

Insurance Telematics: one step beyond

Insurance Telematics Europe
London, April 2015

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40.000 employees

47 countries

6th European insurer in non life

Leader in Latam

Recently acquired Direct Line operations in Italy and Germany

Among the pioneers in Telematics (2007 Ycar)



Josep Celaya

Corporate Director of Innovation

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MAPFRE innovation community

70 professional

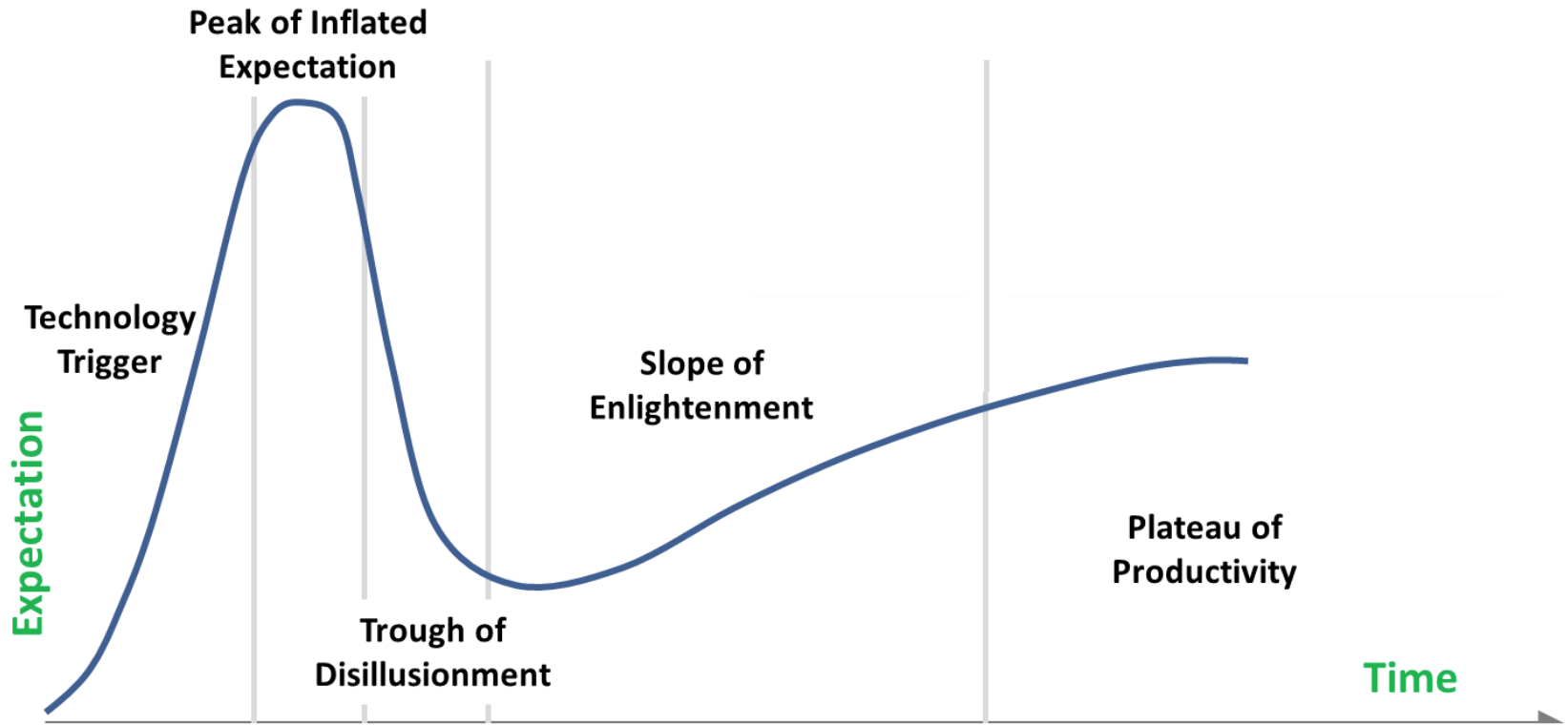
12 countries



**A SECOND BEFORE THE
BIG BANG**

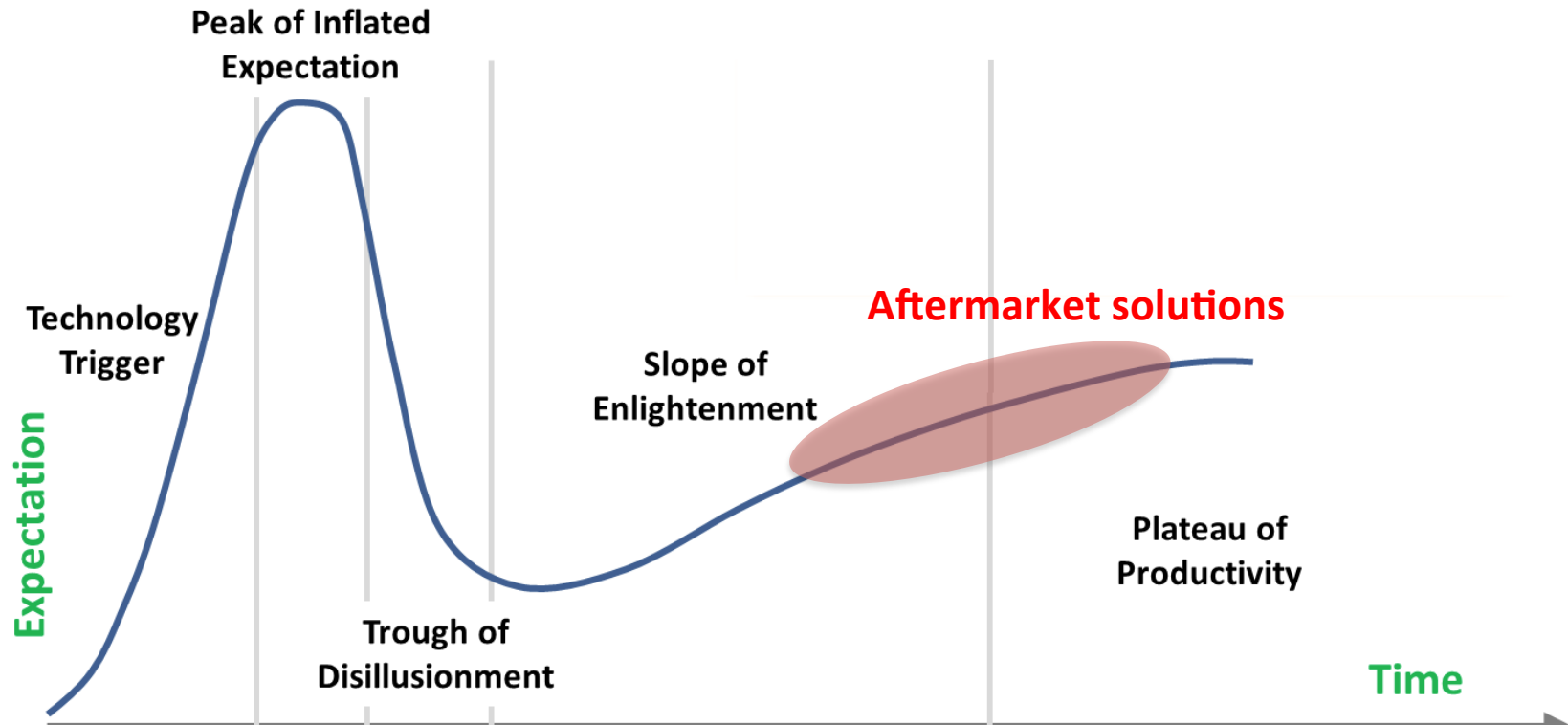
**Opening a debate: a subjective
perspective of where telematics
is taking auto insurance**

The hype Cycle: where is insurance telematics now?



Source: Gartner hype cycle

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Insurance Telematics: a status

Jack Welch — 'Face reality as it is, not as it was or as you wish it to be.'

What value propositions have we been able to sell?

**Validate
Italy**

Pay less => seems to be well accepted in two kind of situations:

- PAYD: The customer (or the vehicle) drives less than an average customer
- PHYD: a way of fishing for good risks in a pond of bad risks (on average), prevent fraud,...

This works when the potential savings outweigh (by far) the efforts and troubles that the customer has to undergo.

=> e.g. South of Italy (average TPL premium 1000 in the South Vs 300-400 in the North). Other examples in other markets.

