DRIVERLESS VEHICLES

How They Work and the Impact on Insurance

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WILL SELF DRIVING CARS REMOVE THE NEED FOR INSURANCE?

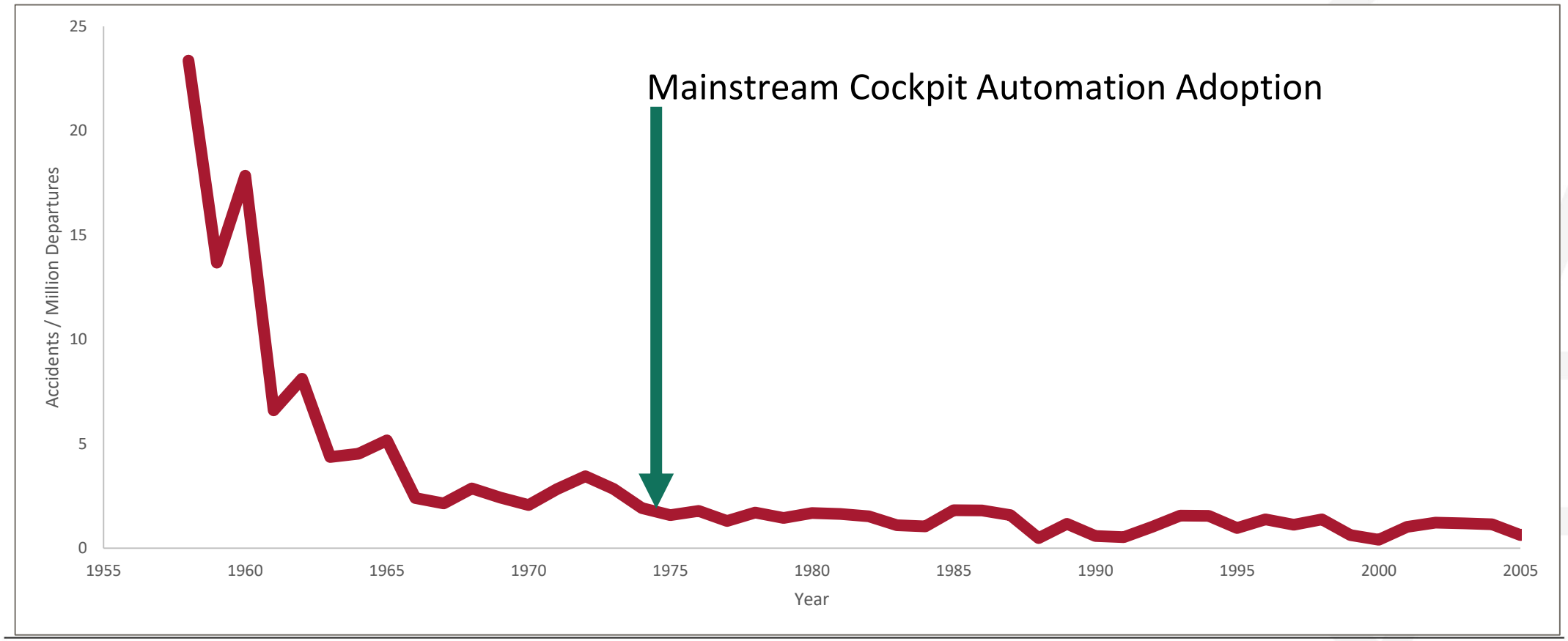
"Insurance will still be required, but it is likely to change fundamentally, both in terms of the way premiums are set and in the way in which liability is established."

Simon Walker (group chief executive of the motor insurance provider First Central Group)

