

# Telematics & Claims: The Bottom Line

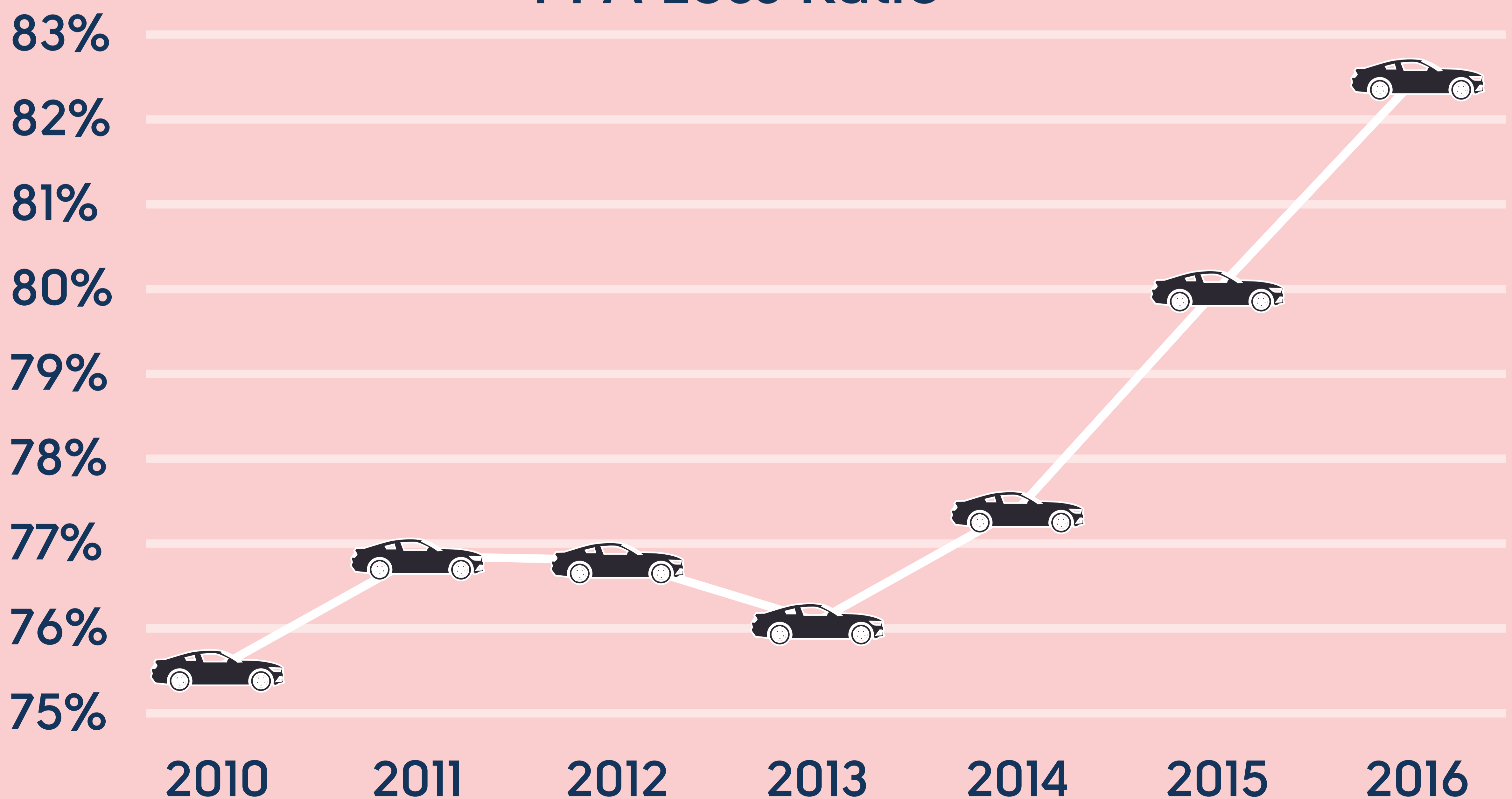


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## The Claims Crisis

The insurance industry has seen combined ratios for personal passenger auto increase from 96%<sup>1</sup> in 2010 to 106%<sup>1</sup> in 2016. This has been largely driven by increases in both the frequency and severity of accidents, with claims costs reaching a massive 82%<sup>1</sup> of premiums written in 2016. Insurers across the board must face this new challenge.

### PPA Loss Ratio<sup>1</sup>



# Driving Down Costs

Telematics has been repeatedly proven to make an impact on those metrics insurers care about most. Insurers who move beyond usage-based insurance and leverage telematics in their claims process can expect fewer accidents, lower costs per claim, an improved claims process, and reduced fraud.



