



# Reinventing Usage-Based Insurance (UBI) with Telematics, Mobility, and Analytics

Insurance – Business Process Outsourcing (BPO)

Market Report – March 2018: Complimentary Abstract / Table of Contents

# Our research offerings for global services

## ▶ Market Vista™

Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

## ▶ Application Services

## ▶ BPS | Banking Financial Services

## ▶ BPS | Healthcare & Life Sciences

## ▶ BPS | Insurance

## ▶ Catalyst™

## ▶ Cloud & Infrastructure

## ▶ Customer Experience Management Services

## ▶ Digital Services

## ▶ Engineering Services

## ▶ Finance & Accounting

## ▶ Human Resources

## ▶ ITS | BFSI\*

## ▶ ITS | Healthcare & Life Sciences

## ▶ IT Services Forecaster™

## ▶ Locations Insider™

## ▶ PricePoint™

## ▶ Procurement

## ▶ Recruitment & Talent Acquisition

## ▶ Service Optimization Technologies

## ▶ Transaction Intelligence

## Subscription information

- This report is included in the following subscription(s)
  - **Insurance – Business Process Outsourcing (BPO)**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

\* Banking, financial services, and insurance

## Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment



### Corporate Headquarters

Office: +1-214-451-3000

[info@everestgrp.com](mailto:info@everestgrp.com)



### European Headquarters

Office: +44-207-129-1318

[unitedkingdom@everestgrp.com](mailto:unitedkingdom@everestgrp.com)



### Delhi Office

Office: +91-124-284-1000

[india@everestgrp.com](mailto:india@everestgrp.com)

# Table of contents (page 1 of 2)

---

Topic	Page no.
<b>Introduction and methodology</b>	<b>5</b>
<b>Section I: State of the Usage-based Insurance (UBI) market</b>	<b>9</b>
• UBI business models in force	10
• Aggregate UBI market size and geographical distribution	11
• Illustrations of UBI implementations by major North American insurers	12
• UBI market partnerships in 2017	13
• The driving forces behind UBI's imminent expansion	14
<b>Section II: Analysis of the UBI market on four emerging dimensions</b>	<b>15</b>
• UBI's value propositions to the end-customer	17
• Evolution of UBI enabling telematics technologies	18
• Process transformations with telematics	19
• Impact of telematics on the P&C insurance value chain   Underwriting and actuarial	20
• Impact of telematics on the P&C insurance value chain   Policy servicing	21
• Impact of telematics on the P&C insurance value chain   Claims processing	22
• Telematics vendor ecosystem	23
• Vendor ecosystem of telematics/UBI market   Telematics Service Providers (TSPs)	24
• Vendor ecosystem of telematics/UBI market   Data exchanges	25
• Vendor ecosystem of telematics/UBI market   OEMs <sup>1</sup> or automobile manufacturers	26
• Vendor ecosystem of telematics/UBI market   BPO service providers	27

1 Original Equipment Manufacturers

# Table of contents (page 2 of 2)

---

Topic	Page no.
<b>Section III: Future outlook</b> .....	<b>28</b>
<b>Appendix</b> .....	<b>30</b>
• Research calendar .....	31
• References .....	32

# Background of the research

---

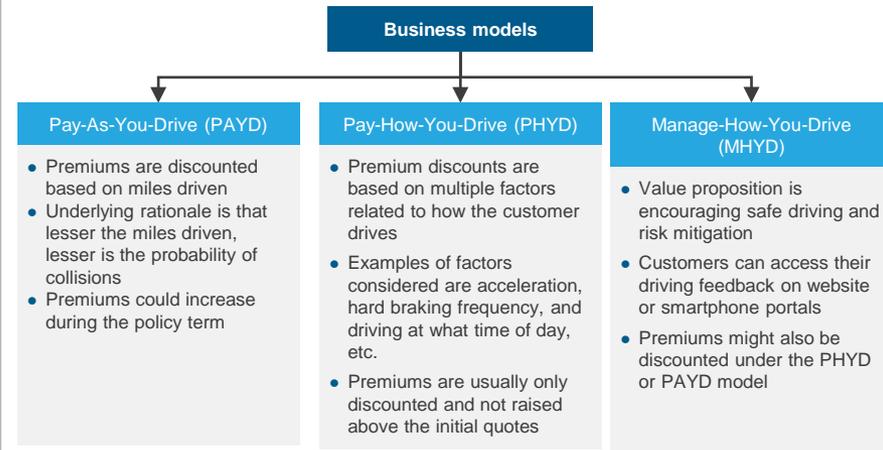
More than a decade ago, insurers had started to explore usage-based auto insurance policies. The operational strategy was to make policyholders pay premiums proportional to their miles driven. This was based on researches highlighting that crash-risk of motorists is dependent on the distances they cover. If one covers shorter distances, the risk of an accident is low. This gave birth to the first prototype of usage-based auto insurance – pay-as-you-drive. Under this product model, insurers developed diverse methodologies of collecting miles data from the policyholder. However, all these methodologies were constrained by the high costs, longer turnaround times, data leakages due to dependency on multiple external parties, and the end-customer inconvenience. This led to some insurers withdrawing such policies two to three years after they were introduced.

