



**WITH YOU ALWAYS**



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# MOTOR: MARKET OVERVIEW & PRODUCT DESIGN

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8<sup>th</sup> Capacity Building Seminar in General Insurance  
22<sup>nd</sup> – 23<sup>rd</sup> Feb'18, Mumbai

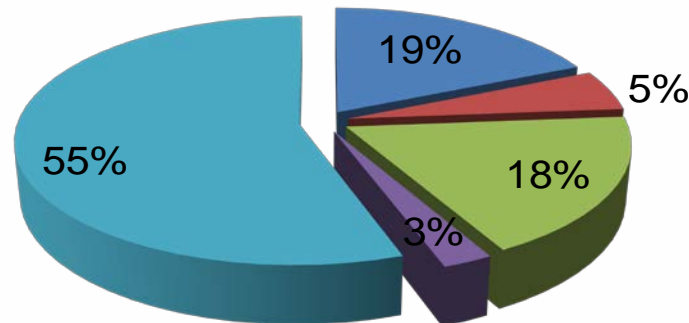
## Current Size

- Motor contributes approx. 43% of the industry GWP
- Growth largely on account of
  - New vehicle sales
  - Increased insurance penetration
  - Annual increase in Third Party rate hikes (Tariff)
- Commoditized segment, **PRICING being the PRIMARY driver**
- Increased **Manufacturer Participation** in insurance programs
- Slow increase in penetration - Old Two Wheeler segment
- Increase in weightage of TP premium, contributing “50% +” of total Motor GPW

## Within Products

FY 2017-18 H1

■ Car ■ TW ■ CV ■ SATP ■ Industry



## Approach

### Private car

- OEM's lead the insurance programs majorly  $\leq 3$  year old vehicles
- 3 - 6 years vehicle "Semi Old" are driven by Agency Channel
- $>6$  year Old car market share is approx. 8-%9% in FY 2016-17

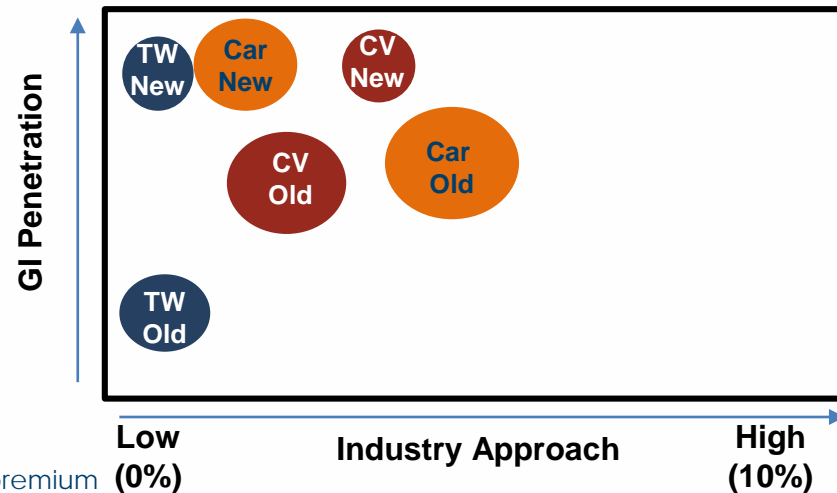
### Two wheeler – Both Annual and Long Term