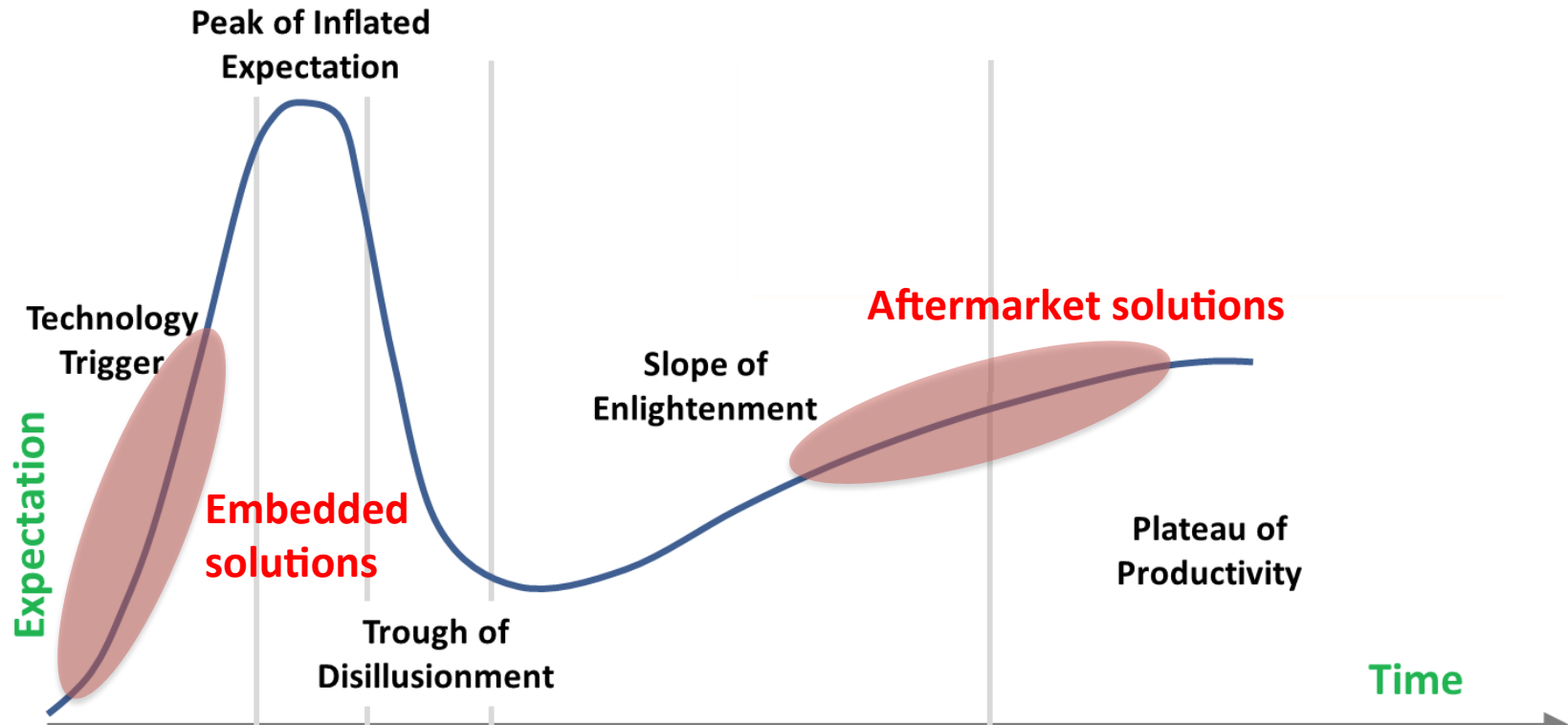
Insurance Telematics: a status

Jack Welch — 'Face reality as it is, not as it was or as you wish it to be.'

What barriers have insurance telematics have found?

