

Insurance Telematics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Insurance Telematics Market size is estimated at 166.72 Million active premiums in 2024, and is expected to reach 609.12 Million active premiums by 2029, growing at a CAGR of 29.60% during the forecast period (2024-2029).

Insurance telematics is most frequently used to track how people drive. It involves technology, such as GPS and sensors, to monitor and collect data on an individual's driving behavior. Insurance organizations use this data to assess risk and set personalized premiums accurately. Telematics devices installed in a vehicle help to track various parameters, such as speed, distance, and driving habits, which allows insurers to reward safe driving or adjust premiums based on actual usage patterns.

Key Highlights

Rising congestion and road traffic have made people's safety a top priority. Improving advanced vehicle features is a significant factor aiding the growth of the demand for vehicle insurance telematics. According to the National Safety Council, some 47,000 road traffic fatalities occurred in the United States in 2021, which was the most significant number of deaths recorded in the country since 2012. This fatality volume was slightly dipped in 2022, down to nearly 46,300. Motor vehicle crashes are a frequent cause of death in the United States. According to the official source, in 2023, there were 6,102,936 police-reported vehicle accidents in the United States. Of those, 39,508 were fatal.

Similarly, in the European Union, around 20,400 people were killed in road crashes in 2023. As per the European Commission report, the number declined by a small 1%

compared to 2022. More than 2,000 cyclists were killed in 2022 in the EU. The deaths of cyclists are a severe concern in the country. In 2022, car drivers and passengers accounted for 45% of all fatalities, while pedestrians registered 18%, two-wheelers, motorbikes, and mopeds users accounted for 19%, and cyclists 10% of all fatalities.

According to the Ministry of Road (India), There were 4,61,312 road accidents across the country. According to WHO, more than 90% of road traffic deaths occur in low- and middle-income regions. Road traffic injury death rates are highest in the African area and lowest in the European area. Even within high-income countries, individuals from lower socioeconomic backgrounds are more likely to be involved in road traffic crashes. Such a rise in road accidents would drive the demand for the market.

Such increases in road accidents may create demand for insurance telematics in the region. Telematics devices provide enhanced security by tracking driver activity during accidents and facilitating emergency response and retrieval of the stolen vehicle. It also delivers real-time responses to drivers' driving behaviors that assist drivers in modifying their driving behavior and adopting safer practices.

A significant barrier to adopting telematics standards is the technical complexity and diversity of telematics systems and devices. Many types of telematics hardware, software, and protocols exist, such as onboard diagnostics (OBD), global positioning systems (GPS), cellular, satellite, Bluetooth, and Wi-Fi. These technologies have different capabilities, limitations, and compatibility issues, making it difficult to integrate and communicate.

Economic conditions such as GDP growth, unemployment rates, and disposable income levels influence consumer spending behavior, including insurance purchases. During periods of economic development, consumers may be more willing to invest in optional services like insurance telematics. Conversely, during economic downturns, consumers may prioritize essential expenses, potentially slowing the growth of the insurance telematics market.

Insurance Telematics Market Trends

Pay-How-You-Drive Segment to Hold Significant Market Share

Pay-how-you-drive (PHYD) is a new innovative concept that has recently started to be commercialized in the region. The main idea is that drivers pay a premium based on

their driving behavior and degree of exposure instead of a fixed price. Even though it has been implemented only for a few years, it is proven to be an up-and-coming practice with a significant potential impact on traffic safety.

This is achieved by the financial incentive given to drivers to improve driving behavior, such as reducing harsh braking and acceleration events or reducing the degree of exposure, such as annual mileage, the time of the day traveling, etc., reducing traffic risk. It can also be beneficial toward other social objectives such as traffic congestion and pollution emission reduction.

Pay-how-you-drive insurance is a type of motor vehicle insurance that considers how users drive. This means users driving habits dictate their premiums, i.e., speeding, braking, parking, positioning, stops, etc.

In pay-how-you-drive insurance policies, driving skills are considered the primary factor when setting premiums. If users are careful drivers who brake gradually and observe speed limits, among other rules, they are considered skilled drivers, which translates to lower premiums.

Insurers can assess their driving skills by installing telematics tracking devices to record driving information, i.e., speed, braking, sudden/gradual stops, acceleration, concentration, etc. The information is then relayed to the insurer. Many insurers offer clients online access to this data, helping individuals monitor their driving.

The advent of electric vehicles is expected to pave the way in the insurance telematics industry. This is because of several government regulations supporting electric vehicles and rapid launches by auto companies. The advent of electric vehicles is expected to pave the way in the insurance telematics industry. This is because of several government regulations supporting electric vehicles and rapid launches by auto companies. According to the IEA report, the sales of electric vehicles reached 8 million in China, 3.4 million in Europe, and 1.6 million in the United States in 2023, compared to 6 million in China, 2.7 million in Europe, and 1 million in the United States in 2022.

North America Holds Largest Market Share

Decreasing the cost of development and technology, altering consumer behavior, and stringent government regulations drive the growth of the country's market. In the United

States, consumers prefer usage-based insurance (UBI) snapshot programs. In other regions, motor insurance telematics policies are preferred.

Introducing insurance telematics has several advantages for insurers and consumers, which are expected to fuel market growth. For consumers, it will promote safe driving, resulting in the reduction of accident severity and frequency. Over the forecast period, the insurers' claim-handling expenses will likely decrease by at least half, contributing to the market's growth.

Various US consumers are switching insurers because their premiums have increased despite driving less. Lockdown measures during the pandemic resulted in consumers driving less, laying bare the inflexibility of traditional coverage that doesn't typically adapt its premiums to changing habits. This pushed more policyholders to demand behavior-based pricing. It can offer lower premiums by analyzing auto usage and behavioral data to personalize mileage-based policies.

According to Lloyd's of London, the value of the motor vehicle insurance sector in the United States is expected to amount to approximately USD 224.7 billion in 2015. It was projected to grow to about USD 358.51 billion by 2025.

Furthermore, mobile apps with ADAS (advanced driver assistance systems) technologies are a crucial headway for fleet management in Canada since it has faced a few challenges over the past few years. Hence, the above-cited aspects project remunerative opportunities for the telematics insurance market across the North American region over the forecast years.

For instance, in April 2024, Aviva Canada launched a new initiative to help motorists enhance their driving and potentially save money at renewal. The new proposition, MyDrive, will monitor motorists' driving habits through their smartphones and guide them to help them drive safely. It will use telematics technology to evaluate accelerating, braking, speed, cornering, and phone usage.

Insurance Telematics Industry Overview

The insurance telematics market is highly fragmented due to the presence of global players and small and medium-sized enterprises. Some of the major players in the market are GEICO (Berkshire Hathaway Inc.), UnipolTech SpA (UNIPOL GRUPPO

SpA), Octo Telematics SpA, DriveQuant, and Imertik Global Inc. Players in the market are adopting strategies such as partnerships and acquisitions to enhance product offerings and gain sustainable competitive advantage.

In February 2024, Kia announced that it entered into a strategic partnership with the company to make Kia connected vehicle (CIV) data available to auto insurers in the United States through the company's Telematics Exchange ("LexisNexis").

In December 2023, the Green Insurer partnered with Cambridge Mobile Telematics to launch car insurance that rewards responsible driving. The Green Insurer calculates a driver's carbon footprint by analyzing driving data and fusing it with information about the vehicle. Cambridge Mobile Telematics (CMT) powers the service with driving data captured from smartphone sensors, transforming into driving and sustainability insights with artificial intelligence.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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