**20<sup>2</sup>-30%<sup>3</sup>** Fewer accidents and claims



**30<sup>3</sup>-59%<sup>3</sup>** Decreased cost per claim



**30-50%<sup>4</sup>** Reduction in fraud

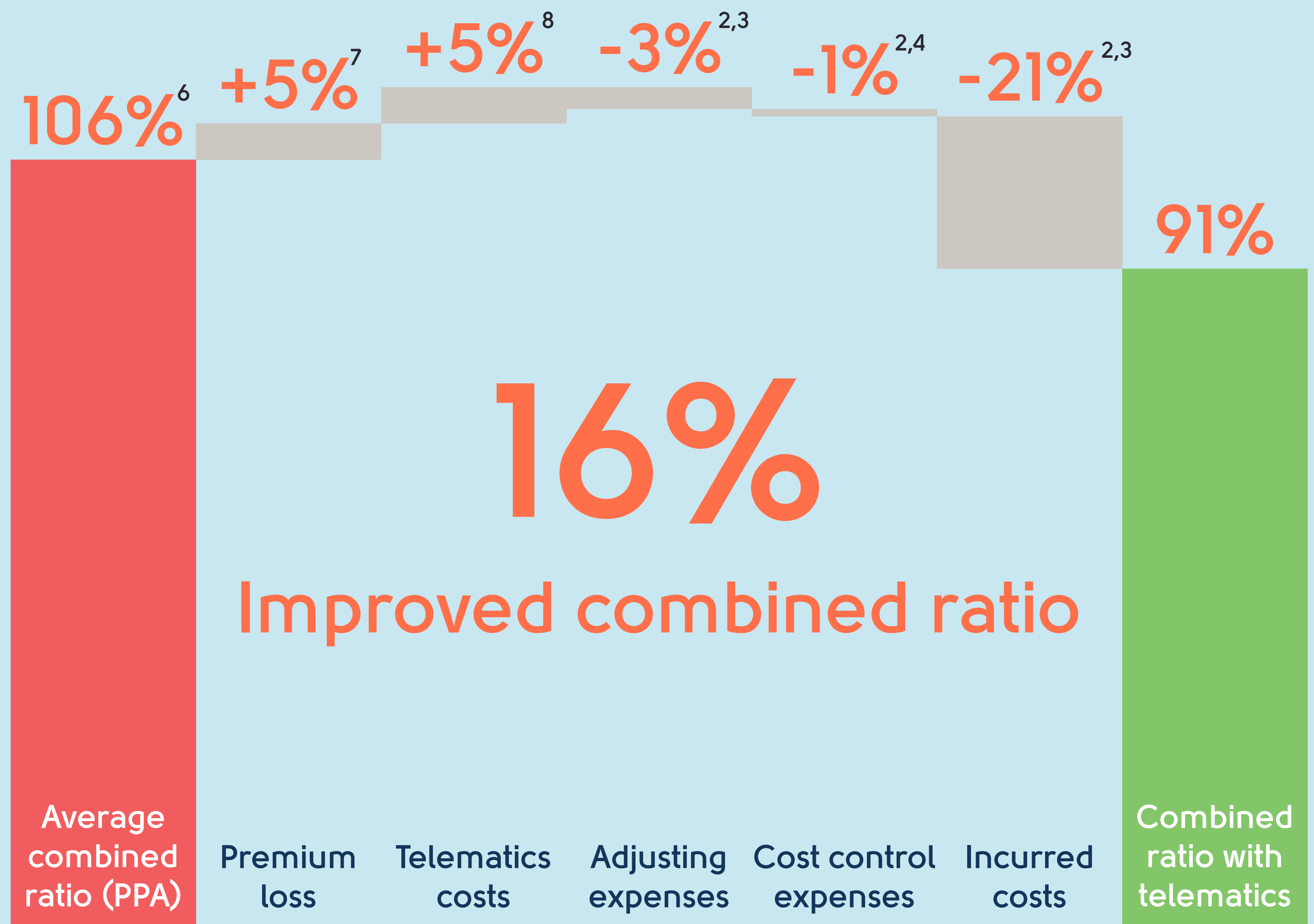


**5<sup>5</sup>-10%<sup>3</sup>** Lower loss adjustment expenses



# The Bottom Line

The impact of telematics is both far reaching and significant. Beyond the direct benefit of fewer accidents, insurers can leverage telematics to improve their claims process, reduce attorney representation rates, improve subrogation win rates, and combat fraud. Taken together, insurers can improve the combined ratio on their telematics portfolio by an average of 16 percentage points.



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(1) <http://www.iii.org/printpdf/table-archive/23229>  
 (2) <https://www.slideshare.net/matteocarbone/the-full-potential-of-insurance-telematics>  
 (3) <https://www.soa.org/Files/Pd/2015/general-insurance/pd-2015-gi-session-2.pdf>  
 (4) <https://www.ft.com/content/894c3f5e-786c-11e7-a3e8-60495fe6ca71>  
 (5) <http://www.propertycasualty360.com/2016/08/18/telematics-in-auto-claims-is-inevitable>  
 (6) <http://www.iii.org/printpdf/table-archive/23229>  
 (7) <https://qz.com/230055/car-insurance-companies-want-to-track-your-every-move-and-youre-going-to-let-them/>  
 (8) Octo internal data