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Usage-Based Insurance (UBI) for Automotive Market Forecasts to 2034 – Global Analysis By UBI Type (Pay-As-You-Drive (PAYD), Pay-How-You-Drive (PHYD), Manage-How-You-Drive (MHYD), Distance-Based Insurance, and Behavior-Based Insurance), Technology, Distribution Channel, Propulsion Type, Application, End User and By Geography

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Abstracts

According to Stratistics MRC, the Global Usage-Based Insurance (UBI) for Automotive Market is accounted for $42.3 billion in 2026 and is expected to reach $142.7 billion by 2034, growing at a CAGR of 16.4% during the forecast period. Usage-Based Insurance for Automotive is an innovative insurance model that leverages telematics technology to monitor and analyze driver behavior, vehicle usage patterns, and mileage to determine insurance premiums. By collecting real-time data on driving habits such as speed, acceleration, braking, cornering, and time of travel, insurers can offer personalized pricing that rewards safe driving.

Market Dynamics:

Driver:

Increasing demand for personalized and fair insurance pricing

The growing consumer demand for personalized and equitable insurance premiums is a primary driver for the UBI market. Traditional insurance models rely on static risk factors such as age, gender, and location, which often result in unfair pricing. UBI addresses this by using actual driving data to calculate premiums, enabling safe drivers to benefit

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from lower rates. This pay-as-you-drive or pay-how-you-drive approach resonates strongly with consumers seeking transparency and fairness. The ability to receive real-time feedback on driving behavior also encourages safer habits, reducing accident rates. As consumer awareness of telematics-based insurance grows, the adoption of UBI is accelerating, driven by the desire for cost savings and personalized coverage.

Restraint:

Data privacy concerns and regulatory compliance

The collection and transmission of extensive driving data raise significant privacy concerns among consumers, potentially hindering UBI adoption. Drivers are often wary of being continuously monitored, fearing that their data could be misused or shared without consent. Additionally, insurers must comply with stringent data protection regulations such as GDPR and CCPA, which impose strict requirements on data collection, storage, and usage. Ensuring transparency in data handling practices and obtaining explicit consumer consent is essential but adds complexity and cost to UBI programs. Addressing these privacy and regulatory challenges is critical for building trust and encouraging wider acceptance of telematics-based insurance models.

Opportunity:

Integration with connected and autonomous vehicles

The rapid advancement of connected and autonomous vehicle technologies presents a significant opportunity for the UBI market. Connected vehicles generate vast amounts of real-time data on driving patterns, vehicle health, and environmental conditions, which can be leveraged for sophisticated risk assessment and personalized insurance pricing. Autonomous vehicles offer the potential for near-zero accident rates, fundamentally changing the insurance model. Insurers can partner with automakers to offer integrated telematics solutions, embedding UBI capabilities directly into vehicles. The expansion of 5G and V2X communication enhances data collection capabilities, enabling new insurance products and services. This integration positions UBI as a core component of future mobility ecosystems.

Threat:

Cybersecurity risks and system vulnerabilities

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The increasing reliance on telematics technology for UBI exposes insurance providers and policyholders to significant cybersecurity threats. Connected vehicle systems, mobile apps, and data platforms are potential entry points for hackers seeking to steal sensitive personal information, manipulate driving data, or disrupt insurance operations. A successful cyberattack could lead to incorrect premium calculations, fraudulent claims, or compromised consumer trust. Additionally, system failures or data breaches could expose insurers to regulatory penalties and reputational damage. Protecting UBI platforms against evolving cyber threats requires continuous investment in robust security measures, encryption, and proactive monitoring, posing a constant challenge for the industry.

Covid-19 Impact:

The COVID-19 pandemic significantly accelerated the adoption of UBI as lockdowns and reduced driving prompted insurers to offer usage-based premium adjustments. With fewer miles driven, many consumers sought refunds or premium reductions, leading to increased awareness and interest in pay-as-you-drive insurance models. The pandemic also highlighted the importance of telematics for remote risk assessment and claims management, as physical interactions were minimized. While initial vehicle production disruptions affected hardware deployment, the crisis ultimately demonstrated the value of flexible, data-driven insurance products. As the industry recovers, the demand for UBI continues to grow, driven by consumer preference for fairness and cost transparency.

The pay-how-you-drive (PHYD) segment is expected to be the largest during the forecast period

The pay-how-you-drive (PHYD) segment is expected to account for the largest market share during the forecast period, driven by the growing consumer preference for insurance premiums based on actual driving behavior rather than static risk factors. PHYD programs use telematics data to monitor driving patterns such as braking, acceleration, speed, and cornering, providing insurers with granular insights for risk assessment. As connected vehicle technology advances and consumers become more comfortable with data sharing, the adoption of PHYD insurance models is expanding rapidly across major markets.

The AI and analytics-based monitoring segment is expected to have the highest CAGR during the forecast period

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Over the forecast period, the AI and analytics-based monitoring segment is predicted to witness the highest growth rate. This technology represents the next frontier in telematics-based insurance, leveraging artificial intelligence and machine learning to analyze vast amounts of driving data for predictive risk assessment. AI-powered systems can identify subtle patterns in driver behavior, predict accident likelihood, and enable proactive safety interventions. As AI capabilities continue to evolve and become more accessible, their integration into UBI platforms will unlock new insights and drive significant market growth.

