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MOTOR

A new generation

Connected and automated cars will generate a huge amount of data. Policymakers must safeguard it and ensure drivers control it.

The vehicles we drive are increasingly connected and automated. Our cars have started to assess the traffic situation much faster than we humans can thanks to sensor-based driving assistance systems. Wireless communication between cars, trucks, buses, infrastructure and other networks has also become a reality.

All this is done on the basis of data, an increasing amount of which will be generated in the years to come (see box on p52), creating new opportunities for businesses to develop a wide range of innovative products and services that benefit drivers. Those include theft notification and stolen vehicle recovery, advanced breakdown services, traffic management and other real-time location-based services (eg, directing a driver to the nearest garage or hotel).

This increase in vehicle-generated data will be a game-changer for motor insurers, giving rise to new ways of underwriting risks, new services, new claims-handling processes and new modes of interaction with policyholders.

A key benefit of the data generated by vehicles is that it will enable insurers to further increase their role in risk prevention. For instance, it enables insurers to incentivise safer driving through usage-based insurance (eg, “pay as you drive” and “pay how you drive” policies) and through other features such as driver feedback and coaching. It also enables insurers to incentivise policyholders

to drive less and in a way that consumes less fuel, thereby contributing to sustainability. While this is already happening on the basis of mobile phone vehicle-tracking apps or devices fitted in the vehicle, which have become increasingly common in certain markets, getting access to car data directly could facilitate it further.

Insurance telematics in Italy

In Italy, where insurance based on both pay-how-you-drive and mileage-based policies has been offered to customers since 2011, when dedicated devices started being used, the impacts are clear.

- The claims frequency of vehicles equipped with telematics devices is significantly lower than that of vehicles without such technology, particularly for young drivers. This is a clear sign that those who are aware they are being monitored adopt a more careful driving style.
- There also seems to be a significant, positive correlation between insurance telematics and low insurance fraud. This is because insurers are better able to detect fraud as a result of the data provided by devices. Additionally, having a telematics device seems to positively influence a policyholder’s behaviour and to reduce fraud/inflated claims.

Italian insurers are now able to offer more and more-tailored products based on driving styles, as well as to offer more favourable tariffs to lower-risk drivers.

Data enhances insurance services

Accessing the data that is generated by modern vehicles can also help improve insurers’ claims-handling through speedier responses after incidents. The data will also allow insurers to provide sophisticated claims-related services.

The information obtained from vehicles will also be of paramount importance in giving insurers a better understanding of any potential new or emerging risks associated with autonomous driving, thus increasing the insurability of autonomous cars once they become a reality. It will also be key to establishing the circumstances surrounding an accident involving such vehicles.

Consumers in the driving seat

Safeguards are needed at EU level in order to ensure consumers, insurers and other service providers make the most of the opportunities arising from these technological

Looking forward to sector-specific legislation

In February 2022, the European Commission published its proposed Data Act. While it would establish important access rights for users and third-party service providers to the data generated through the use of connected products, it does not address most of the concerns and structural issues raised by insurers and other service providers in relation to access to in-vehicle data.

Insurance Europe believes that sector-specific legislation is needed that provides concrete legal and technical measures in relation to vehicle data. It therefore welcomes the Commission’s confirmation that it intends to propose such legislation by the end of 2022. This could take the form of a separate legislative initiative or be presented as an amendment to the Type Approval Regulation. To feed into its proposals, the EC issued a consultation in April 2022 to which Insurance Europe is responding.

developments. This can only be achieved through EU regulatory intervention and, in particular, through the adoption of sector specific rules that ensure consumer choice and a genuine digital level-playing field for remote access to in-vehicle data.

Such a legislative initiative (see box above) should ensure that drivers can decide who has access to their data and for what purpose. Drivers should be able to choose which data may flow in and out of the vehicle by easily opting in or out of services and to actively select their preferred service providers at any time and in full compliance with GDPR rules.

Legislative action is also needed to guarantee that insurers and other third-party service providers can access the data directly inside the vehicle, without having to go through the vehicle manufacturers’ servers. Access to the data should be direct, independent, not monitored and based on fair contract conditions. Bi-directional communication with the vehicle and its functions should also be possible. Third-party service providers should be able to interact with the driver remotely using the in-vehicle human-machine interface (HMI) functions (eg, via the dashboard or voice commands).