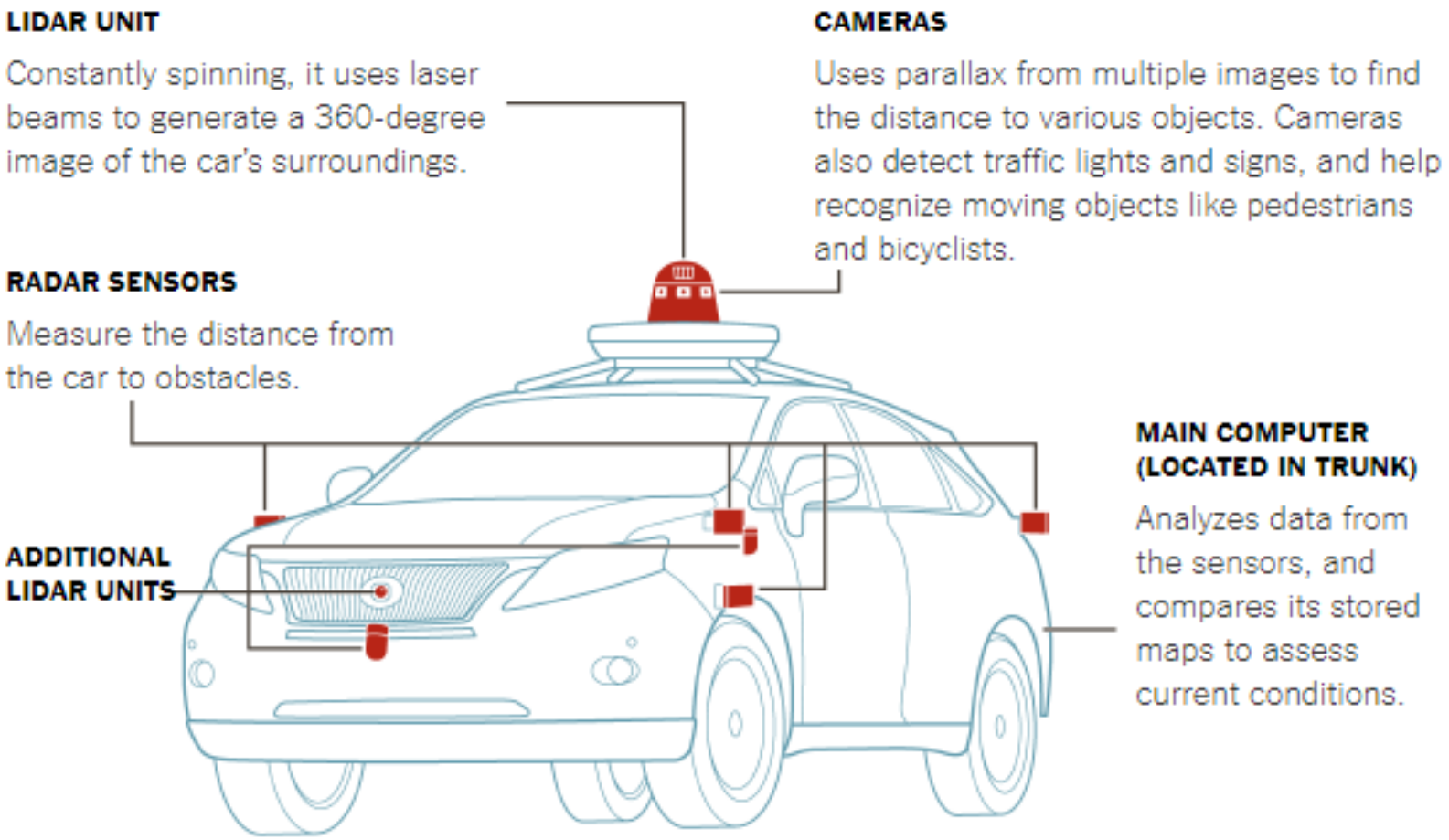
"In the short term, the level of accidents may decrease, but they might become more serious and more costly"

Jeff Blecher (senior VP of strategy at Agero, which sells vehicle information systems to car-makers)

Will Self Driving Cars Follow the Aviation Trends?



How do these cars see?



