

The Insurance Industry and Driverless Cars

Opportunities and Challenges



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Association of British Insurers



The ABI



- **Voice of the UK insurance industry, representing the insurance industry to government, regulators and policy makers.**
- **Insurers are able to use their underwriting and claims data to accurately price risk. If cars become safer and the number and severity of accidents decreases, premiums will reduce.**
- **The insurance industry is keen to recognise and reward technologies that will make vehicles safer for customers**

...the onset of autonomous technology is an exciting step.



Key issues for insurers

- A potential shift in the transfer of liability in the event of an accident
- Opportunities and risks associated with increased data

...Nothing is insurmountable



Differing levels of vehicle autonomy – Arriving at a common understanding

Levels of autonomy:

Level 0: No automation	Level 1: Function-specific automation	Level 2: Combined Function Automation	Level 3: Limited Self-Driving Automation	Level 4: Full Self-Driving Automation
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Key features:

The driver is in complete control at all times and is unaided by autonomous technology.	One or more specific control functions that work independently from one another. The driver has overall control.	Automation of at least two primary control functions. The driver is responsible.	Driver can cede full control of all safety-critical functions under certain traffic or environmental conditions The driver is still in control.	The vehicle is designed to perform all driving functions and monitor road conditions. The driver is <i>not expected to be available for control at any time during the trip.</i>
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Examples:



Levels of vehicle autonomy – the impact on liability

Levels of autonomy

Level 0: No automation	Level 1: Function-specific automation	Level 2: Combined Function Automation	Level 3: Limited Self-Driving Automation	Level 4: Full Self-Driving Automation
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Transfer of risk from driver to vehicle:

Liability rests with the driver – negligence.	Liability rests with the driver – negligence.	Liability rests with the driver – negligence.	Currently in testing – likely to be the manufacturer whilst the technology is tested. Ultimately it is likely to be the driver who will still be liable as they will remain in overall control of the vehicle.	?
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Potential transfer of risk from one type of insurance to another.

When The driver is not expected to be available for control at any time during the trip.

If this is the case then it will be hard to see how the driver could be liable and the risk could therefore lie with the manufacturer. However, if there is always the ability for the driver to override the automation then they may still be liable for not intervening to prevent an accident. Depending on how accidents occur this is likely to be the test of litigation.



Opportunities and risks associated with increased data

- **Fighting fraud**
- **Threat of cyber intrusion**
- **The importance of data sharing**



Fighting fraud

- **New vehicle technology provides a welcome opportunity to counter fraudsters.**
- **With the vehicle recording every direction simultaneously and measuring the forces involved in a collision, the data collected will allow investigators to determine the exact cause of an accident when it occurs.**

Hacking and cyber threats

- **A key data challenge is the threat associated with the deliberate misuse of a car's data systems.**
- **The task for everyone with an interest in promoting the benefits of driverless cars is to find and close the vulnerabilities now before the technology is integrated extensively into mass market vehicles.**



The importance of data sharing

- **Underlying in-vehicle systems should be based on standardised, interoperable and open-access platforms.**
- **The users of driverless cars should be able to consent to access by third party services who may offer a wide range of ancillary services.**
- **For insurers specifically, these services might include more sophisticated claims notification platforms, allowing the rapid processing of a claim; including the quick recovery of the vehicle and provision of a replacement vehicle.**
- **This can only happen if the data collected by a vehicle can be shared and so to maximises the potential that is offered by the new technology**



Concluding thoughts

- **We have good cause to be optimistic.**
- **None of the challenges that I have spoken about today are by any means insurmountable.**
- **The insurers who are able to make use of the increasing volumes of data - building policies to recognise the shifts of risk - are likely to move ahead of their competitors and should find opportunities to make a profit in a competitive market.**



Question and Answer session



Thank you

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