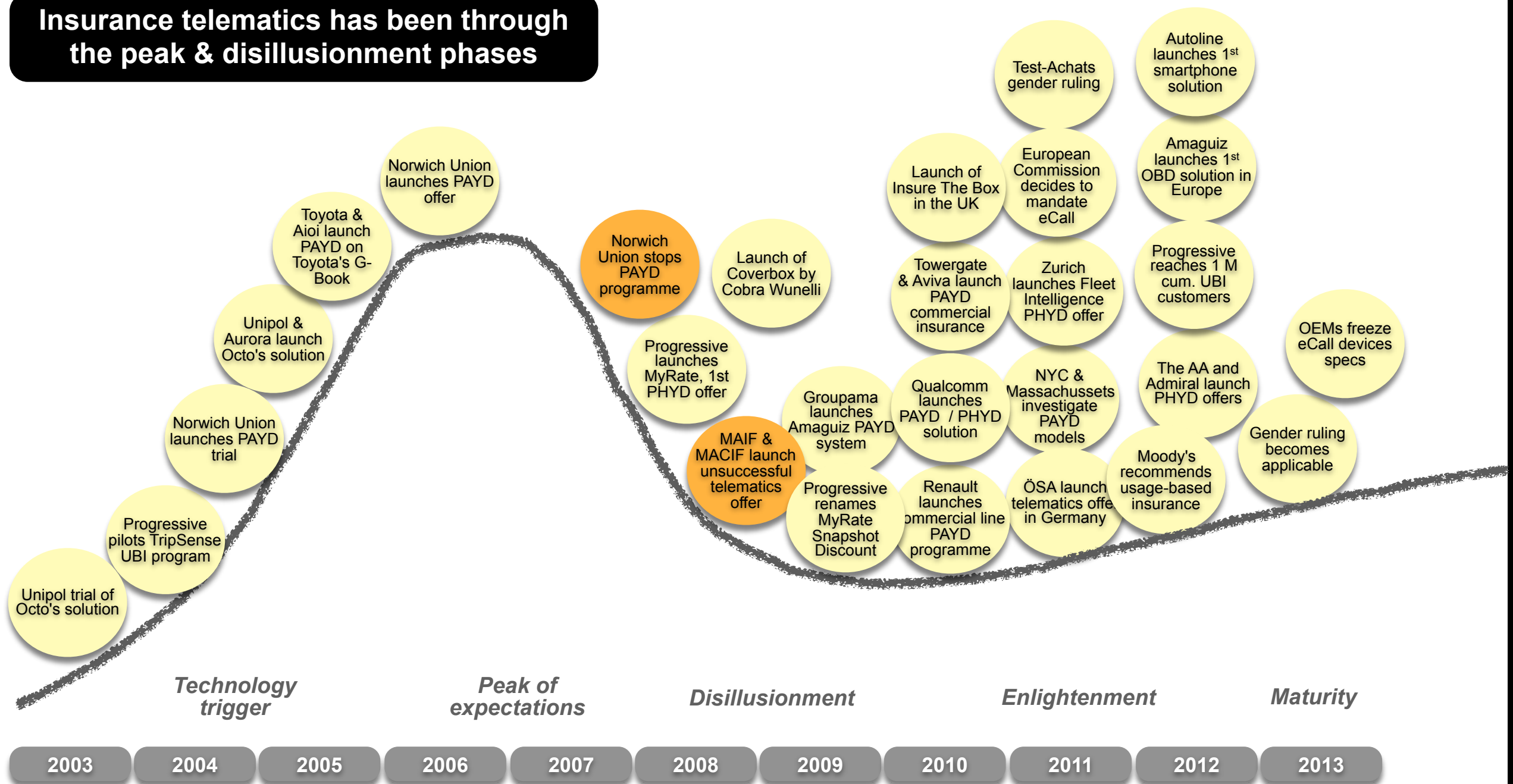
Making UBI work means solving the following challenges

- Test and learn... and test and learn again
- Use the right technology for the right segment & market at the right time
- Deliver an end-to-end, win-win value proposition to customers
- Achieve privacy in a smart way
- Make sense of the data to deliver much improved pricing
- Make the business case work by avoiding the "average premium trap" and the "annual lifecycle trap"



