

“Case Study:
Auto Insurance in a
World Without Accidents”

“Start Small”

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- Larry Page as a Google CEO got rid of the excessive startup projects first thing
- Starting small is not too easy for car insurers due to the strict finances
- Car insurance business is in danger: already the amount of car thefts has reduced greatly
- With driverless car technology there will be almost no car accidents to insure

- Small amount of car accidents might look like a gain for insurers (lower claims), but in reality insurance premiums are a “direct function of the frequency and severity of accidents”
- Most insurance executives ignore this problem as something that is too far away in the future: driverless cars development, regulations, adaptation, car lifespan
- In reality they will feel the effects of driverless technology long before driverless cars are ready, e.g. Volvo is planning to eliminate crashes with sensors and automatisations by year 2020
- Insurers need to face this reality and reimagine their business

Possible solutions for insurers

- Start offering “all perils” insurances where all types of insurances are included
- Insurances for a set distance
- Use “emergent knowledge” from existing sources and market to people that are in the process of buying a car or their contract with a competitor is ending
- Getting finance management to accept “doomsday scenario” and getting independent agents to accept changes is hard
- The key is setting a basket of killer options