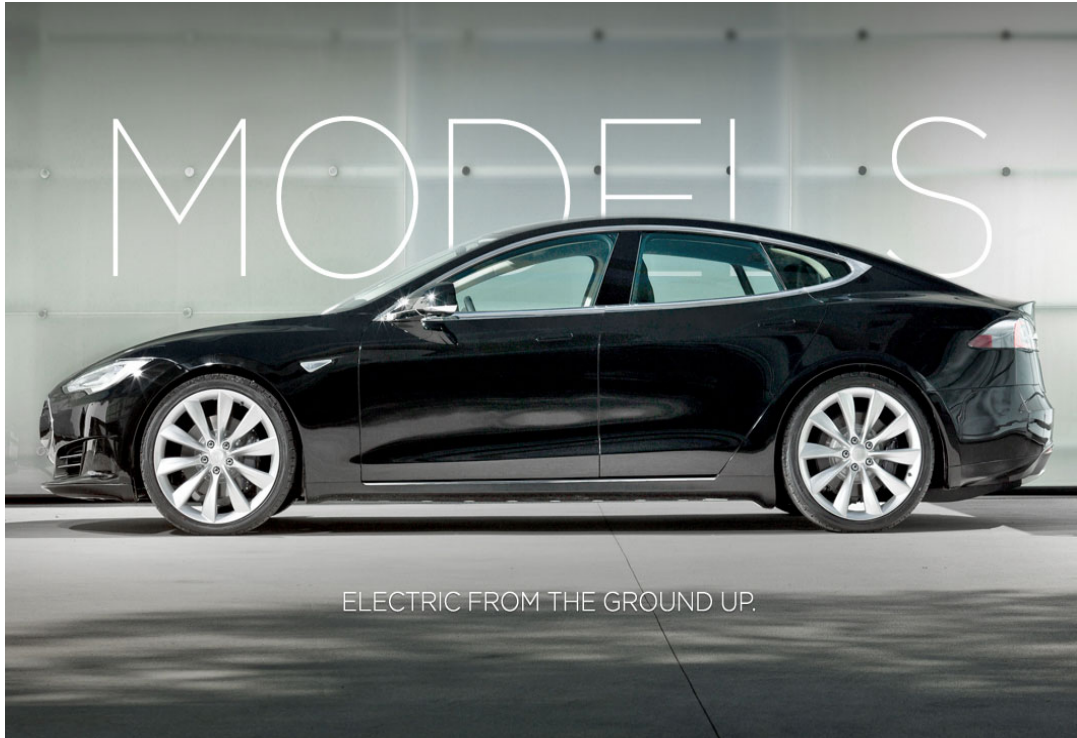
- For established insurers in mature markets price-based propositions are a way of eroding their income (**the threat of cannibalization** is one of the strongest enemies of innovation). Telematics remains a solution for new entrants, followers and market niches.
- **Other value added services have a tough business case** while telematics is an aftermarket solution. Honestly, are we able to deliver additional value (the kind of value that a customer is willing to pay additionally)?
- **Customer experience** has a lot of room for improvement

The hype Cycle: where is insurance telematics now?



Source: Gartner hype cycle

A new scenario: connected car (embedded telematics)



MODEL S, TESLA MOTORS
«iPhone on wheels»

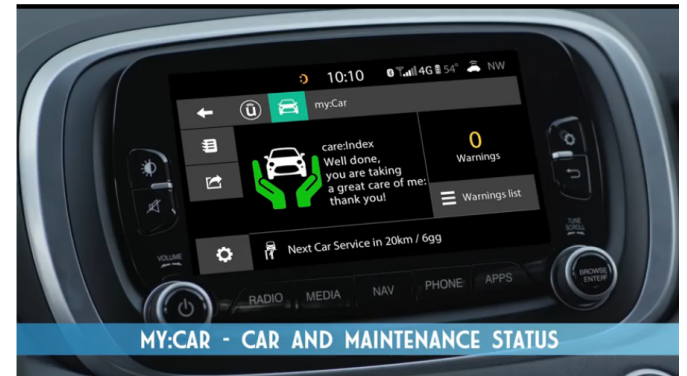
\ FRANZ VON HOLZHAUSEN

(From Tesla's website forums)

A new scenario: connected car (embedded telematics)

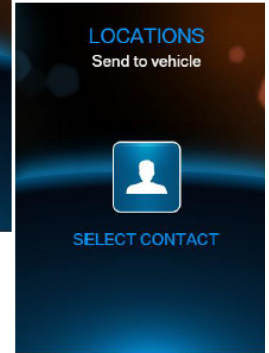
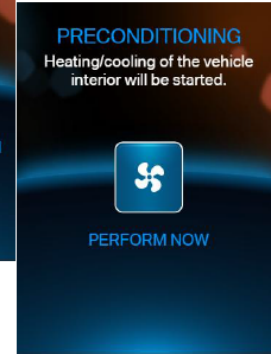
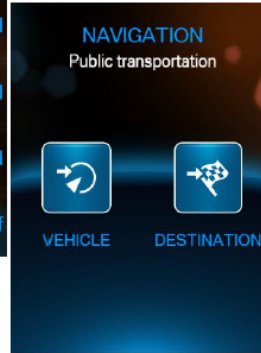
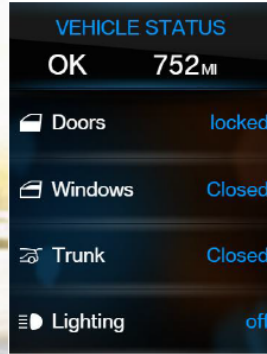


