

# Insurance Telematics in Europe and North America



**Insurance Telematics in Europe and North America** is the fourth strategy report from Berg Insight analysing the latest developments on the insurance telematics market.

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## **Highlights from this report:**

- **Insights** from 30 new executive interviews with market leading companies.
- **Comprehensive overview** of the insurance telematics value chain and key applications.
- **In-depth analysis** of market trends and key developments.
- **Case studies** of more than 60 insurance telematics initiatives.
- **Summary** of the involvement of vehicle OEMs and mobile operators.
- **New data** on vehicle populations in Europe and North America.
- **Market forecasts** by country lasting until 2023.



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## Europe and North America reached 20.9 million insurance telematics policies at year-end 2018

The integration of telematics technology constitutes the latest revolution for the automotive insurance industry. The concept of telematics is a portmanteau of telecommunications – long-distance communications – and informatics – the science of information. Telematics in general thus refers to the collection of information related to remote objects such as vehicles via telecommunications networks. The introduction of telematics technology in the context of automotive insurance is commonly referred to as usage-based insurance (UBI) or insurance telematics. Solutions of this type generally enable automotive insurers to improve pricing mechanisms based on actual driving data, gain better control of claims and differentiate their offerings to current and prospective policyholders. Variants of insurance telematics which have been popularised over the years include behaviour-based pricing models such as Pay-As-You-Drive (PAYD), Pay-How-You-Drive (PHYD) and Manage-How-You-Drive (MHYD).

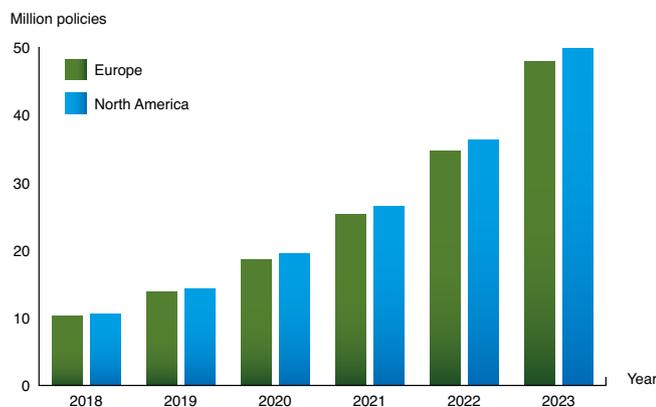
The addressable market for insurance telematics is significant. A total of around 299 million vehicles were in use in the EU23+2 in 2017, including over 259 million passenger cars. In North America, an estimated total of around 286 million vehicles were in use in 2017, out of which passenger cars and light trucks are estimated to represent almost 271 million vehicles. Some kind of basic automotive insurance is mandatory in most developed countries and there are in addition a number of subcategories of insurance that provide coverage for different types of unforeseen events involving motor vehicles. Motor gross written premiums in EU23+2 reached a total of over € 132.3 billion in 2017. The equivalent number for North America was US\$ 231 billion (€ 204 billion) in 2017.

The nascent insurance telematics market is currently in a phase of strong growth which is expected to accelerate in the coming years. Europe and North America so far represent the vast majority of all insurance telematics programmes and active policies from an international perspective, and the front-running national markets include the US, Italy and the UK. Berg Insight estimates that the total number of insurance telematics policies in force on the European market reached 10.3 million at the end of 2018. Growing at a compound annual growth rate of 36.0 percent, the number of insurance telematics policies in force in Europe is ►

► estimated to reach 47.9 million by 2023. In North America, the total number of insurance telematics policies in force is forecasted to increase from an estimated 10.6 million policies at the end of 2018 to reach 49.8 million policies by 2023, representing a compound annual growth rate of 36.2 percent.

In the US, the top three insurers in terms of UBI policies have all introduced smartphone-based solutions to supplement or replace the previously used OBD dongles. Several US and Canadian insurers have during the recent year re-assessed and re-launched their telematics programmes. The North American insurance carriers are also exploring claims-related insurance telematics as well as adding distracted driving parameters in UBI. The European insurance telematics market is still dominated by insurers in Italy and the UK, with an estimated 7.7 million and 1.2 million policies respectively. Uptake on all other markets is considerably lower, with between 150,000 and 300,000 policies in Spain, France and Germany, and 40,000–70,000 policies in Scandinavia, Switzerland, Austria and Benelux.

