

Europe Insurance Telematics Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Europe Insurance Telematics market is estimated to register a CAGR of 18.87% for the forecast period, 2022-2027. The market is expected to witness the active adoption of new methods through plug-and-play apparatus and in-vehicle intelligent monitoring systems, revolutionizing buying vehicle insurance. Government regulations in different European countries are also likely to back the idea of insurance telematics by making the process mandatory, boosting the market growth.

Key Highlights

Telematics is a term that combines the terms telecommunication and informatics. Telematics is used in vehicle insurance to track, store, and send driving-related data. This information helps determine driving habits and determine appropriate vehicle insurance premiums. Pay-as-you-drive, Pay-how-you-drive, and Manage-how-you-drive are three usage-based insurance-based telematics income models discussed in the report.

The latest innovation in the vehicle insurance market is the integration of telematics technology. The combination of telematics has helped encourage safer driving styles among the drivers, helping them save on insurance premiums simultaneously. The constant monitoring device available these days due to advancements in telematics helps analyze the drivers accurately and proceed with insuring their vehicles.

Usage-based insurance (UBI) or telematics is the term for using telematics technology in the context of automobile insurance. Automotive insurers can use these solutions to improve pricing processes based on driving data, improve claim control, and distinguish their products from current and future policyholders. Behavior-based pricing schemes are adopted by most of the insurers in the regions studied, leveraging different data monitoring techniques.

According to consumer research conducted by Towers Watson, British-American global risk management, insurance brokerage, and consultancy firm, most drivers in Europe's six largest motor insurance markets are eager to embrace telematics-based solutions. The countries with the most interest are Italy and Spain, where nearly 70% of drivers stated they were definitely or

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probably interested in getting a telematics policy. In all six European countries, 55% of drivers were interested in telematics insurance. In the United States, where telematics is already a mass-market product, the corresponding ratio was 50%. In the wake of the global pandemic COVID-19, which has thrown asset-heavy businesses like rental companies into disarray, fleet management vendors are developing new use cases for their customers to help them shift fleets to meet the growing demand for logistic and medical transportation, thereby fostering the market growth.

Europe Insurance Telematics Market Trends

Adoption of Usage-based Insurance by Insurance Companies will Drive The Market

Usage-based insurance (or UBI) uses a unique tracking device (usually placed within a client's vehicle) to track driving behavior. By examining how a driver accelerates, brakes, and corners, the idea is that an insurance company can determine a more appropriate premium for that client. Insurance companies who have adopted these programs also examine when clients drive and how much time they spend behind the wheel.

In the coming years, the expansion of the vehicle industry is likely to move the usage-based insurance market forward. The automotive industry comprises many firms and organizations involved in automobile design, production, marketing, and sale. Telematics-driven usage-based insurance appeals to car owners since it offers low premiums for low-risk driving and high premiums for high-risk driving. As a result, individuals can significantly reduce their insurance prices by changing their driving behaviors.

Light-duty vehicles (LDV) and heavy-duty vehicles (HDV) are the two most common vehicle classes for usage-based insurance (UBI). Passenger automobiles with a maximum gross vehicle weight of fewer than 8500 lbs are classified as light-duty vehicles, whereas heavy-duty vehicles have a higher gross vehicle weight. OBD-II-based UBI programs, smartphone-based UBI programs, hybrid-based UBI programs, and black-box-based UBI programs are among the several technologies that are utilized in various sorts of packages such as pay-as-you-drive (PAYD), pay-how-you-drive (PHYD), and manage-how-you-drive (MWYD).

One point of contention is privacy. It's one thing for private individuals to choose usage-based insurance, but it's quite another for business fleets to demand that their drivers be regularly watched. However, with telematics, the usual norm is that measurable benefits eventually surpass privacy concerns, primarily handled by anonymizing data collection and processing. In reality, tracking and reporting on driving behavior might be a positive experience for drivers, allowing them to improve their performance against various benchmarks, thereby gamifying the practice of safe driving.

According to the European Automobile Manufacturers' Association (ACEA), the count of passenger car registrations in the European Union reduced by -20.5% in March 2022, with 844,187 units sold. Car production has been harmed by persistent supply chain disruptions, worsened by Russia's invasion of Ukraine. As a result, most nations in the region saw double-digit sales declines, including Spain (-30.2%), Italy (-29.7%), France (-19.5 %), and Germany (-17.5%). This could harm the telematics insurance sector.

Italy to Account for the Fastest Growth

According to a survey by Otonomo, only 60% of European consumers replied yes when asked if they would be prepared to disclose car data to receive the insurance products in which they expressed interest. Italy has the highest rate in the mature telematics market, followed by the United Kingdom.

Compared to other customers, Italians were more willing to disclose insurance-based driving data in the poll. This could be because Italian legislation codifies telematics requirements, and the Italian insurance industry has long supplied telematics-based insurance plans. Italy's "Monti's Law" made telematics mandatory in new cars and available as an insurance option in 2012.

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Italian insurtech companies collaborate to bring new options and insurance schemes to Italian customers. This would encourage a smoother transition of the clients from traditional methods of buying vehicle insurance to detailed telematics alternatives. Carmakers are sharing information from the inbuilt connected car systems with insurtech companies and adding value to their plans of telematics-driven insurance plans. For instance, in July 2021, Ford Motor Company in Dearborn and OCTO Telematics in Rome announced a partnership to use Ford's connected car data to extend OCTO's predictive insurance risk score, known as the DriveAbility Score. The connection will deliver a seamless experience for vehicle insurers and their policyholders. The service gives precise pricing based on driving data directly from Ford automobiles with an inbuilt connection.

Europe Insurance Telematics Market Competitor Analysis

There are several prominent participants in the insurance telematics business. Nearly none of the market players now hold a considerable position in terms of market share. The major competitors concentrate on growing their consumer base beyond international borders to stay on top of the industry. These businesses use strategic collaboration initiatives to expand their market share and profits. Industry players are also purchasing start-ups working on insurance telematics market technology to strengthen their product capabilities.

March 2022 - Ford Motor Company and Verisk collaborate in Europe and the United Kingdom to supply "insurance-ready" data from connected Ford vehicles to assist insurers in developing usage-based programs. The service will be offered in Germany, France, Italy, Spain, and the United Kingdom. According to Verisk, the arrangement will provide insurance firms with more specific insights on a driver's risks, allowing for policy tailoring. Once a driver has authorization, insurers can access and analyze standardized metrics Verisk obtains from linked vehicles through the company's Data Insight Hub.

January 2022 - Zego, a business motor vehicle insurance company in the United Kingdom, is seeking a European expansion. The InsurTech company, which offers up to a 20% discount on premiums to safe drivers, has begun in the Netherlands and is expanding operations in France. The company also serves Ireland, Spain, Belgium, and Italy.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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