Embedded telematics is not anymore a high-end feature



Infotainment and James Bond-like applications

BMW Connected Drive

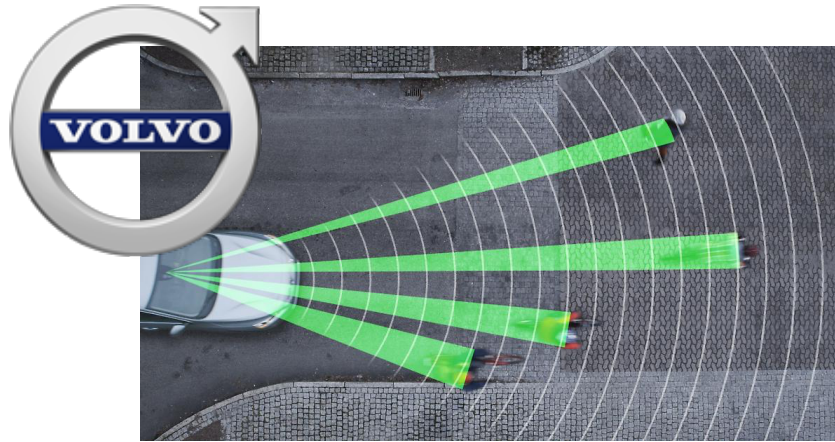


The development of insurance telematics will require a new generation of sensors that can only be deployed by the OEM

What kind of sensors? those that allow an insurer to estimate risk, reduce fraud and add additional value.

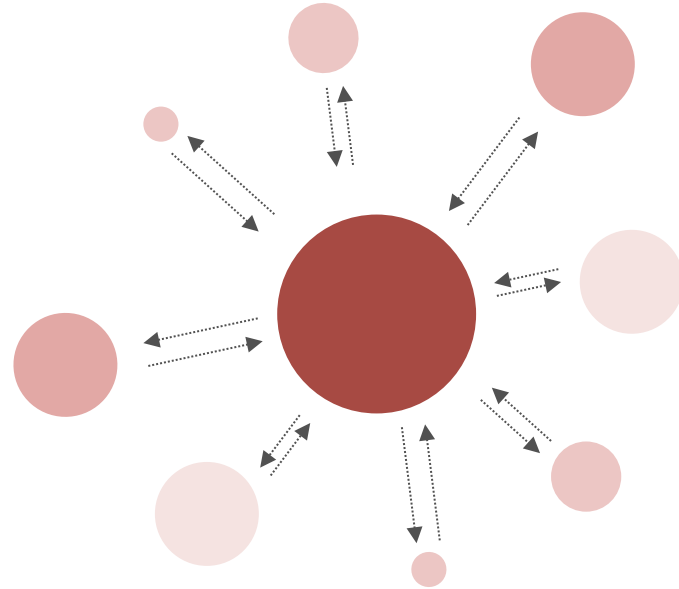
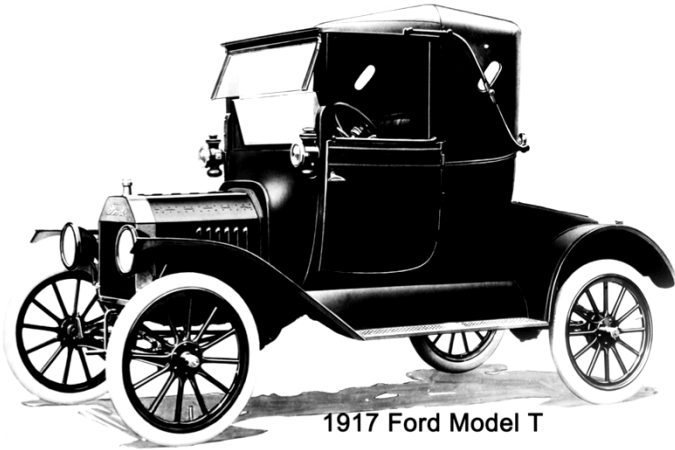


Intelligent Damage Detection System that can tell an owner when a body panel has been scratched, dented, punctured, or worse (2014)



Pedestrian and Cyclist Detection with full auto brake (2013)