The insurance telematics value chain spans multiple industries. Insurers with notable presence in the insurance telematics market include Progressive, UnipolSai, State Farm, Allstate, Generali, Allianz, Admiral, AXA, Liberty Mutual, Intact and Insure The Box. Insurance players can either develop telematics programmes independently or rely on partners to varying degrees. Renowned telematics suppliers active in the insurance field for example include Octo Telematics, Vodafone Automotive, Viasat Group and LexisNexis Risk Solutions. Targa Telematics, Redtail Telematics, Trak Global Group, Cambridge Mobile Telematics, The Floow, TrueMotion, Modus, CalAmp, Mobile Devices and Scope Technology are also notable players on the market. Automotive OEMs are increasingly taking an active part in the ecosystem. Examples include General Motors, Honda, Renault-Nissan, BMW, Daimler and Hyundai. The insurance telematics market has seen significant M&A activity in recent years, involving diverse players from many parts of the ecosystem. Notable deals in 2017–2018 include Octo Telematics' acquisition of the UBI assets of Willis Towers Watson including the DriveAbility Score and Trak Global Group's acquisition of IMS.



Insurance telematics policies in force (Europe and North America 2018–2023)

### This report answers the following questions:

- What types of insurance telematics products are offered on the market?
- Which are the leading providers of insurance telematics technology?
- What business models are available for insurers entering the insurance telematics space?
- Which are the dominant technology form factors on each market?
- Which are the most successful insurance telematics programs today?
- How are mobile operators approaching the insurance telematics market?
- How are the vehicle OEMs involved in the ecosystem?
- Which are the major drivers and barriers for insurance telematics adoption?
- Which are the key future trends in this industry?

**Executive Summary**

**1 The automotive market**

**1.1 The automotive market in Europe**

- 1.1.1 Vehicles in use and car density
- 1.1.2 New car registrations and leading manufacturers

**1.2 The automotive market in North America**

- 1.2.1 Vehicles in use and car parc density
- 1.2.2 New car registrations and leading manufacturers

**1.3 Automotive insurance**

- 1.3.1 Basic insurance terminology and categorisations
- 1.3.2 The fundamentals of automotive insurance
- 1.3.3 Traditional automotive insurance risk rating and pricing criteria

- 1.3.4 Developments of the actuarial toolbox for motor insurers

**1.4 The European automotive insurance market**

**1.5 The North American automotive insurance market**

**2 Insurance telematics solutions**

**2.1 Introduction to insurance telematics**

- 2.1.1 The rationale for telematics-based insurance policy pricing
- 2.1.2 Brief history of insurance telematics offerings

**2.2 Usage-based insurance and related concepts and applications**

- 2.2.1 Manual reporting
- 2.2.2 Usage-based insurance telematics – PAYD, PHYD, MHYD, TBYB
- 2.2.3 Continuous and time-limited telematics data recording
- 2.2.4 Usage-based pricing vs. claims-related insurance telematics
- 2.2.5 Personal lines and commercial lines insurance telematics
- 2.2.6 Value-added services related to insurance telematics

**2.3 Insurance telematics infrastructure**

- 2.3.1 Vehicle segment
- 2.3.2 Insurer segment
- 2.3.3 End-user segment
- 2.3.4 Network segment
- 2.3.5 GNSS segment

**2.4 Business models**

- 2.4.1 In-house development
- 2.4.2 Leveraging telematics partners
- 2.4.3 Underwriting without direct client interaction

**3 The European insurance telematics market**

**3.1 Regional market characteristics**

- 3.1.1 Italy
- 3.1.2 United Kingdom
- 3.1.3 Spain
- 3.1.4 Austria
- 3.1.5 France
- 3.1.6 Benelux
- 3.1.7 Switzerland
- 3.1.8 The Nordics
- 3.1.9 Germany
- 3.1.10 Eastern Europe

