



Asian Actuarial Conference 2025 Bangkok

**Driving Wellness:
The Next Big Thing for Motor**

13 Nov | 15:30-16:10



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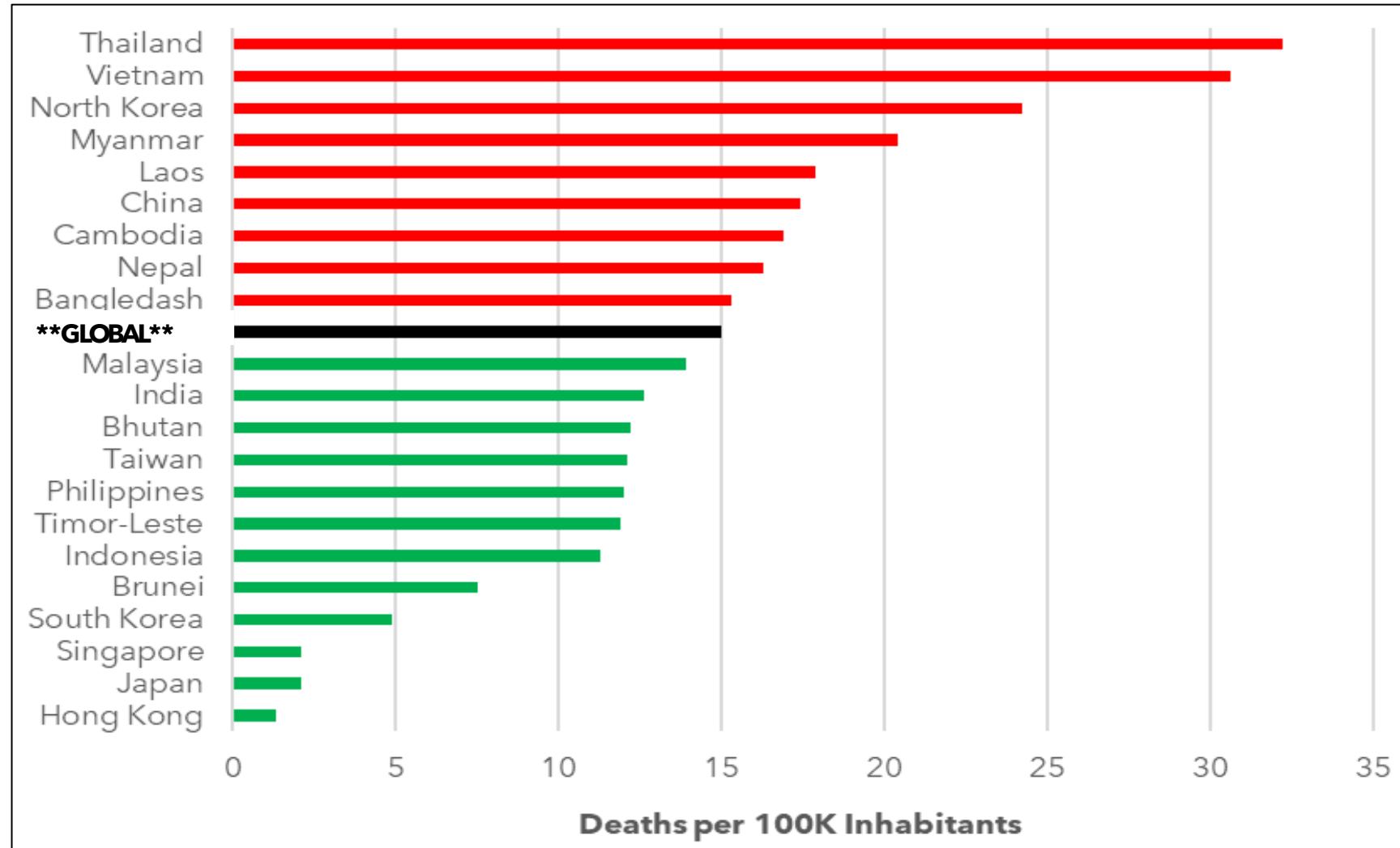


