



Telematics & Auto Insurance

National Conference of State Legislatures

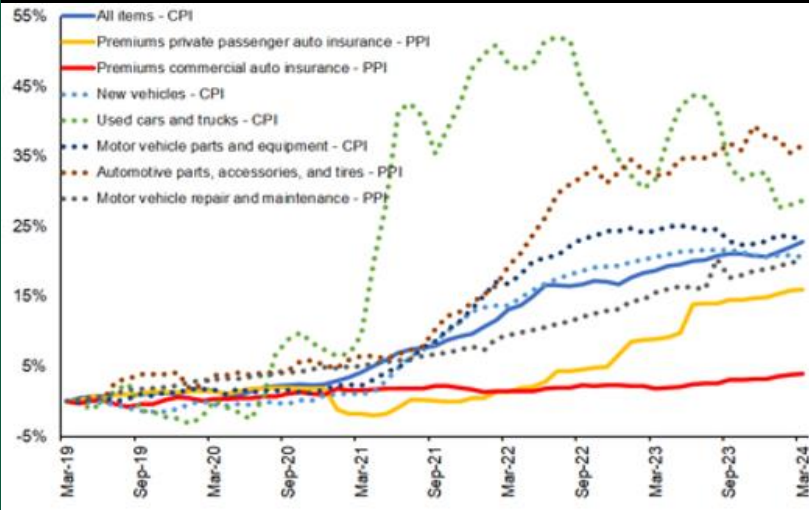
Louisville, Kentucky

August 4, 2024



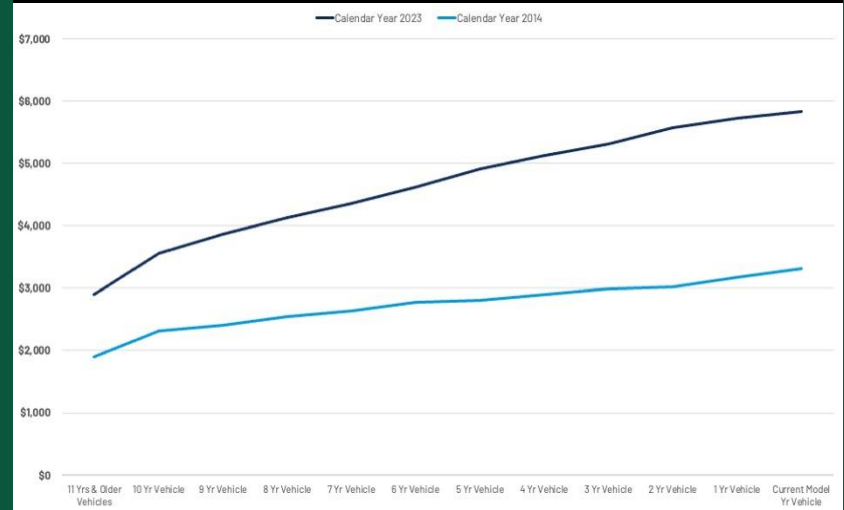
What is Causing Increased Auto Losses? Increasing Input Costs – Cars/Repairs