The time has come for insurance telematics

Insurance telematics has been through the peak & disillusionment phases

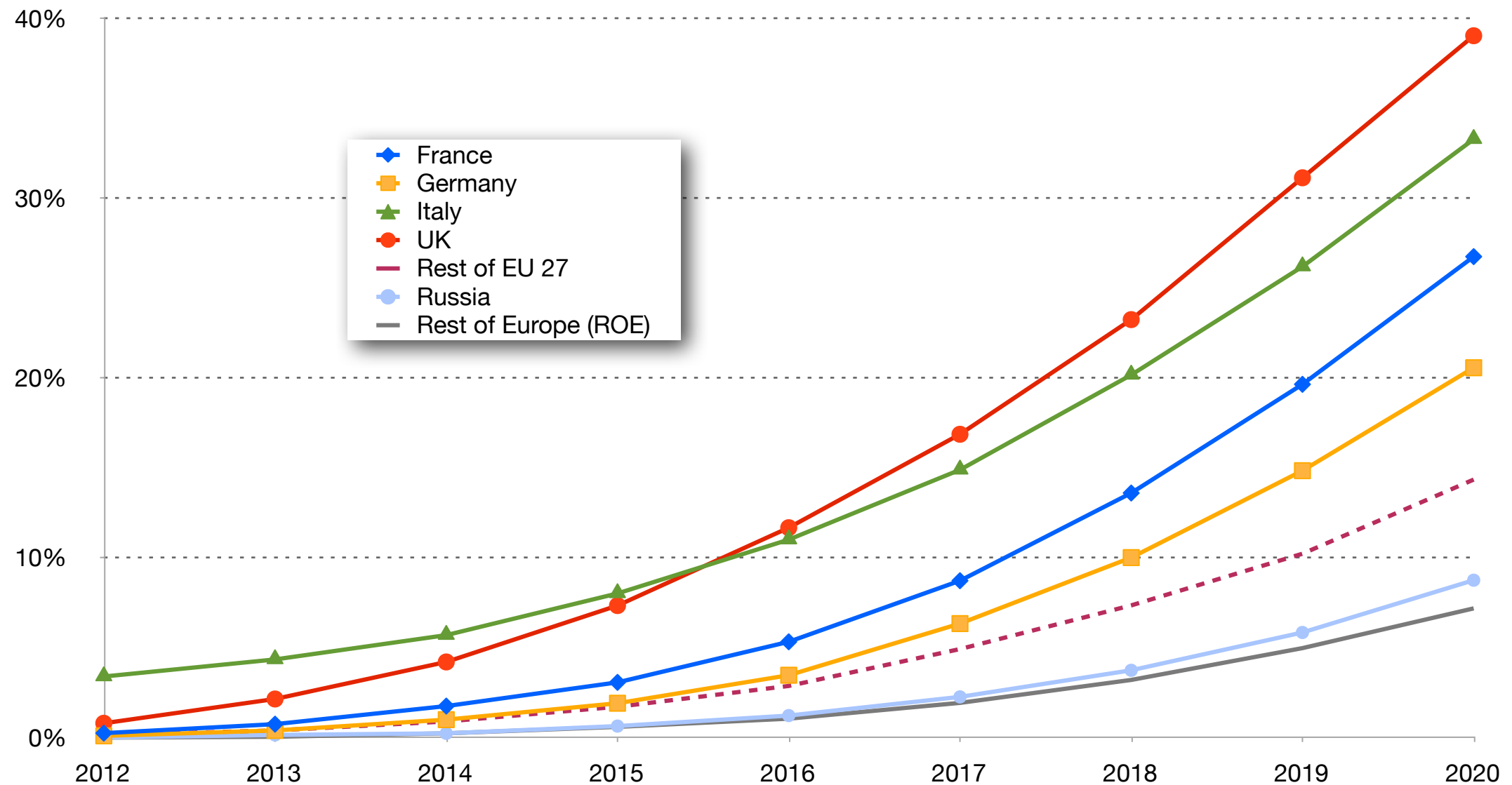


The tsunami* is coming. We just don't know when



All countries will experience the UBI take off

Share of total policies from telematics - Personal line market (%)



It is now time for European insurers & OEMs to prepare for the upcoming tsunami



**Bridging the gap
between ideas
and realities**

- **Insurance telematics has reached its tipping point**
 - Gender ruling
 - eCall implementation in 2015
 - New technologies & business models
 - Chain reaction in one market after the other
- **This is just the beginning**
 - An 'age ruling' tsunami is round the corner
 - Panic will start with mass self-selection
- **OEMs can make their eCall business plan from insurance telematics**
- **For auto insurers, this is about mid-term survival**

PTOLEMUS Consulting Group

Strategies for Mobile Companies



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