Driving Wellness: The Next Big Thing for Motor

Asia Actuarial Conference 2025

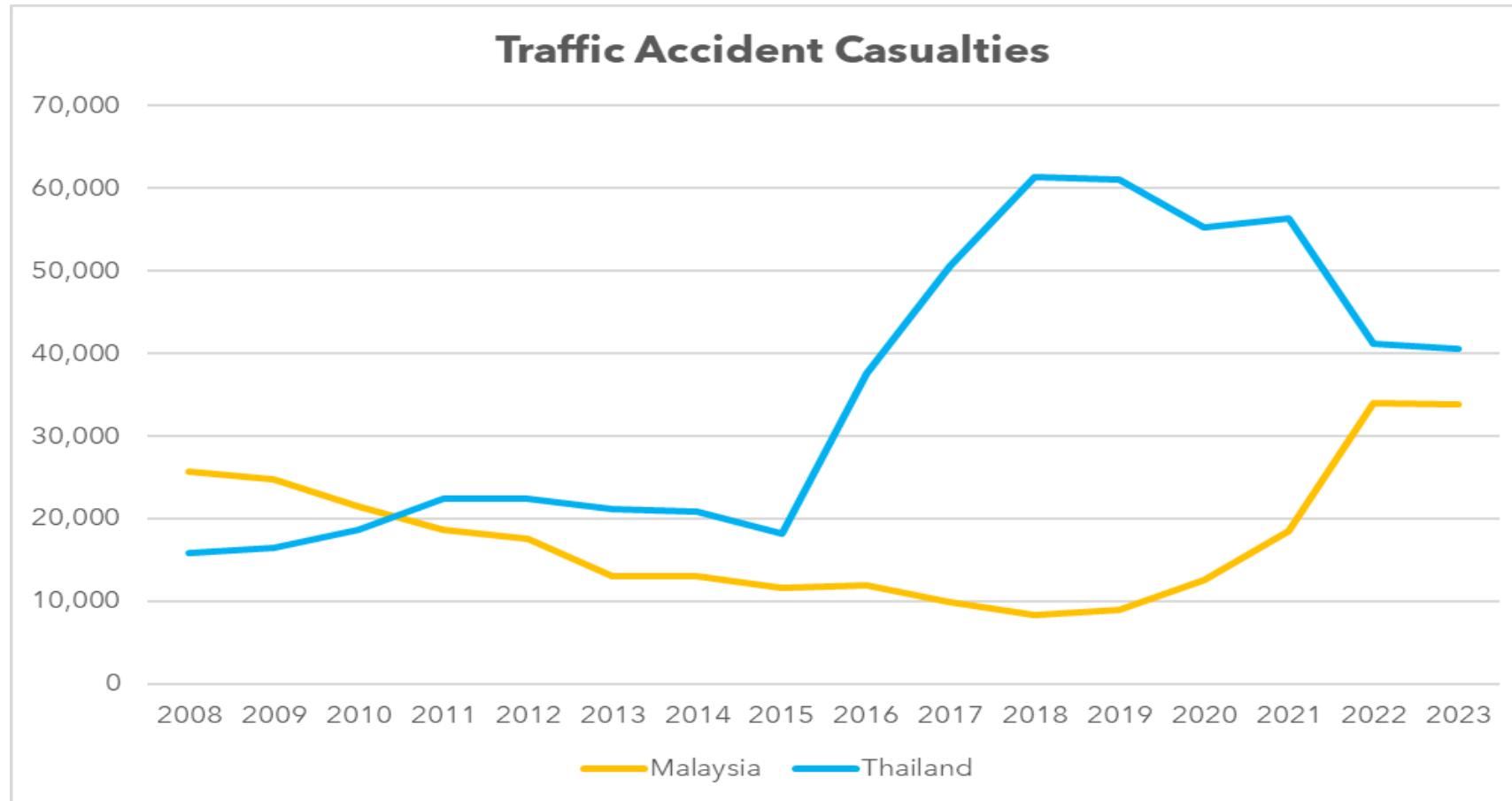
Presenter: Geoff Werner, FCAS MAAA

Motor-related Deaths



Source: https://en.wikipedia.org/wiki/List_of_countries_by_traffic-related_death_rate

Traffic Accident Trends



Source: <https://data.aseanstats.org/indicator/ASE.TRP.ROD.E.031>

Reducing Accidents



Primary Safety Focus

1. Traffic laws
2. Civil engineering
3. Vehicle safety

- Make sense, but aren't quick solutions



What else can
we do for a
quick impact?