Cumulative Price Changes – Auto



Source: Bureau of Labor Statistics

Avg. Cost of Repairs by Vehicle age 2023 vs 2014

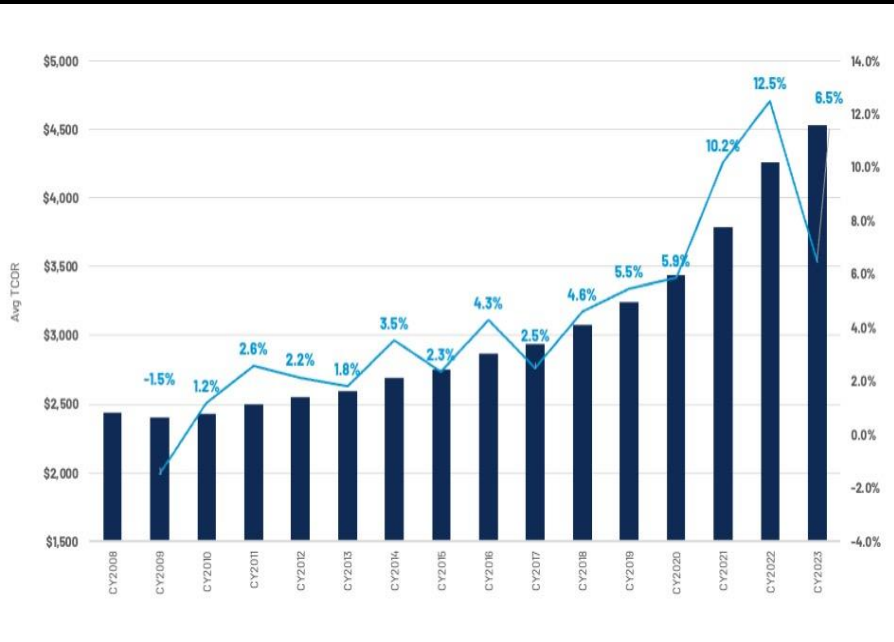


Source: CCC Intelligent Solutions

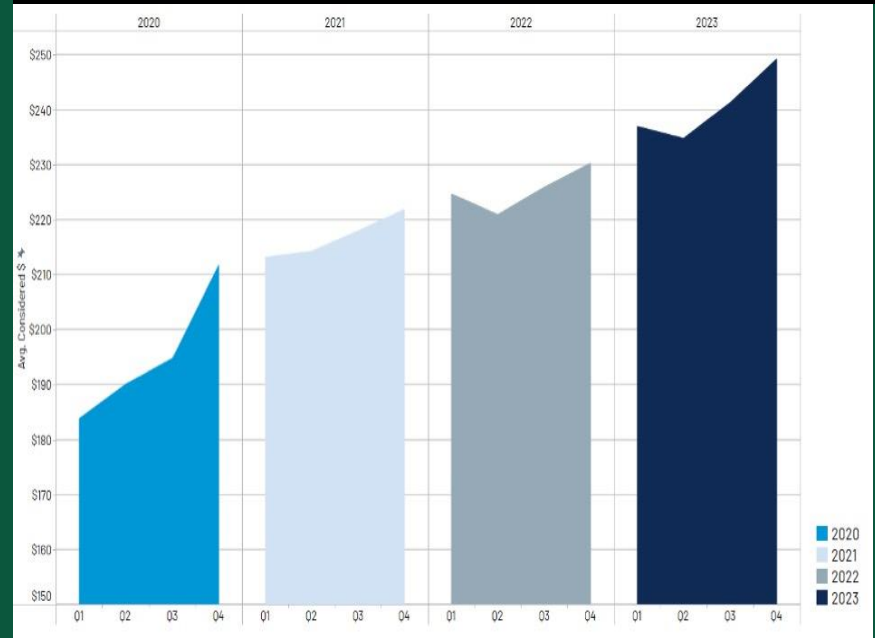


Increasing Costs of Repairing Cars/People

Average Total Cost of Repairs



Average Medical Bill \$ per Bill Line



Source: CCC Intelligent Solutions



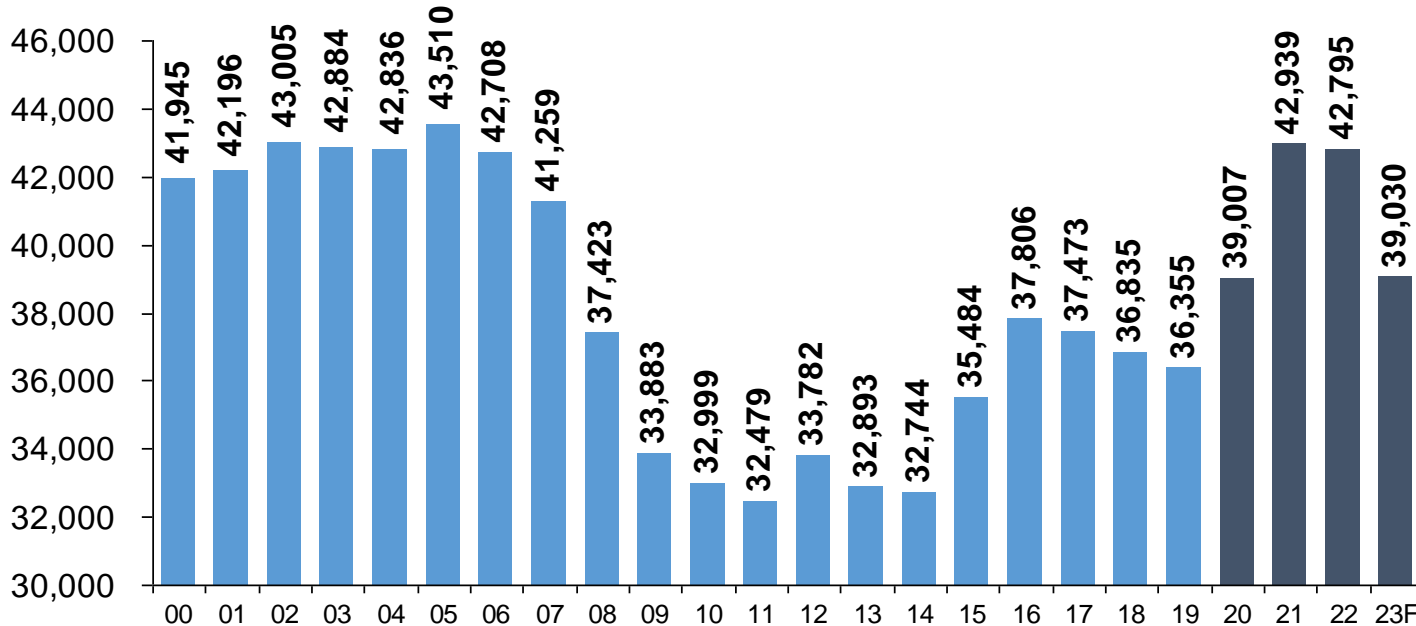
Increasing Costs – Driving is Getting Worse

- Speeding increased during the pandemic and has continued to worsen (minor speeding up 18%)
- Distracted driving (DD) also spiked 23% over the last 4 years.
- While miles driven has normalized and speeding/DD worsened, traffic violations have plummeted 20%
 - Less police enforcement





Traffic Fatalities in the U.S., 2000-2023F



*2023 figure is annualized figure based on actual data through June 30 (19,515 deaths, a decline of 3.3% from the same period in 2022).

Source: Insurance Institute for Highway Safety and Highway Loss Data Institute: <https://www.iihs.org/iihs/topics/t/general-statistics/fatalityfacts/overview-of-fatality-facts> and NHTSA: <https://www.nhtsa.gov/press-releases/2023-02-traffic-fatality-estimates>; Risk and Uncertainty Management Center, University of South Carolina.



What is telematics? How is it similar or different than usage based insurance?

- Telematics is the technology of sending, receiving and storing data.
- Usage based insurance (UBI) uses telematics to gather driving data in insurance rating and underwriting.
- In auto insurance, UBI can be used to:
 - Determine eligibility for a discount, or
 - Used in combination with existing rating factors
 - Used dynamically, to either increase or decrease premiums
 - Provide close to real time feedback to drivers



Features of UBI programs

- Data Collection – Can be done by plug in device, transmission from vehicle systems, and smartphone device.
- Consent: Obtained from each driver (phone) or vehicle owner (plug in or vehicle system).
- Data Elements
 - Miles driven, time of day, location
 - Speed, hard braking, rapid acceleration
 - Distraction, interactions with smart phone device
 - Elements used in pricing models directly, or development of a driving score.



How do states regulate UBI programs?

- There are few special regulatory requirements for UBI
- Disclosures: What data is being tracked, establishing consent
 - Delaware, Washington
- Use for discount eligibility only
 - Montana, Louisiana
- Use for milage verification only
 - California



QUESTIONS?

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