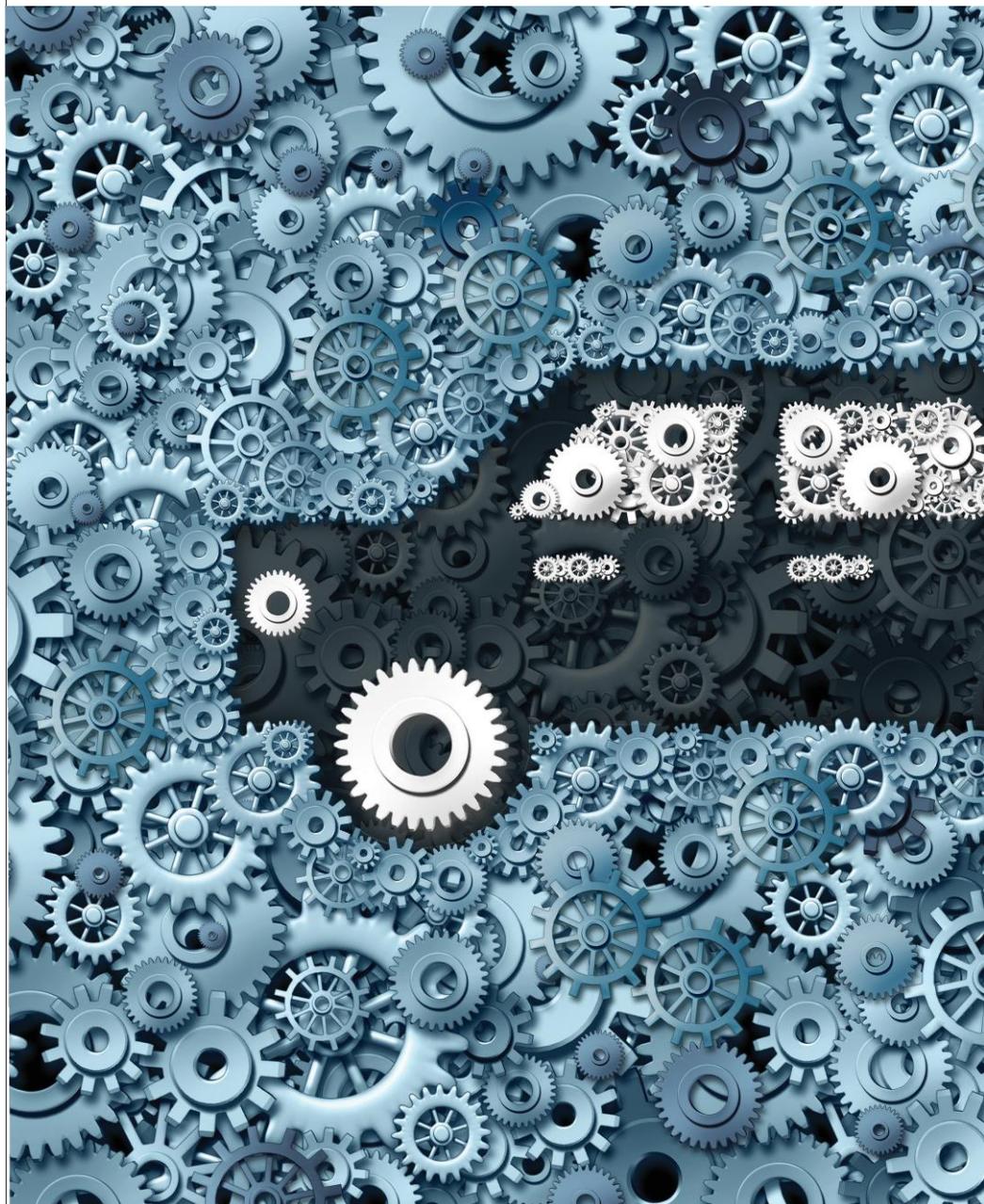


Telematics: More Carrot, less Stick

Insurers must apply creativity to rethink the telematics model to overcome structural, regulatory and behavioural hurdles in the MENA region, writes *Franck Heimburger*.

The challenges to making telematics a worthwhile solution in the MENA region are well known to most: a widespread unease about tracking devices, privacy concerns, and an industry model that insures the car rather

than the driver. To achieve transparency, accountability and a willingness to drive smarter and safer to realize lower premiums, Insurers need to completely rethink how to tackle the outlook and preferences of the MENA driver.



Those of us in the industry recognise these issues - and we understand the cultural context. There are - and perhaps always will be - specific categories of drivers who will always fear the implications of being 'caught out' for bad driving behaviours. There is no hiding from personal culpability when signed up to telematics policies. Consequently, telematics may only benefit certain customers - those with good safety records who wish to share their data to bring down their premiums proactively and who do not fear taking responsibility for their mistakes. As an industry, we can target this segment and make the concept of safe and transparent driving more attractive.

Within the UAE there are pay-per-

kilometre products where the driver's final annual premium depends on their mileage. The lesser the insured drives, the more cashback on initial premium they receive at the end of the year. For those worried about the occasional scratch of the neighbor's car, the provider will still give cash back to the customer - even if they file a claim.

Insurers are also exploring creative gamification strategies to incentivise the adoption of telematics solutions, reward good driving, and encourage voluntary take-up. Gamification concepts being piloted include a module within the mobile app that calculates the drivers score across three dimensions: speeding (algorithms calculate where you are and the speed you are travelling compared to the speed limit) - the second monitors hard braking, and the third is mobile phone use. Performance is tracked over time, and when targets are reached, the driver is rewarded with gifts and vouchers.

If we can gain traction on gamification tools, we have the potential to adopt a pricing strategy that draws correlations between a driver's gamification score and their claims history before calculating a real-time risk analysis and subsequent premium. For conscientious drivers, this shifts the incentive towards reward and away from the fear of being punished - a significant shift in mindset for the MENA driver.

Telematics is just part of a conversation in this region about moving to a more transparent model that shifts the balance towards personal responsibility. That shift would be significantly accelerated if regulators were to flip the motor insurance model to mandate that drivers - not cars - are insured. Regulators do, of course, want to make our roads safer and less congested - but there is work to be done in helping to shape a driver-profile model that saves lives on our roads: we must continue the conversation to remove the ability for drivers to self-certify and to promote the social benefits of safer driving. As a tool, telematics is not sufficient as it currently stands - penalties alone are not the solution. As an industry, we need creative and innovative telematics products that capture the imagination, remove fear and encourage engagement with the concept that personal responsibility on our roads is not just essential but rewarding. This is how to make the streets safer in our region. 



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