The tides have now turned, owing to the immense technological developments, and UBI is shining yet again. The business models have also evolved significantly from pay-as-you-drive to pay-how-you-drive, and still futuristic manage-how-you-drive models. Almost all the major insurers, around almost all the insurance markets globally, have either implemented UBI policies or are planning to do so in the near future. In order to leverage this demand-side opportunity, the supply-side of the UBI ecosystem is also pitching in and various players with related services have entered the market.

Insurers' struggle is now two-fold; first, convincing the end-customer to adopt UBI policies and build sufficient customer base to ensure profitability; second, mitigating cost and time-to-market concerns while addressing competitive intensity. What insurers do not struggle with anymore is building the market case for launching UBI products, because one thing has been established by the market – telematics and UBI are here to stay and would only penetrate more insurance service lines in the future.

This study offers two distinct chapters providing a deep dive into key aspects of usage-based auto insurance market; below are four charts to illustrate the depth of the report

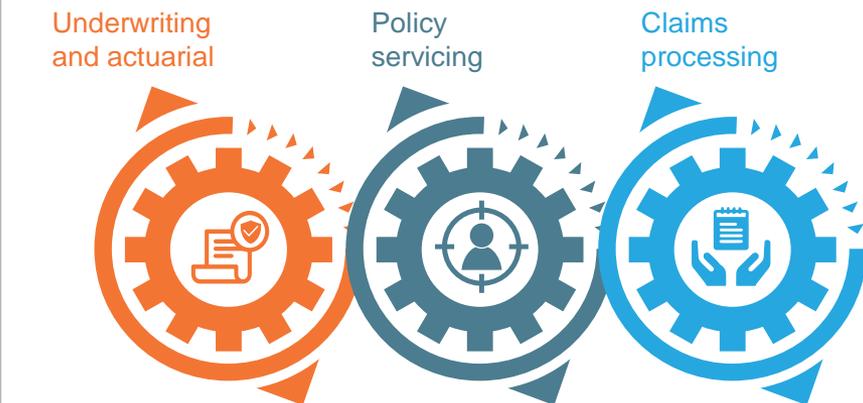
### UBI business models



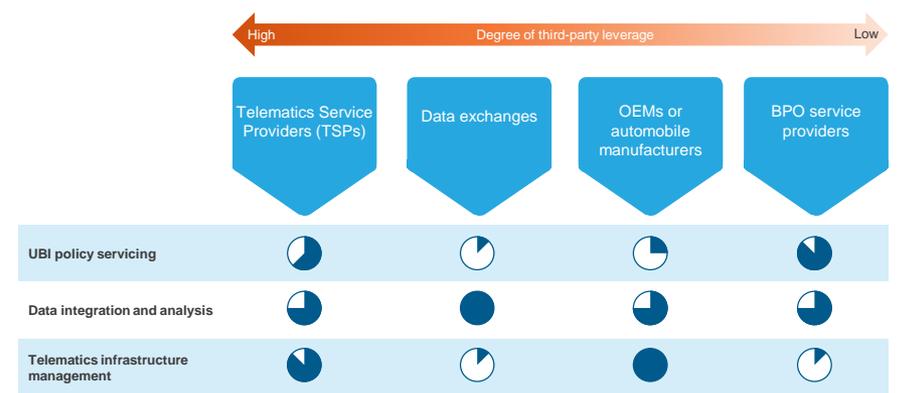
### Evolution of UBI's underlying technologies



