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## New distribution dynamics of auto insurance products

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The increasing level of automation of vehicles and the circulation, in the near future, of totally self-driving cars, thanks also to systems that allow connecting with other cars and infrastructures, will have considerable advantages in terms of road safety, as it will bring about a sustained reduction in accidents.

This will undoubtedly be a direct and immediate consequence of automation: the more vehicles are automated, the less the driver's activity will be and, consequently, the margins of inherent human error, with a drastic reduction in accidents due to driver negligence.

Moreover, the possibility of guaranteeing connection systems between cars and infrastructure (roads, road signs, both horizontal and vertical, traffic lights, crosswalks, bridges, etc.), determining a constant information flow, will allow achieving a further reduction in accidents. Suffice it to think, for example, of all the accidents caused by poor road surface conditions.

As this reality spreads, it will have as a consequence – on closer inspection – that drivers will no longer be able to be defined as such, since they will perform, at most, the role of “supervisor” of the computerised car management system.

In the face of all this technology, it seems realistic to assume an increase in risks due to malfunctions of self-driving cars or their components, with increasingly likely electrical and computer failures, in addition to classic mechanical problems.

The imagined reality will be based on the massive, unceasing, and immediate circulation of information flows, where the slightest problem with the connection network or a possible slowdown in data transmission becomes a decisive factor for citizens to use roads correctly and safely. In fact, I think there will be an increase in claims related to vehicle malfunctions.



This scenario will most probably affect – at insurance level – also the distribution dynamics of products connected with risks deriving from road traffic.

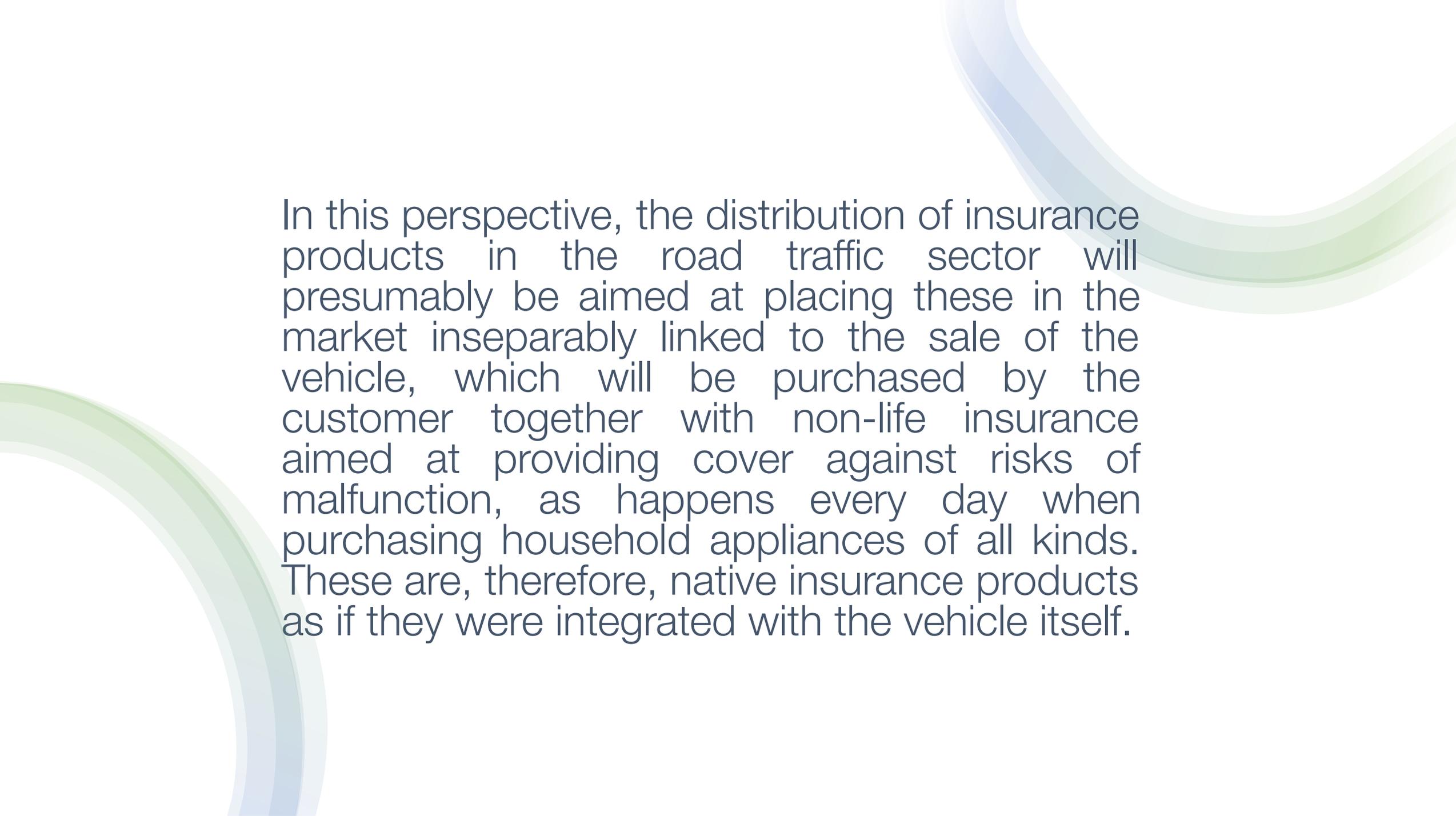
To date, in fact, the motor liability market is almost entirely focused on a retail customers since insurance companies channel their distribution strategies towards hundreds of millions of individual vehicle owners. The cases of motor liability insurance managed directly by the manufacturer or, in any case, by the manufacturer's satellite companies are still an exception.