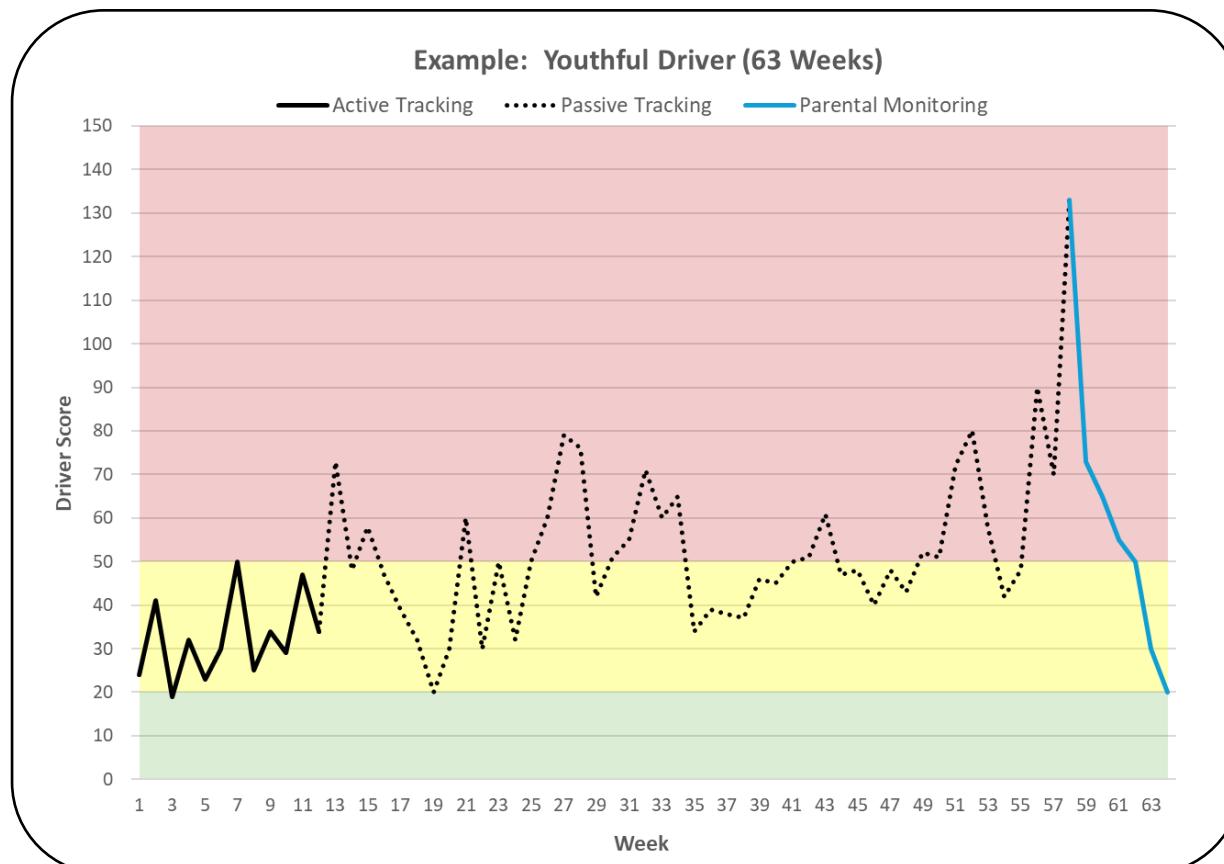
Insurance Telematics



***Enables disruptive
innovative digital
insurance products
enabling a range of value
propositions***



Personal Experience



My Learnings

- My son can drive well!
- Frequent, proactive engagement required to sustain improvement
- Incentives come in different forms

Case Study

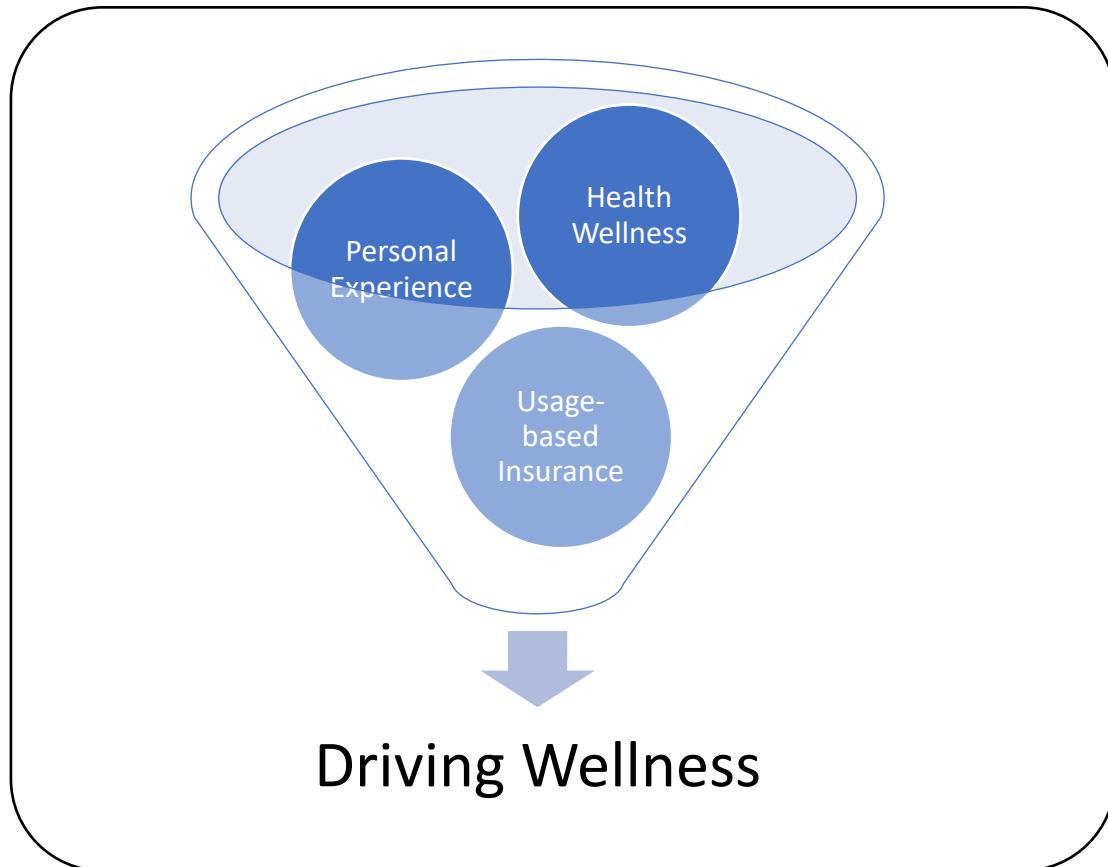
Insurance Corporation of British Columbia (ICBC) study

