

Usage-Based Insurance Market Strategic Trends and Opportunities, by Type (Pay-As-You-Drive, Pay-How-You-Drive, and Manage-How-You-Drive), Hardware (smartphones and Telematics), and Region (North America, Europe and Asia Pacific) - Global Forecast 2030

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Report description:

The usage-based insurance market is projected to reach USD 70.46 billion by 2030 from USD 43.38 billion in 2024, at a CAGR of 7.2% during the forecasted period. The affordability and low premium compared to traditional insurance is driving the UBI market. In regional trend, the UBI adoption is high in North America and Europe, whereas it is rising slowly in Asia Pacific region due to growing awareness for road safety. Also, the automakers are restricted to Europe and US are entering into UBI business to develop a new revenue stream by calculating UBI premiums in-house.

"Smartphones holds the largest market in hardware for UBI."

Smartphone dominates the hardware segment due to its widespread adoption and affordability across the globe. In the older vehicles the OBD-II devices were preferred device for calculating the UBI premiums. Going ahead, as the technology advanced the adoption for smartphone increased due to digital UBI application which was accessible on smartphones to which the vehicle owner started opting for smartphones instead of OBD-II device as it saved the installation cost in the vehicles. Hence due to increase in adoption for smartphones, the market for OBD-II device is lowering gradually and are limited to only older vehicles. Adding more, the smartphone is user friendly to monitor their driving habits, receive real-time feedback, and earn rewards for safe behavior. Hence due to these factors the market for smartphones is high and will dominate the market in coming future.

"PHYD type segment is the second fastest growing market for UBI."

Pay-How-You-Drive (PHYD) type service usually leverages embedded telematics and smartphones for calculating personalized UBI premiums. According to MarketsandMarkets analysis, nearly XX - XX% revenue is earned through PHYD and is estimated to increase gradually during the forecasted year. The adoption for PHYD has increased as customers are ready to share their

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personal data to the insurance company due to strict regulation in Europe and North America for data privacy and transparency such as GDPR and CCPA respectively. The PHYD utilizes real-time driving data for formulating UBI policy by tracking parameters such as cornering, speed, acceleration, braking, phone distraction etc to calculate the UBI premium. Hence as the demand for connected car increases, the demand for PHYD will increase across the globe ultimately driving the market for PHYD type.

"Asia Pacific is the fastest growing market during the forecast period"

Asia Pacific is an emerging market for Usage based insurance with the widespread adoption for smartphone and built-in telematics device fuelling the demand for UBI program. The UBI Insurer companies are adhering to the regulations for data privacy and transparency which was set by the governing bodies by each country respectively. In Asia Pacific, China holds the largest market for UBI penetration due to high sales of EVs, creating a bigger market for implementing UBI insurance. For increasing the adoption for UBI in APAC region, key players in insurance are actively partnering with other insurance companies. For instance, In August 2023, Citroen (India) had launched a Usage-based insurance program in partnership with ICICI Lombard General Insurance (India) for Pay-As-You-Drive type policy specifically for their model "eC3". This initiative encourages safe driving practices by lower the UBI insurance premiums based on individual driving behaviour monitored through telematics. Hence these developments in Asia Pacific region are driving the market for usage-based insurance.

In-depth interviews were conducted with CEOs, marketing directors, other innovation and technology directors, and executives from various key organizations operating in this market.

- By Company Type: OEMs - 0% and Tier I - 100%,
- By Designation: C Levels - 50%, Directors- 20%, Others- 30%
- By Region: North America- 60%, Europe - 10%, Asia Pacific- 30%

The usage-based insurance is dominated by global players such as Octo Group S.p.A (Italy), Cambridge Telematics (US), Lexis Nexis (US), The Floop (UK), Allianz (Germany), AXA (France), Zurich (Switzerland), Libert Mutual Insurance (US), Allstate Insurance Company (US), and Farmers Insurance (US). These companies adopted strategies such as product developments, deals, and others to gain traction in the market.

Research Coverage:

This research report categorizes usage-based insurance by type [Pay-As-You-Drive (PAYD), Pay-How-You-Drive (PHYD), and Manage-How-You-Drive (MHYD)] and by hardware (OBD-II, smartphone, and embedded telematics box), and by Region (Asia Pacific, Europe, and North America).

Report Scope

The report's scope covers detailed information regarding the major factors, such as influencing factors for the growth of the usage-based insurance market. A detailed analysis of the key industry players has been done to provide insights into their business hardware and UBI parameters tracked, drivers & restraining factors, laws and regulation trend globally, data pointers collected from connected car and its hardware, UBI market ecosystem, regional market landscape.

The report provides insights on the following pointers:

- Analysis of drivers (Increase in demand for connected car, increase in safety features, High premium rates for electric vehicles, OEMs expansion into UBI business, Need for Data Aggregator players, and Consumer Convenience), restraints (regulatory challenges, increase in usership, and Low Consumer Awareness in Developing Countries for UBI) with impact in short, medium and long term.
- Product Development/Innovation: Detailed insights on upcoming technologies in the Usage-based insurance market
- Market Development: Comprehensive information about the markets - the report analyses of regulation and laws related to Usage-based insurance across varied regions.
- Market Diversification: Exhaustive information services, hardware offering, service offered, and any recent investments in usage-based insurance market.
- Competitive Assessment: In-depth assessment of market shares, penetration rate, growth strategies and service offerings of leading players like Octo Group S.p.A (Italy), Cambridge Telematics (US), Lexis Nexis (US), The Floop (UK), Allianz (Germany), AXA (France), Zurich (Switzerland), Libert Mutual Insurance (US), Allstate Insurance Company (US), and Farmers Insurance (US) among

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others in usage based insurance market.

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