

Green Motor Insurance

Laura Opilio
Massimo F. Dotto

August 2023

Safe Driving = Green Driving

Connection between safe driving and eco driving
(the rules are basically the same)

Green Moto Insurance:

- ❖ promotes safer driving habits (and reduce the risks of accidents)
- ❖ contributes to reduce car emissions

Benefits of Green Motor Insurance

For Insurers:

- Better risks assessment (based on the actual driving behavior rather than the demographic group) / Fraud prevention
- Expansion into a new business and market
- Environmental impact
- Positive public image

Benefits of Green Motor Insurance

For Policyholders:

- Saving on insurance premiums / discounts
- Saving on fuel / maintenance
- Increased safety
- Pride in the contribution to a greener planet

The Role of Telematics

Black Boxes / App for the smartphone

The Italian experience

- one of the first companies developing the technology is Italian
- one of the first companies offering a Black Box with an insurance product is Italian
- 9.9 million Black Boxes active in Italy
- 21.5% penetration rate among insured Italian motorists (highest number in the world)

How does Green Motor Insurance work?

Telematics Device Installation

Data collection

Data processing (computing system using algorithms)

Driving behavior analysis

Scoring / Rating system

The real-time data collected

- speed
- acceleration and deceleration
- braking intensity
- distance travelled
- time of day
- idling time
- engine performance
- fuel consumption
- GPS location
- used gears
- security systems activated

Premium Adjustment and other incentives

- Premium Adjustment / Discounts
- Personalized insurance policies (better assessment of risks)
- Usage-based insurance programs (UBI)
- Pay As You Drive (PAYD)
- Other incentives (alternative fuel premium discounts, hybrid vehicle premium discounts)

Feedback and Education of drivers

Environmental Impact (from black boxes to green boxes)

Possible interaction with Governments

Benefits of Green Motor Insurance to be extended to the entire community (data to be used for urban planning / transportation management etc.)

Symbiotic relationship where safer, greener driving leads to reduced insurance premiums, fostering a positive impact on both the environment and road safety

Regulations

European Regulation 2019/2144 (on EDR Event Data Recorder)

Italian Competition Law 4 August 2017 n. 124 - Art. 132-ter (Compulsory discounts)

➤ Risk of duplication of black boxes

Concerns and Legal Issues

Privacy and security

Potential system inaccuracies

Consumers protection

Environmental claims (green claims)

Inverse selection (vs. adverse selections)

Lock in

Open insurance

Future prospects and trends

Future prospects and trends

- growth of green motor insurance market
- advancements in black box technology, including AI-driven analytics and more comprehensive data collection
- cross-industry cooperation in the worldwide effort for sustainability
- importance of green insurance in promoting sustainable development in developing countries