- 2.1k drivers of all ages, skewed toward younger drivers
- Measured: braking, acceleration, speeding, distraction and cornering
- Used gamification and rewards as incentives to improve
- Data and surveys used to develop conclusions about treatment v control groups

Key findings

- Sustained improvement in braking, acceleration and speeding
- Gamification important, but earning rewards was key to sustained improvement
- 88% participants open to future programs focused on “how you drive”
- Main concerns: data misuse, potential premium increases, and accuracy

Learnings



Driving Wellness

- Change is possible and can have an immediate impact
- 3 Keys to success
 1. Controllable behaviors
 2. Engagement
 3. Scalable Incentives

Keys to Success

1. Controllable Behaviors



Identify Right Behaviors

- Different focus
 - UBI: all variables that impact risk
 - Wellness: controllable variables only
- Are exposure factors partially controllable?
- Want causality, not correlation

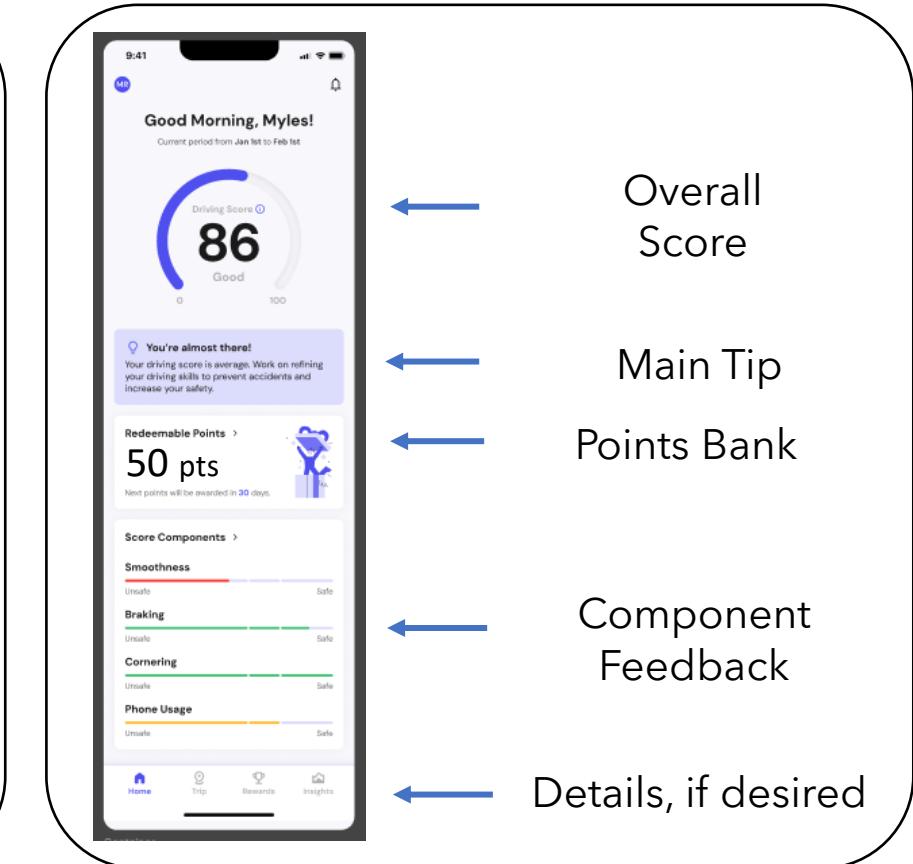


Keys to Success

2. Engagement

Communicate & Engage

- Simple, clear and timely info
- Individual, not policy
- Continuously reinforce
- Keep it fun!
- Be careful