- Again OEM's are leaders. Limited penetration in old market;  $>4$  years

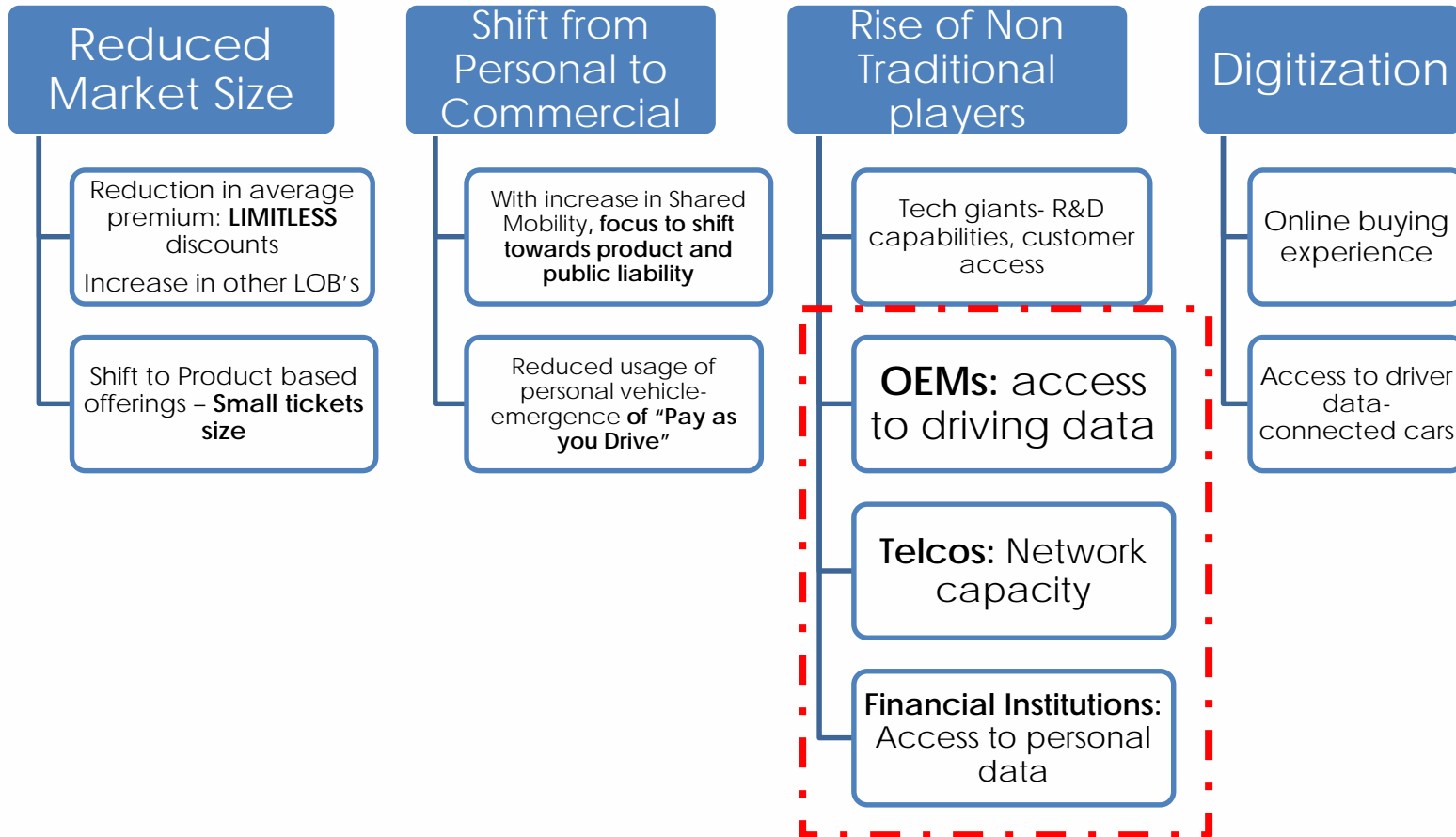
### Commercial vehicles

- Tata Motors, Ashok Leyland, VEC and M&M takes 85% of market
- Approx 49% of losses from TP segment of M&HCV (TP Report from IRDAI)