“Any legislative initiative should ensure that drivers can decide who has access to their data and for what purpose.”

All this could be achieved by following a technology-neutral approach, such as a secure onboard telematics platform, which would allow independent applications to be safely and securely implemented in the vehicle, and by laying down

specific legal safeguards concerning contract requirements, data availability and price to avoid putting smaller, third-party providers at a competitive disadvantage and to ensure the same conditions for all stakeholders.

Making sure that consumers can decide which providers can have direct and reliable access to in-vehicle data, as well as guaranteeing access to vehicle data to third-party providers, such as insurers, would enhance competition, boost consumer choice and generate a range of new services and products, while guaranteeing a level playing field between providers. ■

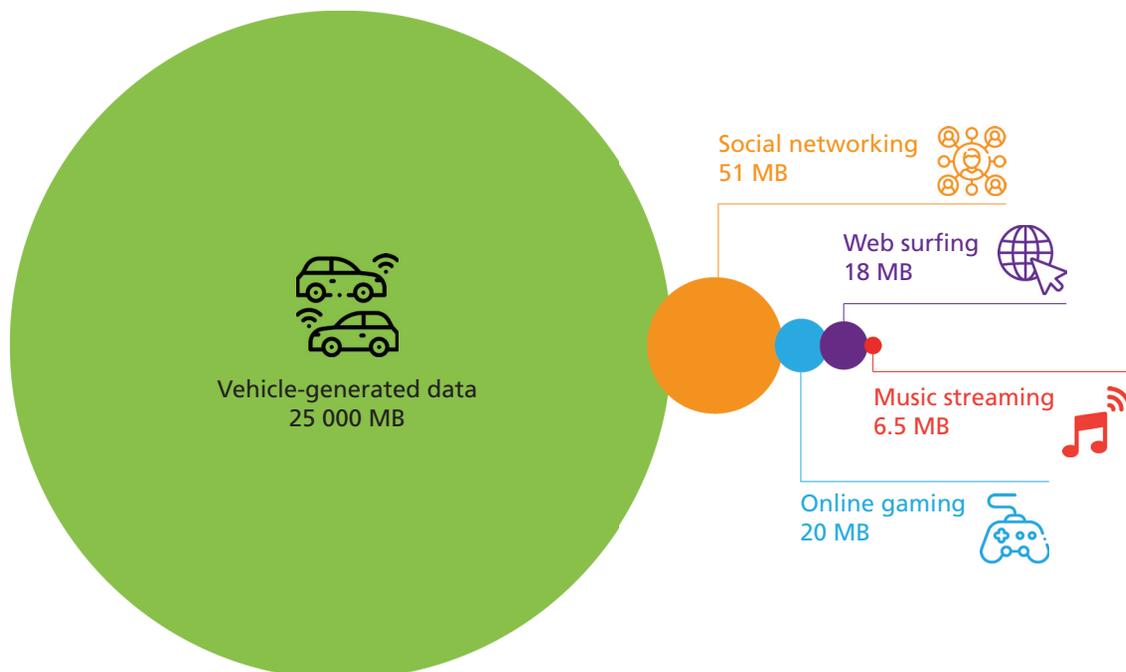
EU should aim for pole position

Already today, a connected vehicle can generate up to 25 gigabytes of data per hour. That is the equivalent of nearly 510 hours of social networking or around 1 400 hours of web surfing. Autonomous cars are expected to generate far more — up to 3 600 gigabytes of data per hour, according to expert forecasts.

Digitalisation will revolutionise the way we use, maintain, repair and insure cars. And some safeguards should be put in place to ensure that technological developments benefit all parties equally, based on consumer consent.

The European Commission has a key role to play in creating an appropriate regulatory framework. Doing this now — early in the life of the vehicle-generated data market — would make the EU a pioneer in regulating innovations in industrial IoT (Internet of Things) data.

Comparison of hourly data generation



Source: [PenTeleData](#)