**3.2 Insurance telematics case studies**

- 3.2.1 Italian insurer UnipolSai reached almost 4 million active connections in 2018
- 3.2.2 Generali continues to grow and surpasses 1.8 million active policyholders
- 3.2.3 Smartphone-only solutions – a growth engine for Allianz’s telematics offerings
- 3.2.4 AXA offers its insurance telematics portfolio in multiple European countries
- 3.2.5 Admiral Group has multiple insurance telematics programmes in Europe
- 3.2.6 Insure The Box has sold 900,000 blackbox-based policies in the UK
- 3.2.7 Direct Line Group uses a variety of sensors for gathering of telematics data
- 3.2.8 Aviva adds a free dashcam feature to its Aviva Drive app in the UK
- 3.2.9 Ingenie is developing a B2B platform
- 3.2.10 Towergate’s iKube policies are powered by TomTom Telematics
- 3.2.11 Fiat, Volkswagen and MINI work with Carrot Insurance and Trak Global
- 3.2.12 Marmalade targets young drivers
- 3.2.13 RSA offers UBI in the UK through MORE TH>N SM>RT WHEELS
- 3.2.14 Coverbox offers PHYD to older drivers in the UK
- 3.2.15 Autoline launches Chilldrive powered by Inzura
- 3.2.16 Telefleet Insurance and Masternaut partner for fleet insurance
- 3.2.17 By Miles offers PAYD in the UK
- 3.2.18 Smartdriverclub offers telematics to older drivers

- 3.2.19 PSA Finance UK offers telematics-based insurance to young drivers
- 3.2.20 Renault-Nissan Alliance partners with The Floow
- 3.2.21 Daimler Financial Services offers UBI in five European countries
- 3.2.22 HUK-Coburg to launch a mass-market telematics-based product in 2019
- 3.2.23 VHV’s Telematik Garant uses a 12V device with built-in connectivity
- 3.2.24 German insurer Signal Iduna launches UBI based on TomTom OBD device
- 3.2.25 Telefónica re-assesses its position on the insurance telematics market
- 3.2.26 UNIQA SafeLine powered by Dolphin Technologies has a focus on safety
- 3.2.27 Groupama in France has launched PHYD insurance
- 3.2.28 Chipin pioneered insurance telematics in the Netherlands
- 3.2.29 Spanish MAPFRE Group has also launched insurance telematics in the US
- 3.2.30 ÖSA and Sparkassen Versicherung offer eCall services in Germany
- 3.2.31 GDV launches eCall service with 46 participating German insurers
- 3.2.32 Zavarovalnica Triglav works with Amodo to bring UBI to Eastern Europe
- 3.2.33 PZU Group and Link4 have launched telematics programmes in Poland
- 3.2.34 HDI Global has launched DiamondDrive in Germany
- 3.2.35 Zurich is broadening its telematics offering
- 3.2.36 Springworks powered Telia Sense is used by Folksam and Alka
- 3.2.37 Paydrive offers UBI in Sweden powered by Scope Technology and Telia

**4 The North American insurance telematics market**

**4.1 Regional market characteristics**

- 4.1.1 United States
- 4.1.2 Canada

**4.2 Insurance telematics case studies**

- 4.2.1 Progressive launched its mobile programme in December 2016
- 4.2.2 State Farm transitions to a smartphone solution using a Bluetooth beacon
- 4.2.3 Allstate has surpassed 1.0 million active UBI policyholders
- 4.2.4 Esurance’s DriveSense mobile app has grown significantly during 2018
- 4.2.5 Liberty Mutual has a broad portfolio of telematics products
- 4.2.6 Allstate’s subsidiary Arity expands its offering to external customers
- 4.2.7 Desjardins offers smartphone app for insurance telematics in Canada
- 4.2.8 Nationwide works with Octo Telematics, IMS, LexisNexis and TrueMotion
- 4.2.9 Farmers offers insurance telematics for commercial lines powered by Modus
- 4.2.10 Travelers offers smartphone-based UBI powered by TrueMotion
- 4.2.11 Toyota and Aioi Nissay Dowa form telematics insurance services company
- 4.2.12 iA Financial Group is no longer active in telematics
- 4.2.13 CAA offers MyPace and Connect powered by Octo Telematics
- 4.2.14 Sprint is no longer actively pursuing insurance telematics
- 4.2.15 Root Insurance is a smartphone-based insurance company
- 4.2.16 Mobileye and Munich Re collaborate to reduce fleet accidents in the US
- 4.2.17 Progressive has launched a usage-based insurance product using ELDs
- 4.2.18 True Mileage uses NFC and works with Ohio Mutual Insurance Group
- 4.2.19 VOXX offers insurance telematics via its connected car offerings
- 4.2.20 Spireon plans to add insurance telematics to its connected car products
- 4.2.21 State Auto has a broad telematics portfolio focusing on both UBI and claims
- 4.2.22 Hyundai, and Honda and GM OnStar joins Verisk Telematics Data Exchange
- 4.2.23 CMT powers multiple smartphone-based pilots across the US
- 4.2.24 Intact has sold 453,000 UBI policies in Canada
- 4.2.25 Metromile is licencing its platform to external insurers