### Process transformations with telematics



### Fragmented UBI supply ecosystem



# Research calendar – Insurance BPO

■ Published   ■ Planned   □ Current release

## Flagship Insurance BPO reports

### Release date

Life and Pensions Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017.....	September 2017
L&P Insurance BPO – Annual Report 2017.....	November 2017
Life and Pensions (L&P) Insurance BPO – Service Provider Profile Compendium 2018 .....	December 2017
Property and Casualty (P&C) Insurance BPS Service Provider Landscape with PEAK™ Matrix Assessment .....	March 2018
Property and Casualty (P&C) Insurance BPO Annual Report .....	Q2 2018
TPA Services Market Report with PEAK Matrix™ Assessment 2018 .....	Q3 2018
Property and Casualty (P&C) Insurance BPO Service Provider Profile Compendium 2018 .....	Q3 2018
Life and Pensions (L&P) Insurance BPO Service Provider Landscape with PEAK Matrix™ Assessment .....	Q3 2018
Life and Pensions (L&P) Insurance BPO Annual Report .....	Q4 2018
Life and Pensions (L&P) Insurance BPO Service Provider Compendium 2018 .....	Q4 2018

## Thematic Insurance BPO reports

### Release date

Rise of automation in P&C insurance .....	January 2017
Insurers' Guide to the World of TPAs and BPOs .....	August 2017
Evolution of Annuities Market in the Digital Age .....	October 2017
U.S. Workers' Compensation Industry: Changing Third-Party Outsourcing Models .....	October 2017
<b>Reinventing Usage-based Insurance with Telematics, Mobility, and Analytics .....</b>	<b>March 2018</b>
Blockchain in P&C Claims – What Insurers Need to Know and How Can They Unlock Potential .....	Q3 2018

Note: For a list of all of our Insurance BPO reports, please visit the [Insurance BPO page](#) on our report portal.

# Additional Insurance BPO research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Life and Pensions Insurance BPO: Move or Miss – Innovation, Execution, and Adoption of Digital Insurance** ([EGR-2017-11-R-2422](#)); 2017. This is the annual report for L&P insurance BPO and provides an overview of the L&P insurance BPO market, including adoption trends across geographies in market size and growth, demand drivers, key solution characteristics, service provider landscape, areas of service investments, and future outlook
2. **Life and Pensions Insurance BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2017** ([EGR-2017-11-R-2341](#)); 2017. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers for life and pensions insurance BPO on their market success and various dimensions of their delivery capabilities. It also highlights the key emerging trends in the L&P insurance BPO market and the key implications for buyers and service providers
3. **Insurers' Guide to the World of TPAs and BPOs** ([EGR-2017-11-V-2296](#)); 2017. This viewpoint provides detailed understanding of the TPA space, engagement models, coverage of insurance segments, and regulatory & licensing requirements in key geographies. The paper also examines how TPAs are differentiated from BPOs, and how the diminishing degree of differences between them is making their coexistence more dynamic. Further, it helps insurers in understanding the appropriateness of outsourcing service providers based on outsourcing drivers
4. **Property and Casualty (P&C) Insurance BPO Annual Report Assessment 2017** ([EGR-2017-11-R-2235](#)); 2017. This report provides an overview of the P&C insurance BPO market, including adoption trends across geographies in market size and growth, demand drivers, key solution characteristics, service provider landscape, areas of service investments, and future outlook

For more information on this and other research published by Everest Group, please contact us:

<b>Skand Bhargava</b> , Practice Director:	<a href="mailto:skand.bhargava@everestgrp.com">skand.bhargava@everestgrp.com</a>
<b>Saurabh Verma</b> , Senior Analyst:	<a href="mailto:saurabh.verma@everestgrp.com">saurabh.verma@everestgrp.com</a>
<b>Somya Bhadola</b> , Senior Analyst:	<a href="mailto:somya.bhadola@everestgrp.com">somya.bhadola@everestgrp.com</a>
<b>FS BPO team</b>	<a href="mailto:FSBPOResearch@everestgrp.com">FSBPOResearch@everestgrp.com</a>

Website: [www.everestgrp.com](http://www.everestgrp.com) | Phone: +1-214-451-3000 | Email: [info@everestgrp.com](mailto:info@everestgrp.com)



## About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at [www.everestgrp.com](http://www.everestgrp.com).

### Dallas (Headquarters)

info@everestgrp.com  
+1-214-451-3000

### Bangalore

india@everestgrp.com  
+91-804-276-4533

### Delhi

india@everestgrp.com  
+91-124-496-1000

### London

unitedkingdom@everestgrp.com  
+44-207-129-1318

### New York

info@everestgrp.com  
+1-646-805-4000

### Toronto

canada@everestgrp.com  
+1-416-388-6765

## Stay connected

### Website



[www.everestgrp.com](http://www.everestgrp.com)

### Social Media



@EverestGroup



@Everest Group

### Blog

[Sherpas In Blue Shirts](http://www.sherpasinblueshirts.com)

[www.sherpasinblueshirts.com](http://www.sherpasinblueshirts.com)