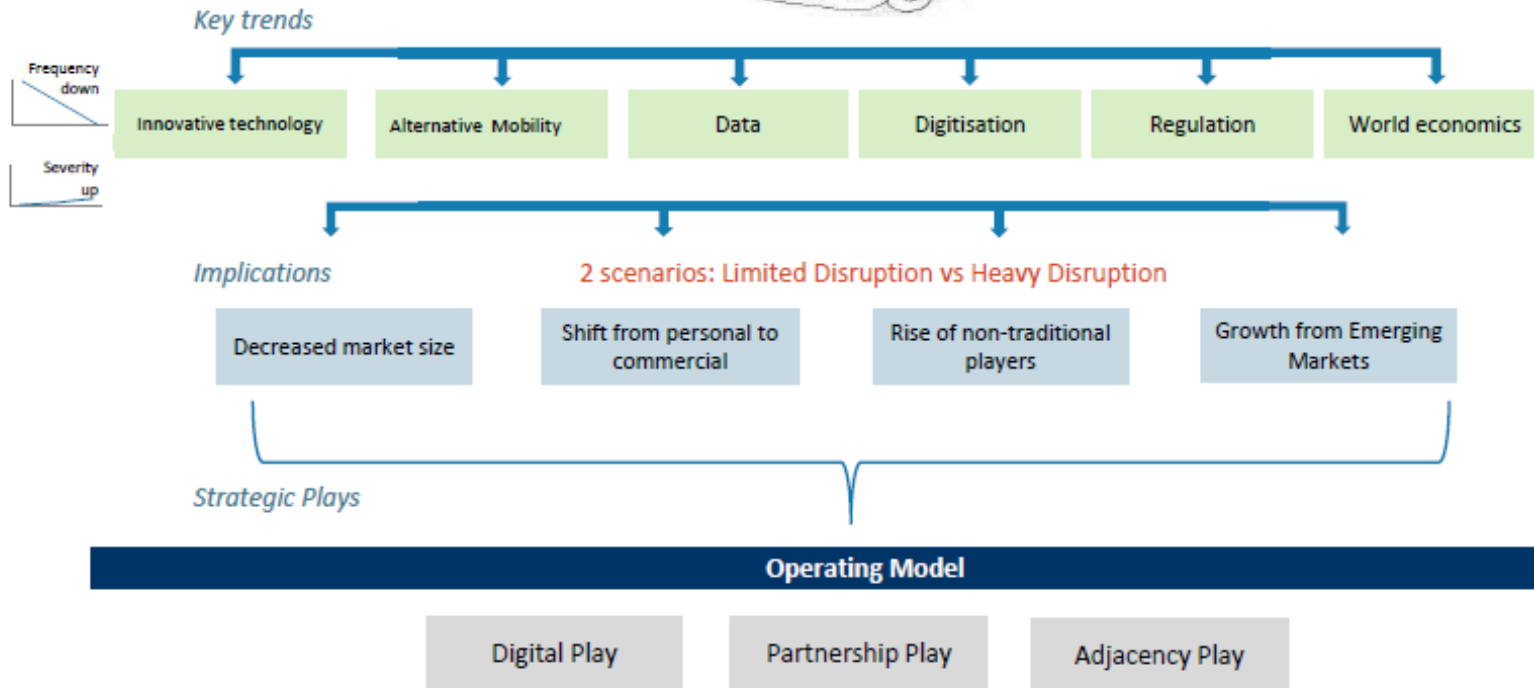
## Insurance Penetration



## Key disruptive threats facing the Motor Insurance market



# Motor Insurance 2.0: DISRUPTION



# Motor Insurance 2.0: DISRUPTION

- Innovation in technology – not just within the car but outside leading to safe driving, collision control, better accident analysis amongst others

| SAE level   | segments                      | Steering and acceleration/ deceleration | Monitoring of driving environment | Fallback performance of dynamic driving task | System capability (driving modes <sup>1</sup> ) | Max collision reduction |
|---|-------------------------------|---|-----------------------------------|--|---|-------------------------|
| <i>Human driver monitors the driving environment</i>                        |                               |   |                                   |  |   |                         |
| 0   | No automation                 |   |                                   |  | N/A   | 0%                      |
| <i>Advanced Driver Assistance</i>   |                               |   |                                   |  |   |                         |
| 1   | Advanced Driver Assistance    | <br>                                    |                                   |  | Some driving modes                              | 15%                     |
| 2   |                               |   |                                   |  | Some driving modes                              | 30%                     |
| <i>Automated driving system ("system") monitors the driving environment</i> |                               |   |                                   |  |   |                         |
| 3   | Partially autonomous vehicles |   |                                   |  | Some driving modes                              | 55%                     |
| 4   |                               |   |                                   |  | Some driving modes                              | 75%                     |
| 5   | Fully autonomous              |   |                                   |  | All driving modes                               | 95%                     |

# Motor Insurance 2.0: DISRUPTION

- Innovation in technology – not just within the car but outside leading to safe driving, collision control, better accident analysis amongst others
- Rise of alternative mobility models – ride hailing, peer to peer sharing, self drive etc.