Source: Octo Telematics

Keys to Success

3. Incentives

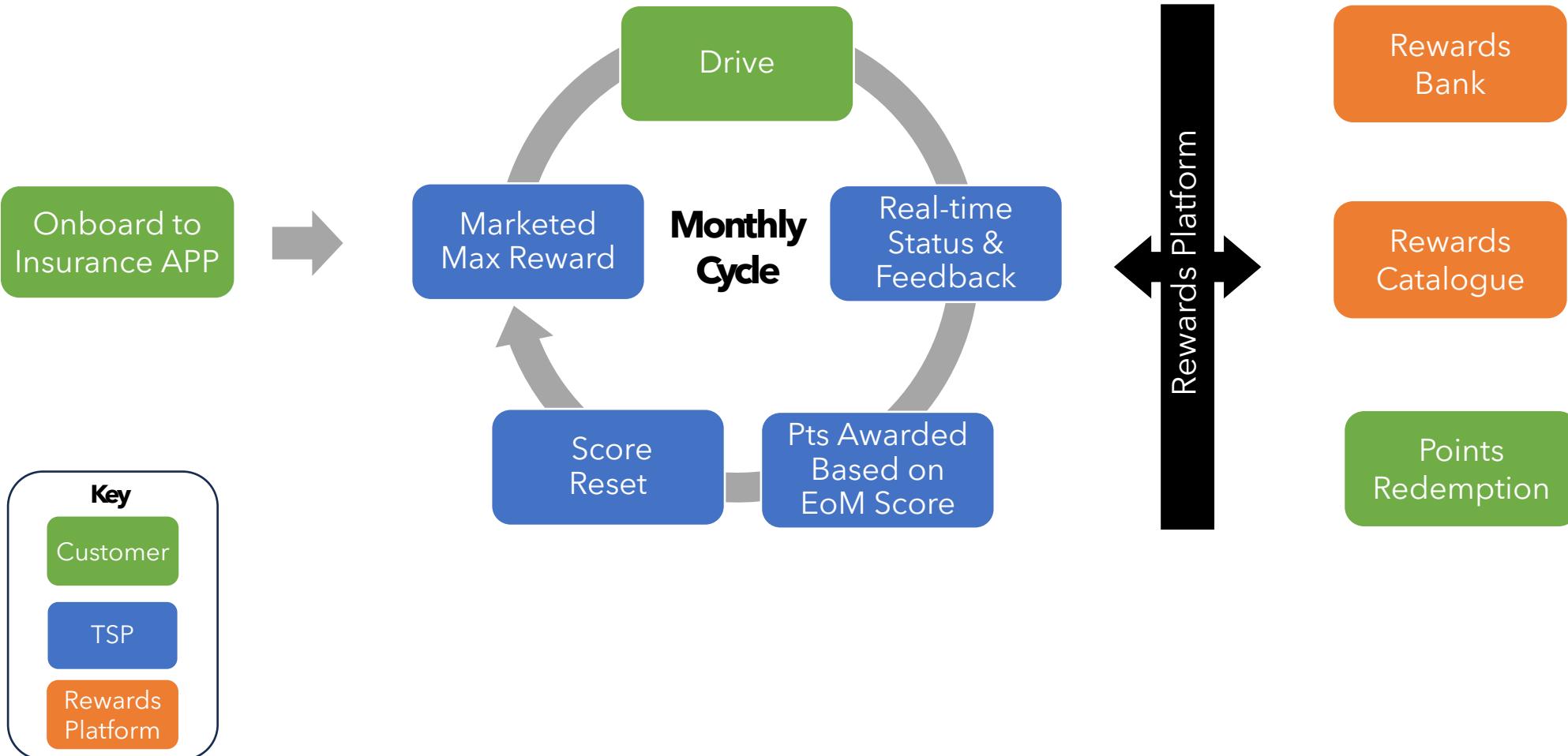
Provide Motivation

- Gamification
 - Fun and engaging
 - Peer pressure/support
- Behavioral psych advises reward design
 - Hyperbolic discounting
 - Loss aversion

