Usage-Based Insurance

Consumer Survey

In the winter of 2012, a usage-based insurance consumer survey that polled over **7,500 respondents** from the **U.S.** and six **European countries** was completed. Respondents expressed an **overwhelming interest** in **usage-based auto insurance.**

Some major U.S. findings

The marketplace is ready for widespread UBI adoption.

Almost **90%** are open to buying a UBI policy if there is **no risk** of their premium increasing.

The majority of consumers interested in UBI are willing to change their driving behaviors, reinforcing the potential for driver coaching.

60% of those interested in UBI are **willing to change** their driving habits.

Consumers want value-added services, presenting insurers an opportunity to decommoditize their auto insurance product.

72% of those interested in UBI are **willing to pay** for value-added services.

Approximately 80% of consumers were interested in value-added services such as vehicle theft tracking, automated emergency response and vehicle wellness reporting. Higher-risk drivers showed more willingness to change their driving behavior, highlighting the potential for UBI to lower losses and make roads safer.

Take note

Concerned parents may be a particularly promising market.

81% of parents interested in UBI **are willing to pay** for value-added services.

Only 6.9% of parents **would not want** safety-focused value-added services for their children.

Top of mind

Consumers' main concerns about UBI center on money and privacy.

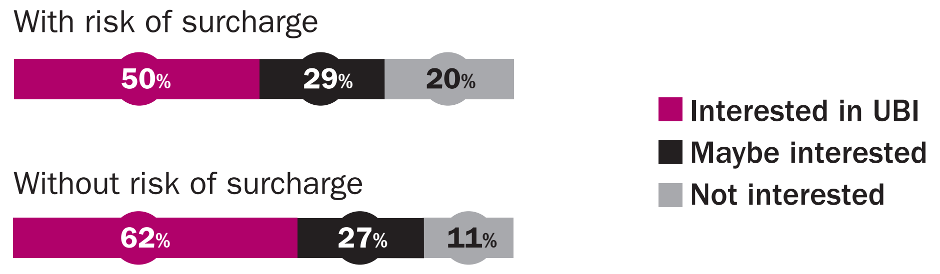
49% worry that their premium **will increase.**

40% are worried about **sharing their data.**

Concerns are opportunities

Consumers' concerns about UBI are not insurmountable challenges, rather opportunities for insurers to creatively incorporate consumers' needs and concerns in new products and services. For example, by simply removing concerns about a UBI premium surcharge, opposition to UBI is cut almost in half.

Interest in UBI



Are you ready?

Start with strategy
The most successful will be those that have a foundation built on a sound UBI strategy, focusing on developing the core UBI competencies that contribute to sustainable value.

Don't get widget paralysis
Don't overinvest in technology. Technology is changing quickly; a sound strategy and the development of core UBI competencies will position you well as technology evolves.

Start learning now
Implementing UBI introduces a new set of technological and business challenges not common in insurance. The road to full implementation is long, so get started with learning and experimenting now.

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