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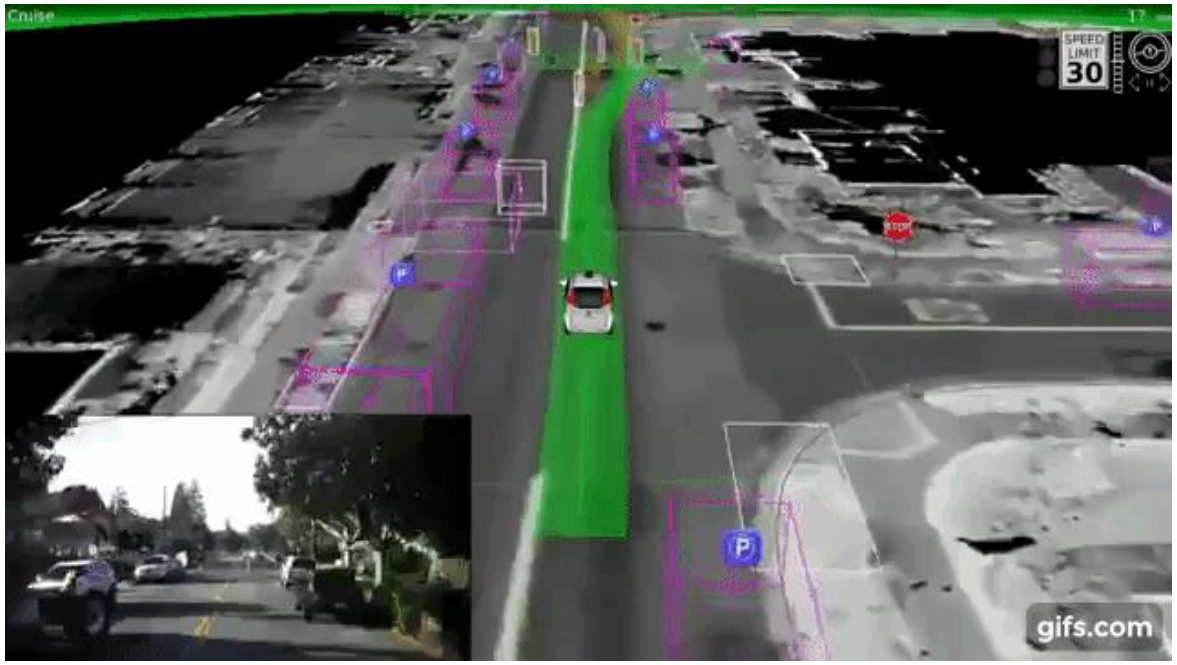


When would these systems run into issues?

- Volatile weather (heavy rainfall, snow)
- Tunnels and Bridges
- Heavy Traffic
- Roadworks
- Lane Identification
- Obstacles on the road
- High speed driving situations
- Unpredictable driver or pedestrians

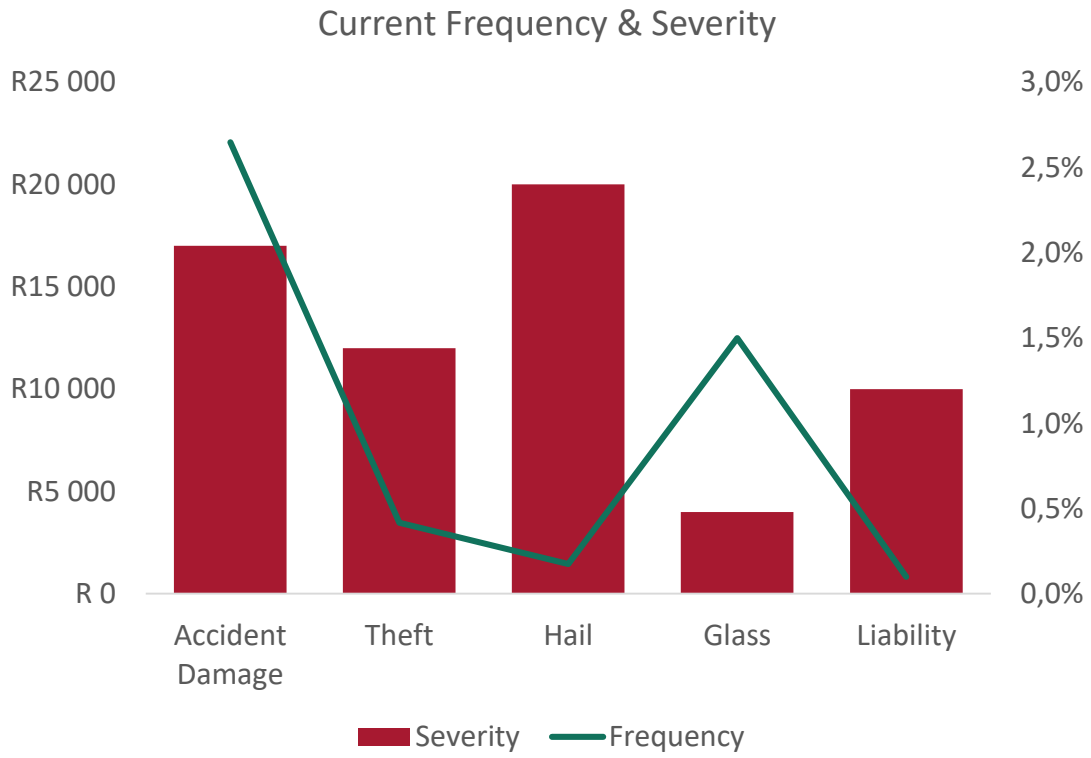
Cognitive tunnelling: The use of visual information under ***stress***