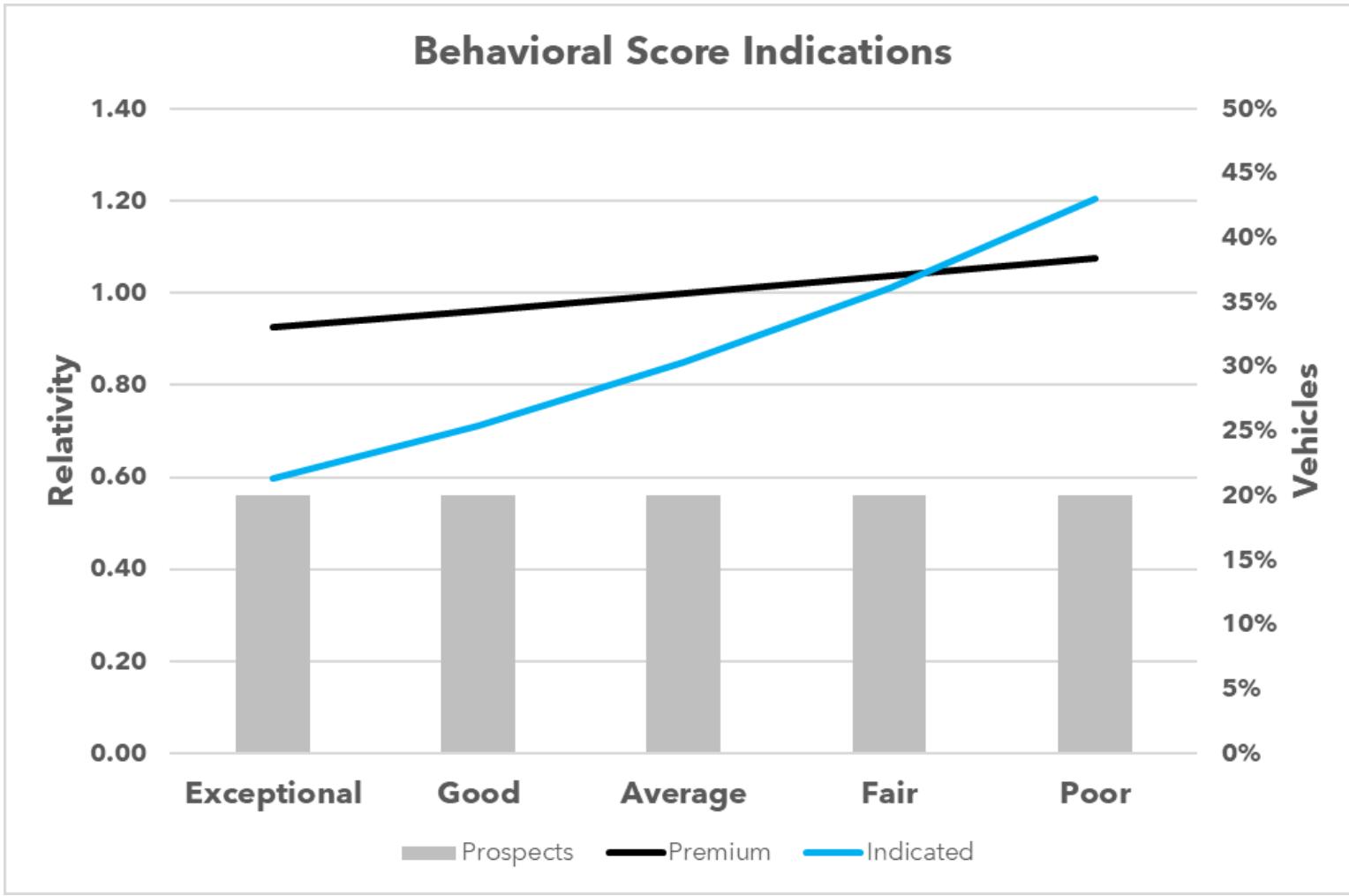
Program Comparison

	UBI	Driving Wellness
Benefit	Policy Discount	Cash
Timing	Renewal	Monthly
Beneficiary	Policyholder	Driver

Customer Journey



Program Economics



Source: Octo Telematics

Program Economics

- Exact results will depend heavily on market conditions and company decisions

Item	Description
Selection Benefit	<ul style="list-style-type: none">Attracts safety-conscious drivers with lower average risk10-15% lower loss costs common for UBI
Improving Behavior	<ul style="list-style-type: none">Greater opportunity to change higher-risk driversWill result in lower loss costs and higher rewards
Portfolio Shift	<ul style="list-style-type: none">Increased close and retention ratios from desirable programRetain safer drivers who like rewards

- Positive business case results do not include:
 - Brand improvement bump
 - Impact of there telematics services (e.g., crash/claims)
 - Savings from retrospective nature of rewards

% Difference (Year 3)	
Exposure	5-15%
UW Profit	0-5%

Challenges



Required Research	<ul style="list-style-type: none">• Limited skills in behavioral psychology• Must invest to learn how to maximize motivating people
Adoption	<ul style="list-style-type: none">• New unproven product• Anticipate acceptance by agents and customers, but need to educate and market
Regulation	<ul style="list-style-type: none">• To date, all regulators embrace topic due to societal good• Must research rebate rules and potential conflict with tariff restrictions
Program Requirements	<ul style="list-style-type: none">• Need sound technology and rewards platform• 3rd party providers likely to be involved
Bad Drivers (v UBI)	<ul style="list-style-type: none">• No penalty for bad drivers• What action, if any, do you take on bad drivers who do improve
Integration w/ pricing	<ul style="list-style-type: none">• Eliminate double-counting with traditional plans
Price Comparisons	<ul style="list-style-type: none">• UBI discount will be on price comparison website• Certain discounts v speculative



Any questions?