From a traditional value chain to a value constellation



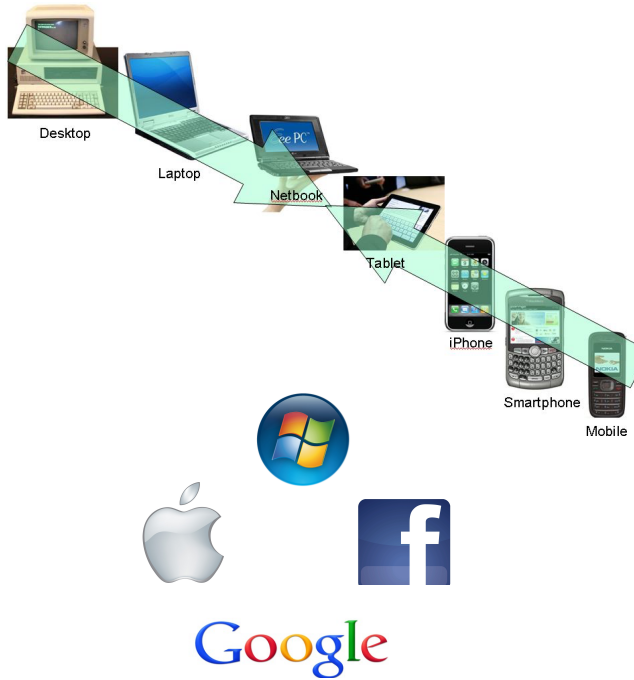
Google

Apple®

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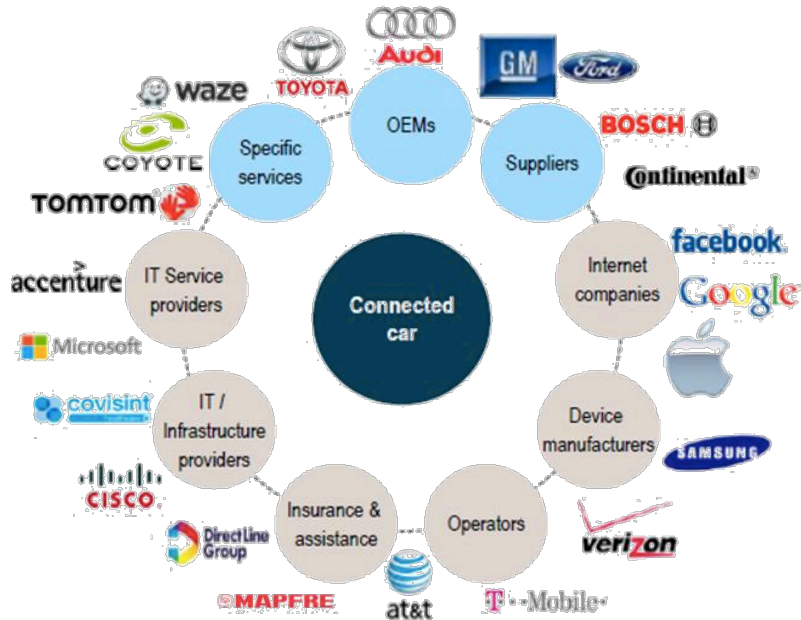
F1
Formula 1

A different way of doing business... ..that is not new



- A value proposition built on a core product + additional applications
- A system that allows to convey services to the end-customer
- A win-win business model
- An IT environment that makes all the above possible

A different way of doing business



Source: Roland Berger-EFMA

OEM



Apple CarPlay



Open Automotive Alliance

Risk Management in a connected vehicle environment: a new definition of the core business of an auto insurer

- Road Assistance
- Ensuring car maintenance
- Claims management integrated with the vehicle systems
- Fraud avoidance
- Risk prevention
- Insurance pricing that considers all of the above



Embedded insurance telematics: the OEM perspective

- Understanding of the business case potential
- Increased cost (sensors, management, maintenance cost)
- Enhanced service:
 - safety,
 - outstanding customer experience related with risk management
- Cheaper insurance for their customers
- Clear legal environment that allows making business while preserving privacy

Built-in insurance telematics: the Insurer perspective

Key Success Factors for an insurer

- Global reach
- Ability to provide services, not merely insurance coverage
- Technology capabilities to integrate with the OEM systems
- Analytics capabilities to enhance the risk management part of the car



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en caso de robo?**en caso de accidente,
enviamos inmediatamente
grúa y asistencia
médica****conoce tu descuento**
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telematics**

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Thank you

Your turn