Region with largest share:

During the forecast period, the North America region is expected to hold the largest market share, attributed to the presence of major insurance companies, early adoption of telematics technology, and a tech-savvy consumer base. The region's strong regulatory framework supporting data-driven insurance models and significant investments in connected vehicle infrastructure further contribute to market growth.

Region with highest CAGR:

Over the forecast period, the Asia Pacific region is anticipated to exhibit the highest CAGR, fueled by the rapid expansion of the region's automotive sector, increasing smartphone penetration, and rising consumer awareness of telematics-based insurance. Countries like China, Japan, and India are witnessing significant investments in connected vehicle technology and digital insurance platforms. Aggressive government initiatives to improve road safety and support digital transformation are accelerating the adoption of UBI.

Key players in the market

Some of the key players in Usage-Based Insurance (UBI) for Automotive Market include Progressive Corporation, Allstate Corporation, State Farm Mutual Automobile Insurance Company, Liberty Mutual Insurance, AXA S.A., Generali Group, UnipolSai Assicurazioni S.p.A., Cambridge Mobile Telematics, Octo Telematics S.p.A., Verisk Analytics, Inc., LexisNexis Risk Solutions, Insurance & Mobility Solutions, The Floow Limited, Vodafone Automotive, and Samsara Inc.

Key Developments:

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In March 2026, Cambridge Mobile Telematics launched a new AI-powered claims management platform designed to streamline accident reconstruction and fraud detection. The platform uses advanced algorithms to analyze sensor data from vehicles and smartphones, providing insurers with detailed insights for faster, more accurate claims processing. This innovation significantly reduces claims handling costs and improves customer satisfaction through efficient resolution.

In February 2026, Progressive Corporation announced a strategic partnership with a leading automotive OEM to embed its UBI technology directly into new vehicles. This collaboration enables seamless, factory-installed telematics for real-time driving data collection, eliminating the need for aftermarket devices.

UBI Types Covered:

- Pay-As-You-Drive (PAYD)
- Pay-How-You-Drive (PHYD)
- Manage-How-You-Drive (MHYD)
- Distance-Based Insurance
- Behavior-Based Insurance

Technologies Covered:

- OBD-II Telematics Devices
- Black Box Telematics
- Smartphone-Based Telematics
- Embedded Vehicle Telematics
- Connected Car Platforms
- AI and Analytics-Based Monitoring

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Distribution Channels Covered:

- Insurance Companies
- Insurance Brokers and Agents
- Banks and Financial Institutions
- Automotive OEM Partnerships
- Digital/Online Platforms

Propulsion Types Covered:

- Internal Combustion Engine (ICE) Vehicles
- Hybrid Electric Vehicles (HEVs)
- Plug-in Hybrid Electric Vehicles (PHEVs)
- Battery Electric Vehicles (BEVs)
- Fuel Cell Electric Vehicles (FCEVs)

Applications Covered:

- Risk Assessment and Pricing
- Driver Behavior Monitoring
- Claims Management
- Fleet Insurance Management
- Accident Reconstruction
- Theft Recovery and Vehicle Tracking

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- Road Safety Enhancement

End Users Covered:

- Individual Vehicle Owners
- Fleet Operators
- Ride-Hailing & Mobility Service Providers
- Corporate Vehicle Fleets

Regions Covered:

- North America
  - United States
  - Canada
  - Mexico
- Europe
  - United Kingdom
  - Germany
  - France
  - Italy
  - Spain
  - Netherlands

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- Belgium
- Sweden
- Switzerland
- Poland
- Rest of Europe

Asia Pacific

- China
- Japan
- India
- South Korea
- Australia
- Indonesia
- Thailand
- Malaysia
- Singapore
- Vietnam
- Rest of Asia Pacific

South America

- Brazil
- Argentina

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- Colombia
- Chile
- Peru
- Rest of South America

Rest of the World (RoW)

- Middle East
  - Saudi Arabia
  - United Arab Emirates
  - Qatar
  - Israel
  - Rest of Middle East
- Africa
  - South Africa
  - Egypt
  - Morocco
  - Rest of Africa

What our report offers:

Market share assessments for the regional and country-level segments

Strategic recommendations for the new entrants

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Covers Market data for the years 2023, 2024, 2025, 2026, 2027, 2028, 2030, 2032 and 2034

Market Trends (Drivers, Constraints, Opportunities, Threats, Challenges, Investment Opportunities, and recommendations)

Strategic recommendations in key business segments based on the market estimations

Competitive landscaping mapping the key common trends

Company profiling with detailed strategies, financials, and recent developments

Supply chain trends mapping the latest technological advancements

Free Customization Offerings:

All the customers of this report will be entitled to receive one of the following free customization options:

Company Profiling

Comprehensive profiling of additional market players (up to 3)

SWOT Analysis of key players (up to 3)

Regional Segmentation

Market estimations, Forecasts and CAGR of any prominent country as per the client's interest (Note: Depends on feasibility check)

Competitive Benchmarking

Benchmarking of key players based on product portfolio, geographical presence, and strategic alliances

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