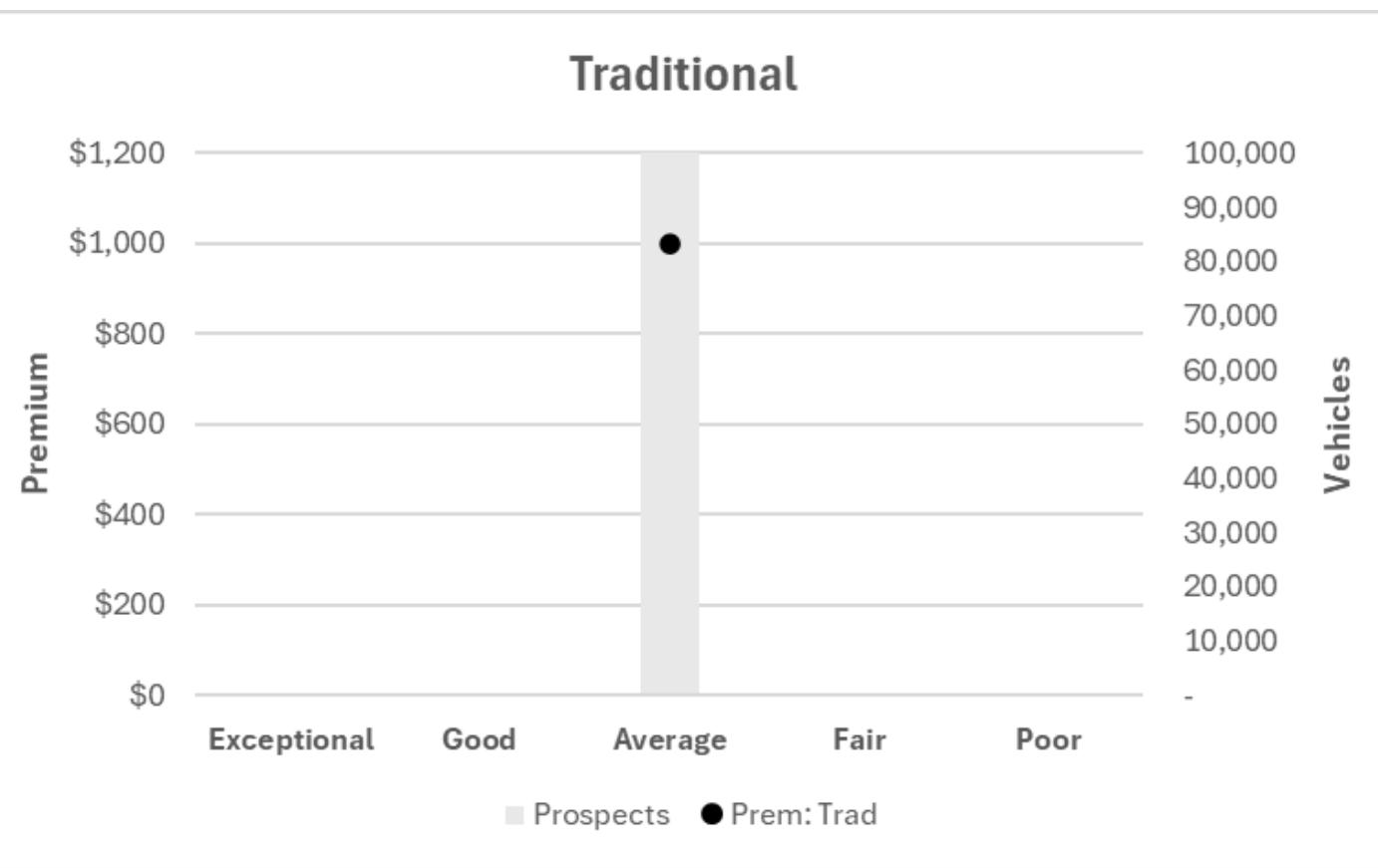


Geoff Werner

Managing Member
Werner Advisory

Email: g.werner@werneradvisory.com
Phone: 210.269.8633

Program Economics



- Actual results depend on a significant number of factors and decisions
- Example business US business case delivered for client purposes

