Insurance Telematics Market Assessment, By Usage Type [PAYD, PHYD, MHYD], By Deployment [On-premises, Cloud], By Component [Hardware, Software], By Vehicle Type [Passenger Cars, Commercial Vehicles], By Region, Opportunities and Forecast, 2018-2032F

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Report description:

Global insurance telematics market is projected to witness a CAGR of 19.13% during the forecast period 2025-2032, growing from USD 4.12 billion in 2024 to USD 16.72 billion in 2032.

There are tremendous growth aspects in the insurance telematics market, primarily from telecommunication and information technologies where insurers monitor data across a large section of various kinds of insurance. Traditionally, automotive insurance companies deploy telematics devices, OBD-II, on their vehicles, which record vital driving data such as speeding and braking. These models allow insurers to charge premiums based on actual driving behavior rather than estimates, which means they can charge safe drivers a lower premium. To top this off, real-time feedback provided by these devices encourages safer practices and reduces the chance of accidents and consequent claims.

Telematics is also gradually making its way into home and life insurance. In-home insurance, smart devices such as smoke detectors and water leak sensors generate data that allows insurers to calculate property risks better and take preventive measures to prevent costly claims. The same case applies to life insurance, wearable devices monitoring health metrics will help develop personal wellness programs insurers and assess health risks better. Artificial intelligence, along with the IoT, revolutionizes the industry, shifting it from traditional hardware solutions towards smartphone-based applications that give instant feedback and individualized coaching. This enhances user access and facilitates the insurers' ability to increase their risk assessment capacity while lowering their deployment costs. As a result, the insurance telematics market is undergoing significant change as companies increasingly use advanced technologies to stay ahead of the competition and gain market share.

For instance, in August 2024, Zuno General Insurance, based in India, launched an add-on based on mobile telematics Pay How You Drive. It empowers users to assess their driving skills, receive an objective called Zuno Driving Quotient, and earn rewards for

safe driving. Zuno claims to be the first company to explore usage-based insurance in India and has always been developing innovative products, especially around usage-based insurance. This is the extension of its first UBI offering 'Switch'.

Expanding Role of Usage-Based Insurance (UBI) among Insurance Holders

Usage-Based Insurance (UBI), which includes pay-how-you-drive (PHYD), pay-as-you-drive (PAYD), and mile-based auto insurance, is a type of vehicle insurance where the cost is determined by the type of vehicle used, measured against time, distance, behavior, and place. This is limited to automotive insurance. This new insurance technology is based on monitoring the driver's behavior directly while the person drives. This is achieved through a telematics device installed in a vehicle or a mobile app that uses smartphone's hardware to capture data on driving behavior. For drivers, it offers the chance to lower insurance costs through safe driving, offers personalized insurance premiums, and can contribute to a general reduction in dangerous driving behaviors on the roads. Traditional one-size-fits-all auto insurance programs are being displaced by advanced, telematics-based programs analyzing actual driving behavior and usage patterns. In addition, insurance telematics technology is significantly integrated with connected car ecosystems, thereby allowing insurers access to vehicle data directly from onboard systems. In this sense, integration enables insurers to provide value-added services, such as emergency assistance, vehicle tracking, and remote diagnostics, to further the customer experience.

For example, in January 2024, Octo Telematics, which offers UBI, introduced another feature that enhances road safety with crash detection via smartphone. It does this by turning the smartphone into an active sensor for detecting severe crashes and automatically requesting assistance to reduce the impact on human life. This cutting-edge technology detects mid and severe crashes, using the smartphone's on-board sensors and an AI algorithm based on billions of real crash data collected by OCTO. These kinds of advanced features are leading more people to go for usage-based insurance policies.

The emergence of 5G/6G and AI Revolution Fuel the Insurance Telematics Market Growth

The amalgamation of 5G/6G and artificial intelligence (AI) will bring futuristic growth opportunities globally. The emergence of 5G/6G technology has brought significant opportunities for the automotive telematics industry, which has enhanced speed, low latency, and high bandwidth. Telematics devices working on 5G/6G are usually offered by original equipment manufacturers in luxurious and premium vehicles, in addition, because of a shift in the number of people purchasing premium cars with features, there has been an increase in sales of both premium and luxurious vehicles. Premium cars are also recording good sales. For example, in 2024, BMW Group sold over 2.45 million passenger vehicles and more than 210,000 motorcycles worldwide. New records were also recorded by the BMW, Rolls-Royce, and BMW Motorrad brands in 2023. Thus, the increasing premium and high-end car sales are opening new areas of potential development in telematics devices supporting vehicle recognition of maintenance, enhancement of user experience, remote diagnostics, and in-car infotainment systems. Therefore, the growing sales of premium and luxurious vehicles are giving rise to new opportunities for progression in telematics devices within vehicles that recognize vehicle maintenance, improve user experience, remote diagnostics, and in-car infotainment systems.

With the growth of 5G/6G infrastructure, the telematics device has also resulted in the development of AI in connected vehicles, which processes vast amounts of data gathered from the surroundings to improve its operational efficiency and decision-making ability. AI also enables predictive maintenance in automotive telematics, thereby enabling fleet managers to predict and prevent potential problems before they become unaffordable repairs or breakdowns. Hence, the integration of 5G/6G technology with AI drives the automotive telematics market.

For instance, in February 2024, Harman, a global leader in connected vehicle solutions, demonstrated its latest road-ready products designed to democratize automotive connectivity at the Mobile World Congress (MWC) 2024 in Barcelona which includes the Ready Connect 5G Telematics Control Unit for connected cars. Based on the Snapdragon Auto 5G Modem-RF Gen 2, it represents a significant advancement in automotive connectivity, delivering rich in-cabin experiences for consumers while reducing time to market and engineering efforts for OEMs (Original Equipment Manufacturers).

