

How partnering with Insurtech can change the pace of Mobility

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Insurance represents an important component of mobility and, like any other sector, it is undergoing rapid changes, thanks primarily to the growing use of data and technologies. The emerging new technologies, widely referred to as “insurtechs” are being harnessed by insurance companies looking to improve services for clients and revolutionise the customer experience. The solutions they propose are digital (think “apps” and online platforms), transparent, flexible, competitive and tailormade, not to mention paperless. Consequently, the advances in insurance technology have been increasingly reshuffling the cards with the introduction of innovative models across the entire value chain. This has clear implications for the mobility sector and for ALD Automotive. Driven by a desire to maintain our position at the forefront of this fast-developing industry, we recently became a founding member of Instech.ie, an insurtech hub in Ireland. David Stafford, CEO of ALD RE (the specialist motor fleet and mobility reinsurance company within the group) and Julien Bourdonnec, ALD RE’s Chief Commercial Officer, outline some of the changes ahead.

The focus of these insurtechs ranges widely from distribution to pricing, and from product development to fraud detection and claims efficiency, drawing heavily on data and Artificial Intelligence (AI) but ultimately with the intention of **creating a better customer experience for the buyer of insurance products**. On the customer side, it means being able to customise requests, easily access the products they need and have a better experience when they need to make a claim. **On-demand insurance is one of these key trends** which delivers greater flexibility in insurance coverage for customers, allowing for example to customize not only the coverage, but also the price, which can be based on usage and/or

policy. **A new wave of telematic data has also enabled a pay-per-use model** whereby the customer only pays while driving, and thus only when the car is at risk. The customer profiles targeted by insurtech companies range from private individuals to professional and business customers.

Instech.ie: an insurance ecosystem moving towards the future

Many of the stakeholders driving these innovations form part of [Instech.ie](https://www.instech.ie), **a recently established insurtech hub in Ireland**. The mission of this newly launched hub is **to position Ireland as a vibrant test bed for insurance innovation** by bringing together starts-ups and players in an industry which is now beginning to see these innovators as partners rather than disruptors. However, this still presents a challenge in a sector where new product committees have often taken several years to launch new products, and where a fear of failure has frequently hampered new product development. **The new mindset being adopted involves an acceptance of trial and error** rather than a time-consuming and costly search for the perfect product.

For all its rapid development, the insurtech sector remains rather fragile, and heavily dependent on funding, which has driven many of the start-ups involved to seek to build partnerships with the insurance companies who have the funding base to support them. This creates a win-win position where the insurtech gets access to financial support and the insurance company gets access to the innovative and entrepreneurial mindset. **ALD RE, as a founder member of Instech.ie, is ideally placed to seek out productive partnerships, and channel the benefits offered by this burgeoning new sector into servicing our own clients**, making the process more sophisticated, increasingly automated and efficient in its use of data to create predictive risk models, and ultimately less costly. We are looking to **contribute to the creation of a vibrant insurance ecosystem, identify new opportunities to enhance the customer experience, to form partnerships with innovative start-ups and also support the involvement of the academic and R&D sectors**. The focus on education and academia is particularly relevant given the importance of data science to the new products and services being developed, and the need to attract strong talent with the right skillsets into our industry. And while Instech.ie is based in Ireland, their focus has a wider remit, **looking to develop product offerings with a market potential which is not just European but worldwide**.

But how does all this affect the daily reality of fleet managers and drivers?

First of all, it may help to reframe the terms that we use to describe a company like ALD Automotive, which now positions itself very much as a “mobility company” thus re-positioning us into a service provider rather than just an asset provider. In this light, mobility is seen as a much broader concept than only the provision of vehicles. Key themes to emerge in this space – all of which draw heavily on technology and the use of data – involve the shift from “ownership” to “usage”, a far greater focus on sustainability (think electric and hybrid vehicles), the development of mobility as a service encompassing all forms of transport, and increasing digitalisation.

Insurance represents an important component in our overall service offering for our customers, which must therefore be developed and innovated in parallel. The main developments so far include:

- **Greater support for our developing product base**, including digital offerings and the transition to electrification
- The **creation of a wider range of mobility solutions**, based on diversification of offering and identification of specific individual driver risk profiles.
- **Provision of diverse subscription models with insurance** as a key element of the subscription packages.

- **Innovation to develop customer experience:** safe and fuel-efficient driving through connected cars – creating seamless claims processes through the use of telematics.
- **More sophisticated pricing models focussed on risk profiling** (Pay How You Drive) and usage (Pay As You Drive).

To accompany these developments, we are constantly evolving our own internal ecosystem, in partnership with members of the wider world of insurtech, such as the above mentioned Instech.ie, DRIVE TLV an innovation hub in Tel Aviv focussed on smart mobility , SG Ventures, and our participation in the IOT insurance Observatory in Italy. Taken together, these partnerships and ecosystems are all contributing to ensure a more innovative mindset, thus enabling us to develop a unique leading edge in what is a relatively fragmented worldwide mobility insurance market.

Gone are the days when the very mention of insurance made your eyes glaze over. This is now an innovative and exciting new space, with a mushrooming of innovative products. And you can rest assured that we are not only keeping up with the pace but setting it.

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