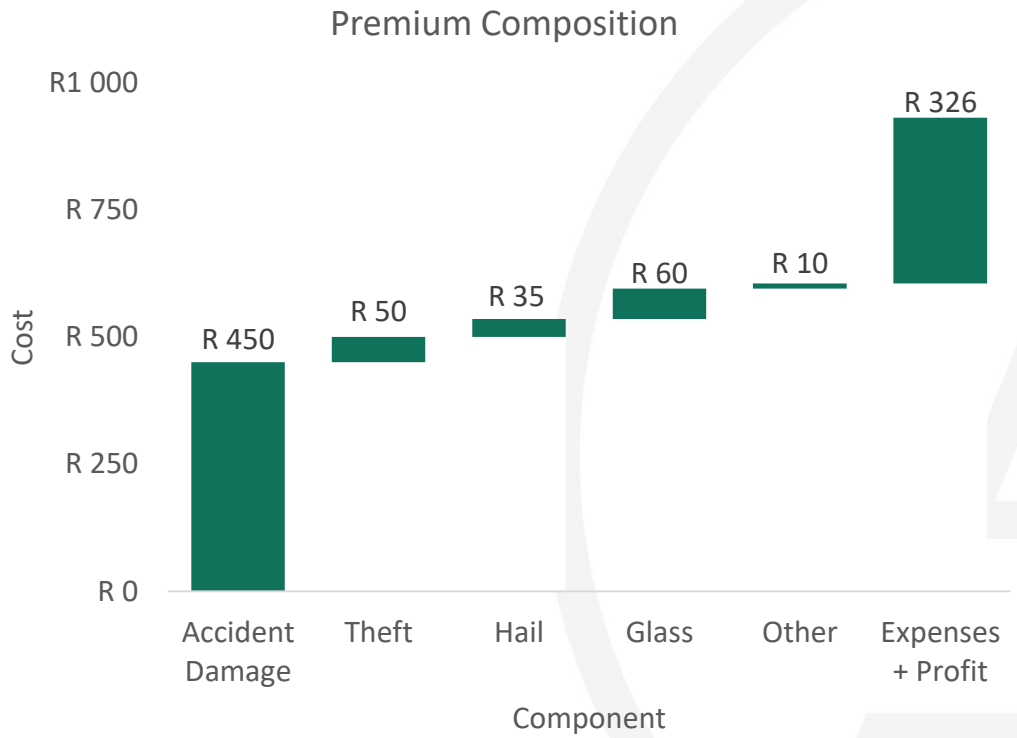
- **Air France Flight 447**
  - Easily avoidable but ended in disaster

- **What will happen to driving skill**
  - **We have seen the stats – texting and driving is 8x more dangerous than being legally drunk**
  - We are going to have to take over in extreme events only
  - Is hours behind the wheel actual driving experience?
  - We aren't good at dealing with stressful situations