The transformation on the horizon is far more profound and is not merely a subjective change of policyholder – from the driver-owner to the automaker – but an evolution of the liability system.

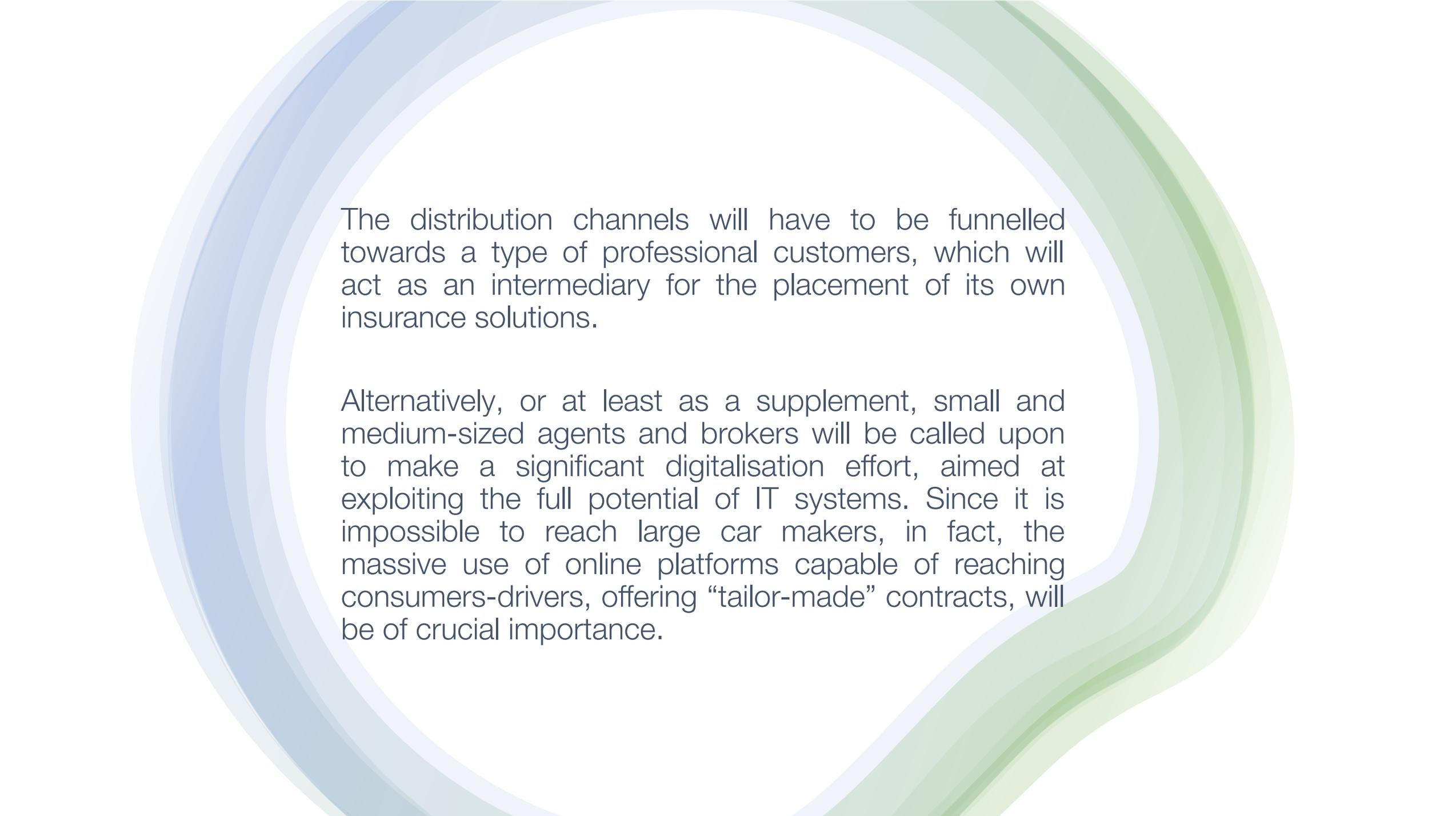
This will no longer focus on the driver, but on the vehicle as such, as the primary source of road accidents. There will therefore be a significant increase in the demand for insurance cover linked to hypothetical malfunctions of self-driving vehicles.

What is certain is that for insurance companies – also in the road traffic sector – large segments of the market will open up for the distribution of non-life products, other than those of traditional third-party motor liability.

Therefore, it seems plausible to assume that insurance companies will be called upon to implement distribution strategies where the core business will no longer consist in placing the policy with the individual consumer-owner of one or two vehicles, but rather in interfacing with a professional customers, made up of car manufacturers, producers of computerised automation systems, as well as operators of related infrastructures.



In this perspective, the distribution of insurance products in the road traffic sector will presumably be aimed at placing these in the market inseparably linked to the sale of the vehicle, which will be purchased by the customer together with non-life insurance aimed at providing cover against risks of malfunction, as happens every day when purchasing household appliances of all kinds. These are, therefore, native insurance products as if they were integrated with the vehicle itself.



The distribution channels will have to be funnelled towards a type of professional customers, which will act as an intermediary for the placement of its own insurance solutions.

Alternatively, or at least as a supplement, small and medium-sized agents and brokers will be called upon to make a significant digitalisation effort, aimed at exploiting the full potential of IT systems. Since it is impossible to reach large car makers, in fact, the massive use of online platforms capable of reaching consumers-drivers, offering “tailor-made” contracts, will be of crucial importance.



Thank you very much for your kind attention