Government Mandates and Regulations Act as Market Growth Catalysts

Mandates and regulations implemented across the globe significantly drive the growth of the insurance telematics market. Governments worldwide increasingly endorse the capability of telematics to make the roads much safer and prevent accidents, giving rise to regulatory support. The European Union, for example, has passed legislation that requires the mandatory fitting of telematics devices into each new vehicle produced by 2024 and, thereby, is expected to drive wide-scale adoption across the region. Similarly, the U.S. Department of Transportation promotes the incorporation of telematics in automobiles to reduce

accidents. Such policies provide a great catalyst for innovation related to the generation and use of data in assessing risks and complementing the emerging market demand for bespoke insurance solutions. In consequence, insurers have started exploiting the advantage of telematics to monitor driving behavior, which proves very helpful in tailoring policies and pricing to an individual's risk profile. This union of regulatory support and market demand is causing the insurance telematics sector to grow at a tremendous rate.

For example, in India, the Automotive Industry Standard-140 mandates that all public transport vehicles be equipped with Vehicle Location Tracking Devices (VLTD) and emergency request buttons to improve road safety and fleet management. This initiative promotes the adoption of telematics solutions, enhancing the overall safety and efficiency of transportation in India.

Dominance of Automotive Insurance in Global Insurance Telematics Market

The world of automotive insurance has seen tremendous growth with the advent of telematics. This technology-based auto insurance, where the driving behavior is monitored through it, has numerous benefits: savings, enhanced safety, and prevention of fraud, along with personalized insurance premiums. Connected vehicles, which carry communication systems capable of collecting data in real-time, are already driving telematics-based insurance so profoundly. This data also allows insurers to offer more precise and usage-based insurance offerings. Mobile technology developments, AI-based analytics, and improved data privacy further increase and become implemented within the automotive insurance market. Further, in recent history, the technological innovation of telematics has brought a complete paradigm shift in many industries, but more importantly, in transportation, logistics, and auto industries.

For instance, in April 2024, State Farm launched an innovative program to assist drivers involved in collisions. The new Accident Assistance feature enables the driver when immediate next steps may seem unclear during the stressful moments following a collision. Once enrolled, the user must ensure that the Accident Assistance feature is activated. If an accident is detected, they will receive a notification through the app. They will have 60 seconds to respond and if they do not respond, they may receive a follow-up call. Should there be no acknowledgement via the app or phone call, law enforcement may initiate a wellness check. After acknowledging that they have been in an accident, they will be asked if they need an ambulance. If they answer "Yes", they will receive a call to verify their need for assistance. If they answer "No", they will then be asked if they require tow assistance.

North America Dominates Insurance Telematics Market Share

North America is the leader in the insurance telematics market, leaving all other regions behind. There are multiple reasons for this, including a strong technological infrastructure marked by a strong IoT framework and widespread use of telematics. Government support in the U.S. and Canada through regulatory support for telematics implementation helps improve road safety and minimize accidents, further increasing the growth prospects of the market. In a region where vehicles are highly owned, with increased premiums and concern for road safety, the region has seen acceleration in the take-up of telematics solutions. Furthermore, as awareness of benefits that come from telematics, such as lowered premiums and personalized insurance products, grew, demand in this regard for policies based on telematics solutions grew, pushing North America ahead of the fray.

For instance, in December 2024, North America-based LexisNexis Risk Solutions signed a deal to buy IDVerse, a company that specializes in AI-driven, automated document authentication and fraud detection solutions. The acquired company, IDVerse, will be added as part of LexisNexis Risk Solutions Business Services.

IDVerse's technology can verify more than 16,000 types of identity documents globally across organizations in various industries and the public sector. This shows how companies in this region are growing towards improving their workflow.

Future Market Scenario (2025 – 2032F)

- More advanced technologies, such as artificial intelligence and the Internet of Things, will enhance the capacity to collect and analyze data. This, in turn, will lead to the development of more personalized insurance products and enhanced risk assessment.
- Increased consumer awareness, coupled with growing demand for more personalized insurance solutions that can offer lower premiums on actual driving behavior, will push telematics across all the sectors of insurance: automotive, home, and life insurance.
- The Asia-Pacific region has vast growth opportunities in developing economies such as India and China because of increased vehicle ownership and government initiatives to improve road safety through telematics solutions.
- Although the prospects seem bright, several challenges in terms of data security issues and in general a lack of awareness about telematics would threaten growth in the market, and these would be important issues for insurers if they are going to fully benefit

from the opportunity.

Key Players Landscape and Outlook

The global insurance telematics market is very competitive, with companies competing based on several important factors. Technological innovation is the biggest driver that the companies focus upon, integrating advanced artificial intelligence and IoT systems to enhance their telematics solutions. Partnerships and collaborations are also important, such as insurance companies partnering with car manufacturers to allow for seamless integration of telematics systems into the vehicle, which enhances data collection and risk assessment capabilities. Besides this, consumer involvement also plays an important role in which companies try to compete in providing customized products of insurance, including UBI usage-based insurance, appealing to customers looking for cost reduction and safety enhancement. All these factors determine the competitive landscape while fueling innovations and adoption.

In October 2023, OCTO Telematics announced a partnership with Flexcar, the smart alternative to car ownership, focused on adding OCTO's connected vehicle capabilities to Flexcar's fleet across the US. Supported by OCTO's technology, Flexcar will launch a touchless and seamless process to set up, configure, and manage their subscription service, including a dedicated smartphone application to enable drivers to lock and unlock their vehicles securely and conveniently.

In August 2024, US auto insurer GEICO migrated from VMware to OpenStack cloud computing technology to avoid vendor lock-in and customize their infrastructure to meet specific needs.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

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