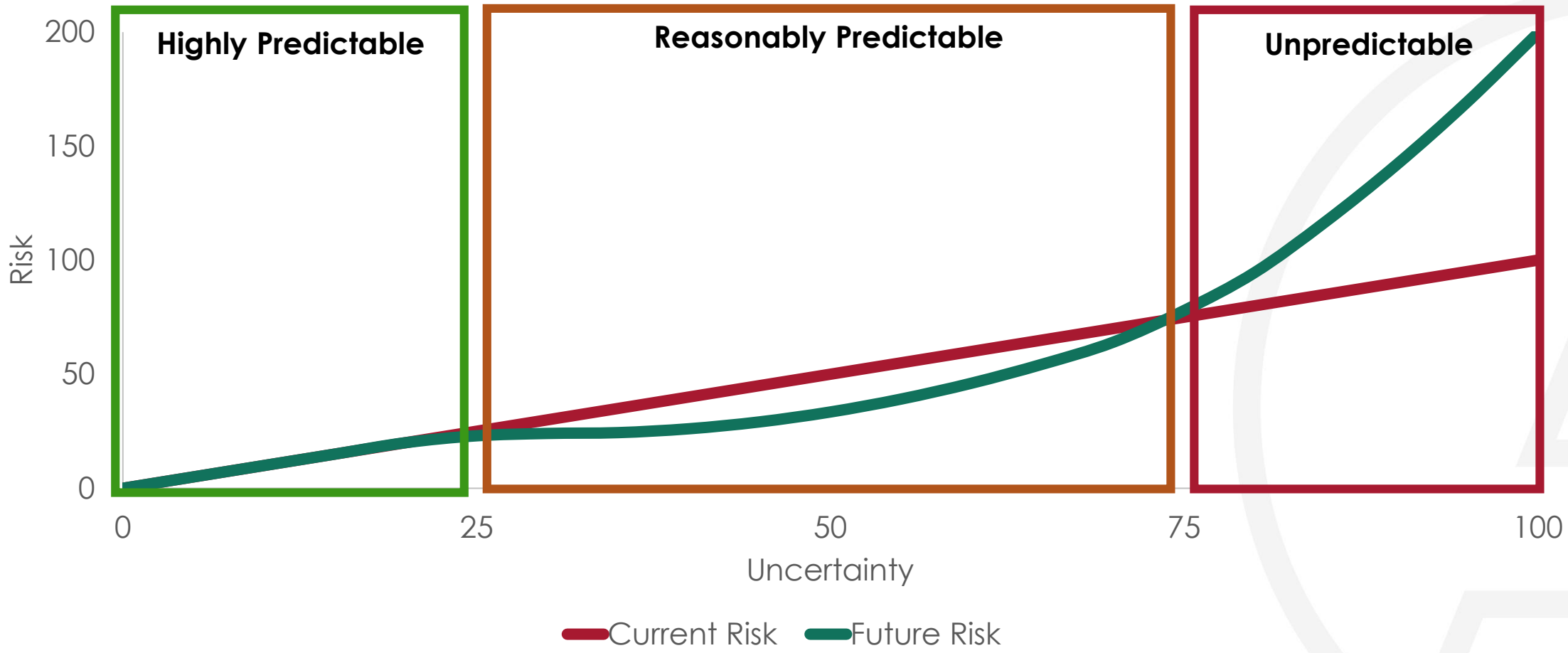
What’s the Impact on Risk?