|  | Ride-hailing                    | Peer-to-peer ride-sharing | Peer-to-peer car-sharing              | Station-based car-sharing          | Free-float car-sharing |
|--|---------------------------------|---------------------------|---------------------------------------|------------------------------------|------------------------|
|  | UBER, Lyft, Gett                | zimride                   | GETAROUND, TURO, CARHOPPER            | zipcar                             | CAR 2GO                |
|  | UBER, Gett, HAIL O              | blacar, liftshare         | easyCar club, ridelink                | Enterprise CarClub, zipcar         | DriveNow               |
|  | UBER, eCab                      | blacar, korzoo            | drivy, Koolicar, deways               | autolib'                           |                        |
|  | UBER, Xmytaxi                   | blacar                    | drivy, tamyca                         | Flinkster, stadtmobil, greenwheels | DriveNow, CAR 2GO      |
|  | UBER                            | blacar                    |                                       |                                    | CAR 2GO                |
|  | UBER, iTaxi                     | blacar                    |                                       |                                    |                        |
|  | UBER, DiDi                      |                           | PP租车 (PPZuche), 凹凸共享租车 (atzuiche.com) | 一嗨租车 (eHi Car Services)            |                        |
|  | UBER, OLA, MERU                 | blacar, PoolCircle        |                                       | Zoomcar                            |                        |
|  | UBER, スマホdeタクシ                  |                           |                                       | Ha:mo RIDE, Timeo Car              |                        |
|  | UBER, KakaoTaxi, HAIL EASY TAXI |                           |                                       | GreenCar, citycar                  |                        |
|  | UBER, GO CATCH                  | GoSeats.com, Hitch-a-ride | carhood, DriveMyCar, CAR BOOK         | flexicar.com.au, goget             |                        |
|  | UBER, EASY TAXI                 | blacar                    |                                       | zoocar                             |                        |



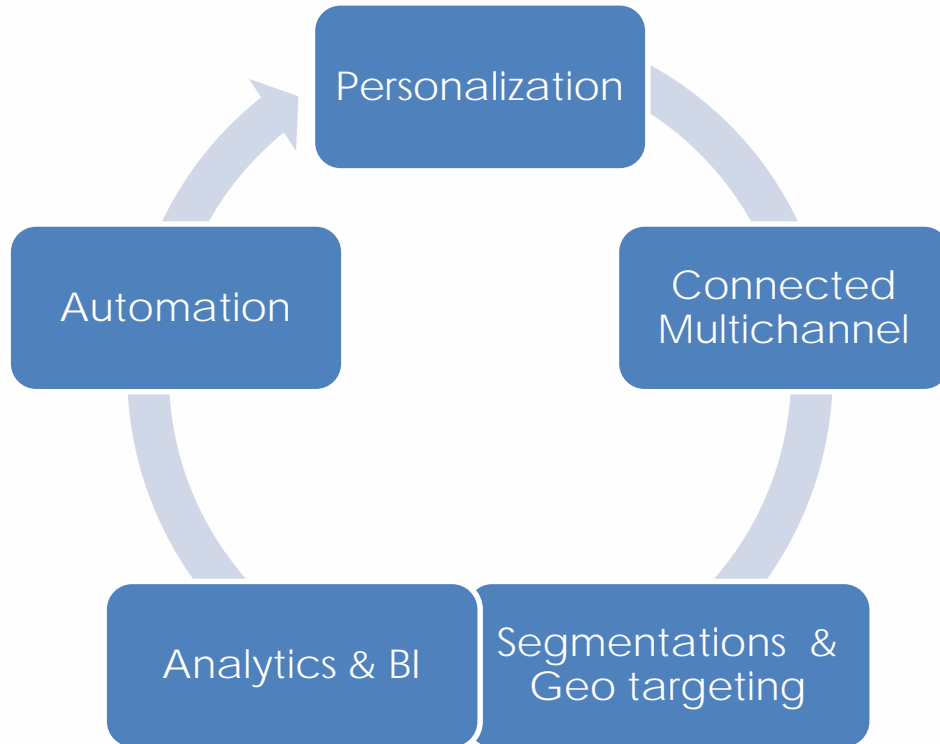
# Motor Insurance 2.0: DISRUPTION

- Innovation in technology – not just within the car but outside leading to safe driving, collision control, better accident analysis amongst others
- Rise of alternative mobility models – ride hailing, peer to peer sharing, self drive etc.
- Availability of data – increasing penetration of connected cars and creation of new data sources
- Digitisation – changing customer behavior in dealing with services and data
- Regulation – mass adoption of safety measures, environmental concerns etc
- World economics- Shifting of car parc to emerging markets

