

**NEWS RELEASE
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THE CASE FOR TELEMATICS

By Rhys Collins, Head of African Operation for SSP

While telematics is not new to the motor sector it has never been more relevant – and it presents an opportunity for insurers to create a more meaningful relationship with their customers through a better understanding of the data and how it can be used.

According to estimates, telematics based solutions have the potential to gain up to 19 million policies in the UK and 89 million worldwide. However, leading global technology provider SSP estimates suggest that there are around 300,000 active telematics- based policies in the UK alone. The potential for growth is clear but insurers must consider how they will manage all the new data and how it will be presented to clients before rushing to market with any new products.

According to Gartner, insurers will need to have core systems that “support usage-based pricing, and manage or mine the amount of incoming data, especially around billing and pricing calculation, the calculation of recurring premiums when monthly costs are less predictable, and the implications on financial forecasting”. Effectively managing the vast quantity of data that is generated by telematics is the next logical step. The ability to process and analyse data allows insurers to turn information to their advantage in both pricing and the distribution of products, however, from a workforce point of view, one of the biggest challenges faced by insurers is a shortage of people who are able to analyse and interpret the large data sets generated by telematics. SSP suggests that insurers address this issue by developing relationships with specialist analytics firms while upskilling internal staff.

Another key consideration is offering the right customer service for motorists using telematics technology. Existing telematics providers are finding that policyholders visit their personalised driver dashboards on average twice a week - a golden opportunity to make a good impression and strengthen a relationship that traditionally has a lot less interaction. Policyholders are keen to view their data and understand how their approach to driving affects their premiums, so presenting this data in a way that suits them can help retain business and attract new customers as well as improving driving behaviour and ultimately claims frequency.

Meanwhile, incentives for customers who improve their driving could form part of these data dashboards. For example, impact analyses on premiums based on certain driving behaviours could help policyholders bring down costs and should also impact the way premiums are paid. Itemised billing could be the way forward for both good and bad driving behaviour – and their impact on what is to be paid for the period – clearly outlined in each statement. The old model of annual invoices for motor insurance premiums will become obsolete for telematics policies with insurers having to move to either quarterly, monthly or even weekly statements.

Telematics is currently one of the main talking points in the industry globally but entering into this area of the market is not without its pitfalls and requires careful consideration. Taking the opportunity to learn from specialists, understanding data and how it can be used and servicing customers in the way they want could make a move a manageable and profitable experience.

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About SSP

SSP is the leading provider of general insurance technology solutions, operating in more than 50 countries across the UK, Europe, Asia Pacific, Africa and USA.

With more than 30 years' experience and industry expertise, we develop and implement technology solutions and back office systems that enable our customers to reduce the cost of their operations, increase their distribution and create a better customer experience - improving our customers' profitability and effectiveness.

Uniquely positioned, with end-to-end visibility "from the insurer to the insured", we understand the challenges our customers face and leverage our capabilities to provide significant industry value across the entire value chain.

Contact SSP to find out more:

Cathy Jackson / Nicola Honey (Cathy Findley Public Relations, SSP's PR Agency)

Email: cathy@findleypr.co.za

Phone: +2711 463-6372

www.ssp-worldwide.com

Sandown Mews West, 88 Stella Road, Sandton 2196, South Africa