What's the Impact on Insurance

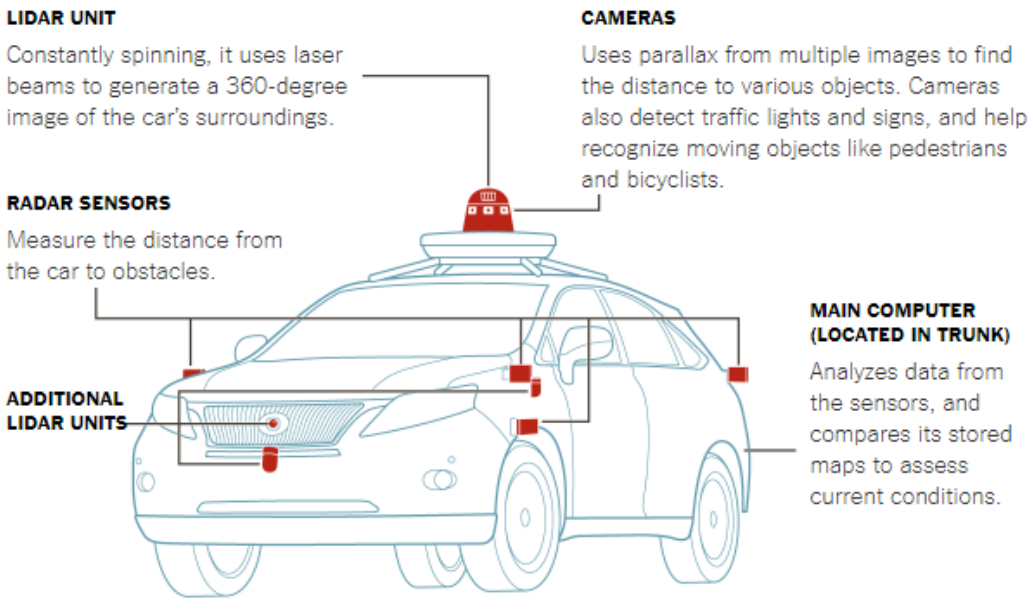




Impact on Accidental Damage Frequency



What's the Impact on Insurance



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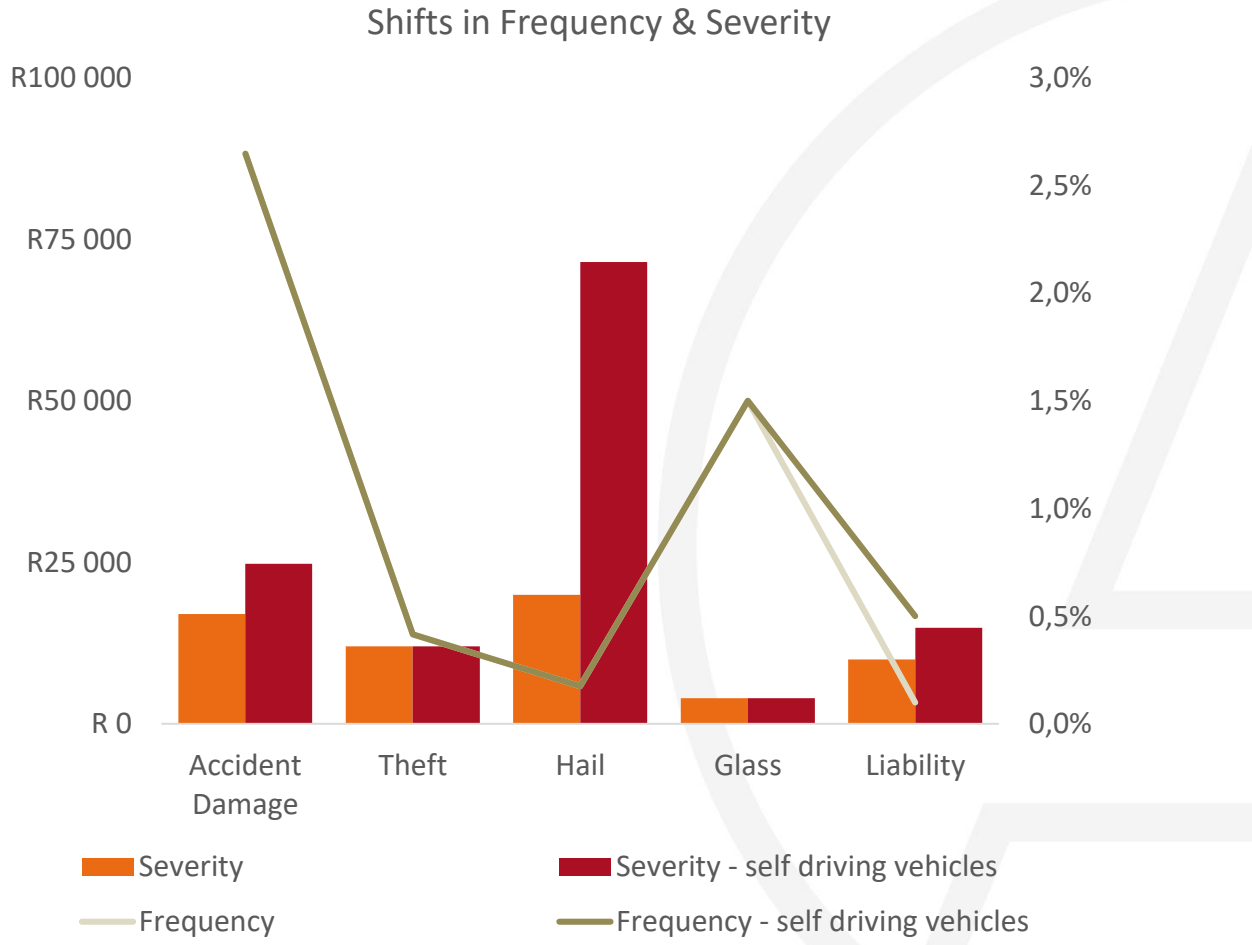
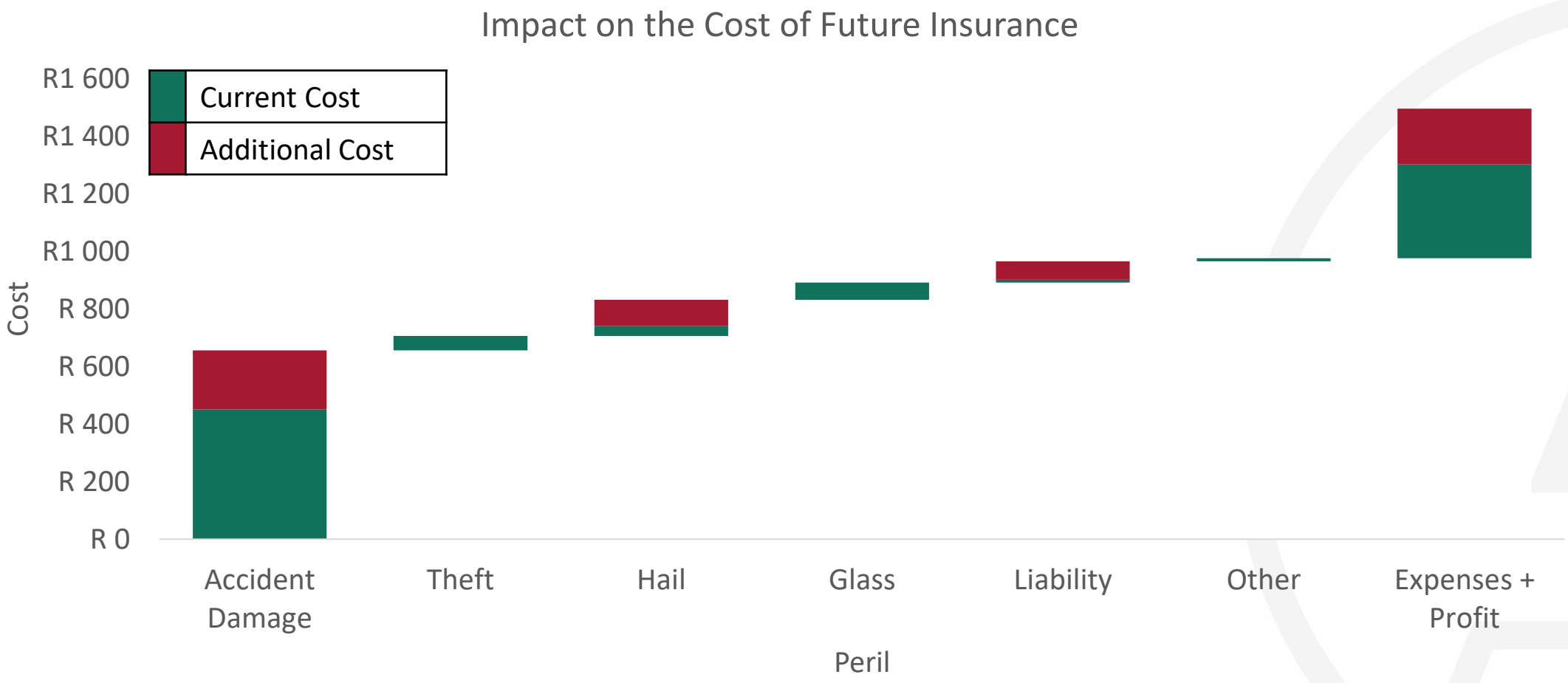


Overall Impact



What Else?

Rating Factors:

- Currently all about the driver
- However…
  - Less driver experience
  - More focus on vehicle / algorithm
- We will need to adapt to a new pricing basis – irrelevance of current data

Liability:

- Manufacturer insurance
- 3rd party claims – more accurate data at time of accident

First mover advantages:

- Take on the risk, burn and learn, ultimately profit

Questions?

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