| SAE level | BCG segments                  | Steering and acceleration/ deceleration | Monitoring of driving environment | Fallback performance of dynamic driving task | System capability (driving modes <sup>1</sup> ) | Max collision reduction |
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|             | Ride-hailing         | Peer-to-peer ride-sharing | Peer-to-peer car-sharing     | Station-based car-sharing          | Free-float car-sharing  |
|-------------|----------------------|---------------------------|------------------------------|------------------------------------|-------------------------|
| USA         | Gett, Lyft           | zimride                   | GETAROUND, TURCO, CARSHOPPER | zipcar                             | CAR2GO                  |
| UK          | Gett, HAIL           | easyCar, Lifeshare        | easyCar, Club, CORidelink    | Enterprise CarShare, zipcar        | DriveNow                |
| France      | Gett, eCab           | easyCar, LORZOO           | drivy, deways, Koolicar      | outolib'                           | DriveNow, CAR2GO        |
| Germany     | Mytaxi               | easyCar                   | drivy, tamyca                | Flinkster, stadtmobil, Greenwheels | DriveNow, CAR2GO        |
| Italy       |                      | easyCar                   |                              |                                    | CAR2GO                  |
| Spain       | Free                 | easyCar                   |                              |                                    |                         |
| China       | DiDi                 |                           | PP租车 (PP租车), atzuhe.com      | 1. 租租车 (ZUZU)                      |                         |
| India       | OLA, AMERU           | easyCar, PoolCircle       |                              | Zoocar                             |                         |
| Japan       | タクくん                 |                           |                              | Harmo RIDE, 2. 租租车 (ZUZU)          |                         |
| South Korea | KakaoTaxi, TADA TAXI |                           |                              | GreenCar, CATCHCART                |                         |
| Australia   | GO CATCH             | GOGETAUS.COM              | Alfa-ride, carhead           | DriveMyCar                         | Flexicar, car2go, goget |
| Brazil      | EASY TAXI            | easyCar                   |                              |                                    | zazcar                  |

# Motor Insurance 2.0: DISRUPTION to DISTRIBUTION



Future of Distribution – To identify user interacting with us and using integrated data and rule based decision to allow him to consume Auto Products on the platform of choice !!

It is important to note that evolution in Motor insurance in developed markets is being driven by micro-segmentation while in Indian context it is equally important to drive penetration

# Motor Insurance 2.0: Who Owns the data ??

- Customer data
- Claims history
- Maintenance discipline
- Driver behavior data
- Infotainment

## OEM

- Customer data / KYC
- Data usage
- Demographics
- Consumer behavior
- Travel patterns

## Telcos

- Consumer demographics
- Behaviour
- Purchase patterns
- Contacts & Movement details

## Social Media

- Credit database
- Government database
- Insurance
- Banking

## Others



- Behaviour insights
- Buying & Search patterns
- Interests
- Social demographics

## Google

# Motor Insurance 2.0: Price & Design through Partnership

Strongly poised to offer integrated telematics solutions with parts of Europe making it mandatory for cars by 2019

Should we wait for Regulatory Authorities ??