**5 Market forecasts and trends**

**5.1 Market analysis**

- 5.1.1 Insurance telematics policies and penetration in Europe and North America
- 5.1.2 Form factor developments in Europe and North America
- 5.2 Value chain analysis**
- 5.2.1 Insurance industry players
- 5.2.2 Telematics industry players
- 5.2.3 Automotive industry players
- 5.2.4 Telecom industry players
- 5.2.5 IT industry players
- 5.2.6 Mergers and acquisitions in the insurance telematics space
- 5.3 Market drivers and barriers**
- 5.3.1 Macroeconomic environment
- 5.3.2 Regulatory environment
- 5.3.3 Competitive environment
- 5.3.4 Technology environment
- 5.4 Future industry trends**
- 5.4.1 Continued broadening of the insurance telematics concept is expected
- 5.4.2 Insurers will embrace both UBI and claims-related insurance telematics
- 5.4.3 Form factor shift to favour mobile devices in the short term
- 5.4.4 Connected cars pave the way for mass-marketisation of insurance telematics
- 5.4.5 New data exchanges expected to make OEM data available to small insurers
- 5.4.6 Commercial applications to grow alongside personal lines insurance telematics
- 5.4.7 Privacy concerns are softening across customer segments
- 5.4.8 Big Data: Ownership and portability of telematics data to be scrutinised
- 5.4.9 Insurance telematics aims to reduce distracted driving
- 5.4.10 Mobility trends provide new opportunities for telematics-based insurance
- 5.4.11 Vehicle diagnostics data from connected cars can create value for insurers
- 5.4.12 Outlook: Insurance telematics is growing rapidly in other regions
- 5.4.13 Pay-per-mile insurance programmes are resurging
- 5.4.14 Insurers to explore other IoT verticals
- 5.4.15 The importance of consumer engagement rises rapidly
- 5.4.16 Autonomous cars alter the playing field for motor insurance

**6 Company profiles and strategies**

- 6.1 Agero**
- 6.2 Agnik**
- 6.3 Amodo**
- 6.4 Baseline Telematics**
- 6.5 Bosch Connected Devices and Solutions**
- 6.6 CalAmp**
- 6.7 Cambridge Mobile Telematics**
- 6.8 CCC Information Services**
- 6.9 DriveQuant**
- 6.10 Dolphin Technologies**
- 6.11 FairConnect (Infomobility)**
- 6.12 Greater Than**
- 6.13 IMETRIK Global**
- 6.14 Intelligent Mechatronic Systems (Trak Global Group)**
- 6.15 Insure Telematics Solutions**
- 6.16 Inzura**
- 6.17 LexisNexis**
- 6.18 Meta System**
- 6.19 Mobile Devices**
- 6.20 Modus**
- 6.21 MyDrive Solutions**
- 6.22 Octo Telematics**
- 6.23 Quartix**
- 6.24 Redtail Telematics**
- 6.25 Scope Technology**
- 6.26 Targa Telematics**
- 6.27 Teletrac Navman**
- 6.28 The Floow**
- 6.29 TomTom Telematics**
- 6.30 Trak Global**
- 6.31 Trakm8**
- 6.32 TrueMotion**
- 6.33 Verisk Analytics**
- 6.34 Viasat Group**
- 6.35 Vodafone Automotive**
- 6.36 Zendrive**

**Glossary**

# About the Author



**Martin Svegander** is an IoT Analyst with a Master's degree in Industrial Engineering and Management from Linköping University. He joined Berg Insight in 2017 and his areas of expertise include vehicle telematics, insurance telematics and shared mobility services.

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