## Pros

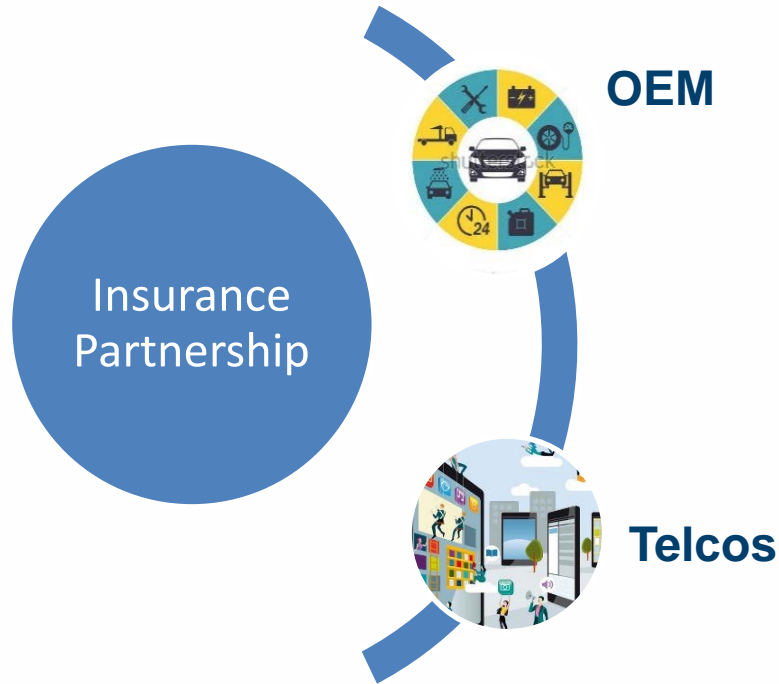
- Integration across stages from Product, Price, Distribution, Claims and even VAS
- Access to customer base and driving data for better underwriting
- Easier claims management with increased electronic components
- Possibility of quick wins

## Cons

- Huge overlap of business interest
- Aggregation of distribution
- Low competition barriers within the program

# Motor Insurance 2.0: Price & Design through Partnership

Monetizing Apps through offering customised solutions based on large data availability



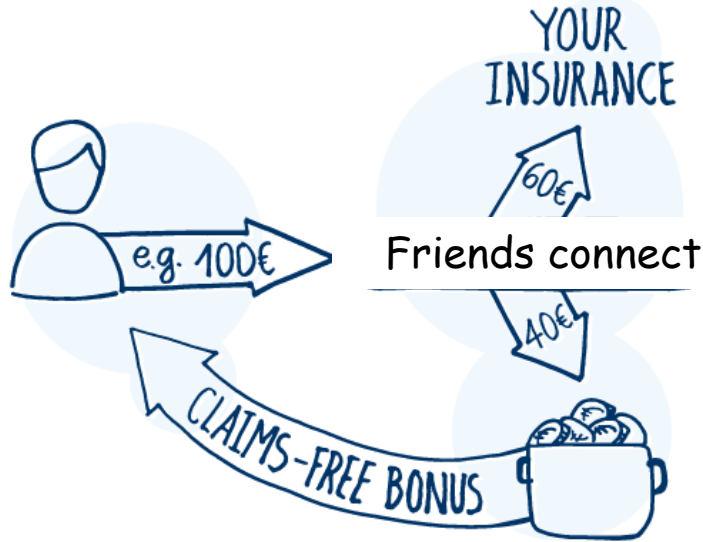
## Pros

- Possible integration with product, work on usage based distribution, claims and VAS
- Access to bigger customer base and mobile usage insights
- Use network and other mobile tech
- No direct overlap of business interest

## Cons

- Regulatory framework
- Long term aggregation / creating disruptive third party
- Deviation from core business

# Motor Insurance 2.0: Price & Design through Partnership



Evolve a comprehensive connect across Twitter, Whatsapp, Facebook etc.

Recommend to friends, Register complaints

## How it works

- Social media helps us reach to right audience
- User buys this product on Facebook and connects with 'Friends /Family'
- For every additional member we give them additional benefits. Claims behaviour of 'Friends / Family' impacts additional benefits

## Why will it work

- Data shows NCB to have high weightage – leeway for discount
- Social belonging + high affinity for P2P products, if done right.

# Motor Insurance 2.0: Adjacency Play – tapping internal knowledge

- Looking at increasing revenues through larger customer connect
- While we are already taking about VAS, Emergency Assistance, Repair Management – business model can be looked through **the lens of knowledge sharing**

## Marine Insurance

- Strong understanding of Marine / Logistics
- Industries
- Routes
- Cargo safety and movement patterns
- Accident Prone Areas/timings etc



## Motor Insurance

- Identifying fixed route /usage based micro-segments
- Build pricing model to capture market
- Create integrated value proposition on emergency assistance with better understanding of Cargo / customer implication



**OBJECTS APPEARING IN THE MIRROR ARE  
CLOSER THAN THEY ARE**