Program Economics

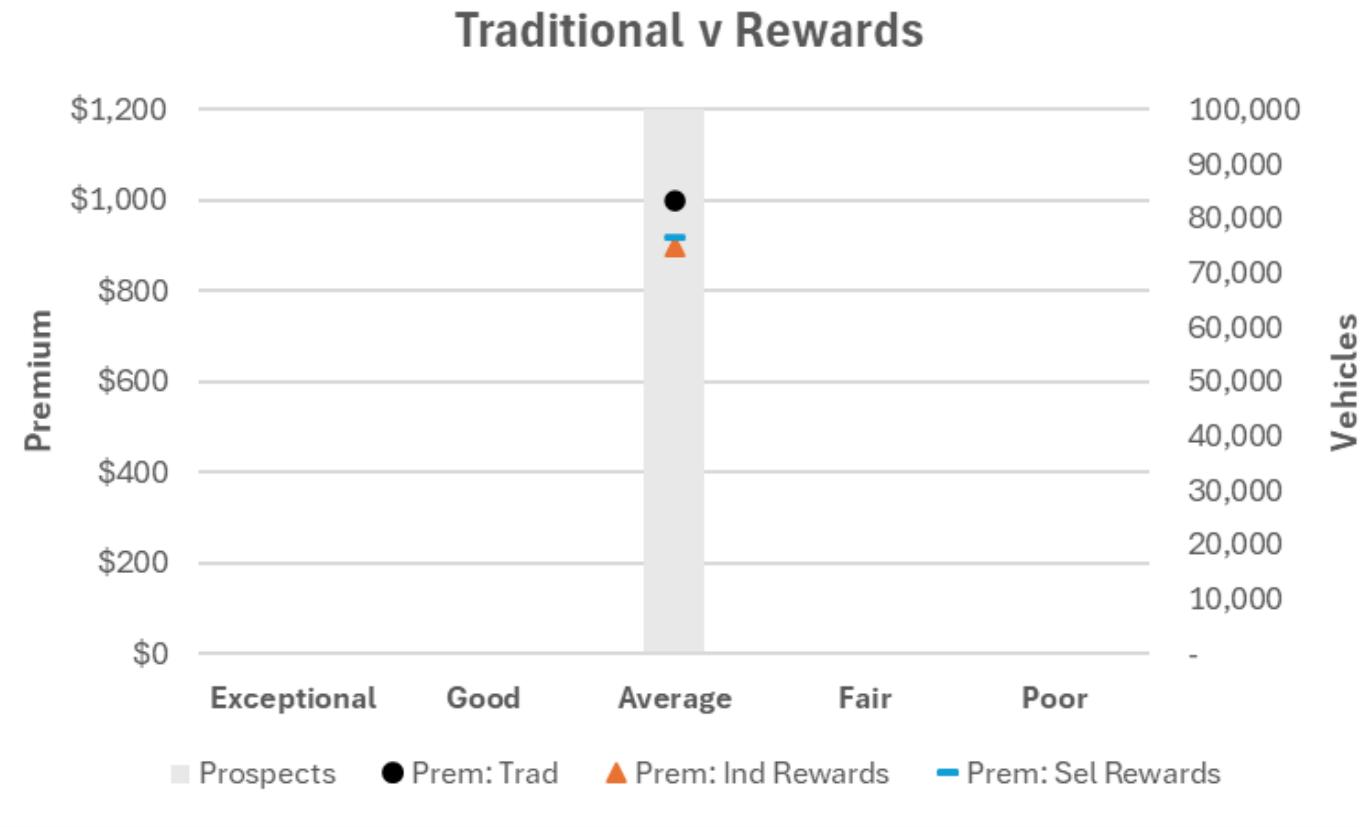


"The fact that you say 'yes' to UBI is a data point"

--Louis Gagnon
President of Operations, Intact

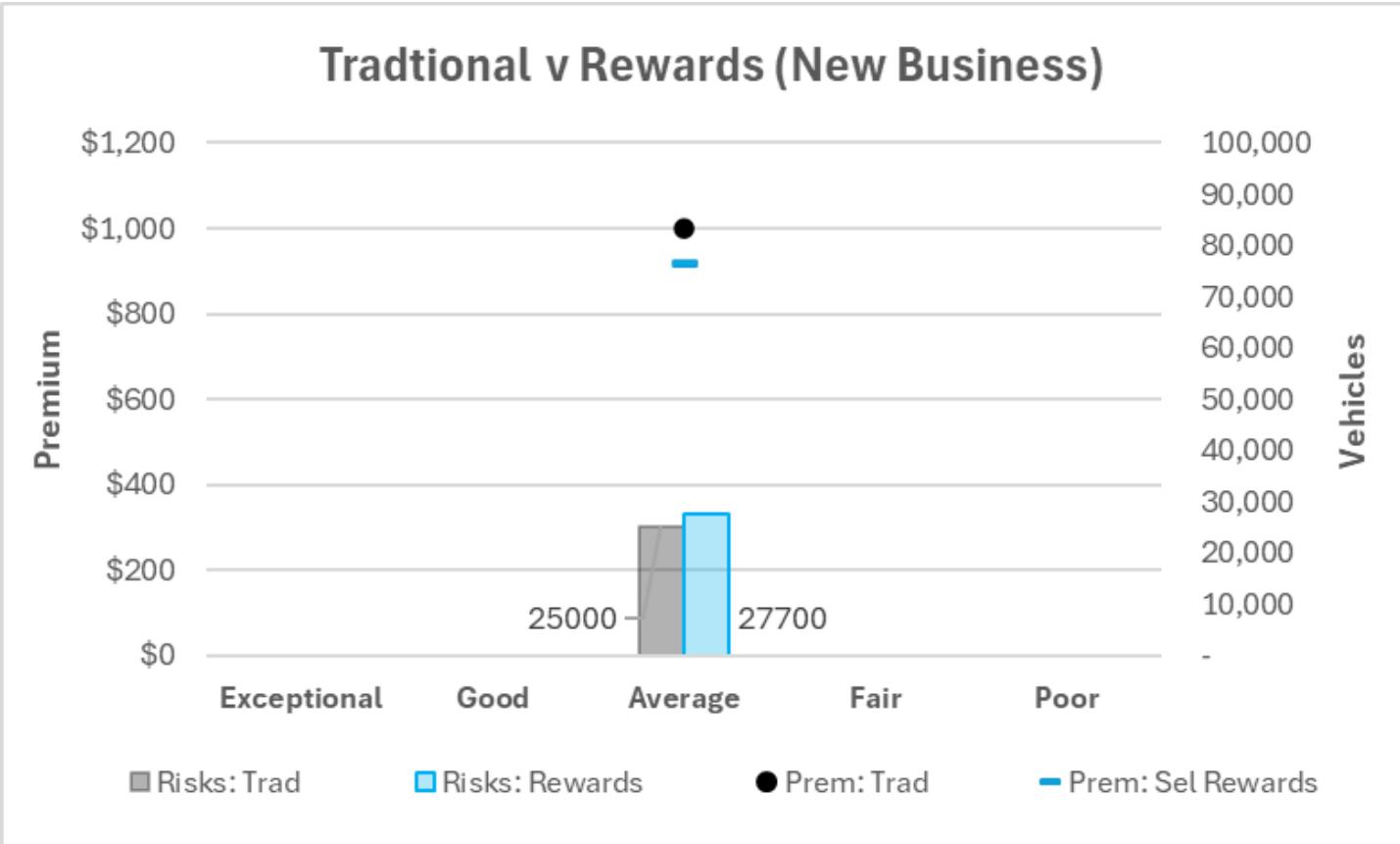
- 10-15% self-selection benefit common for UBI programs
- Afford to give rewards

Program Economics



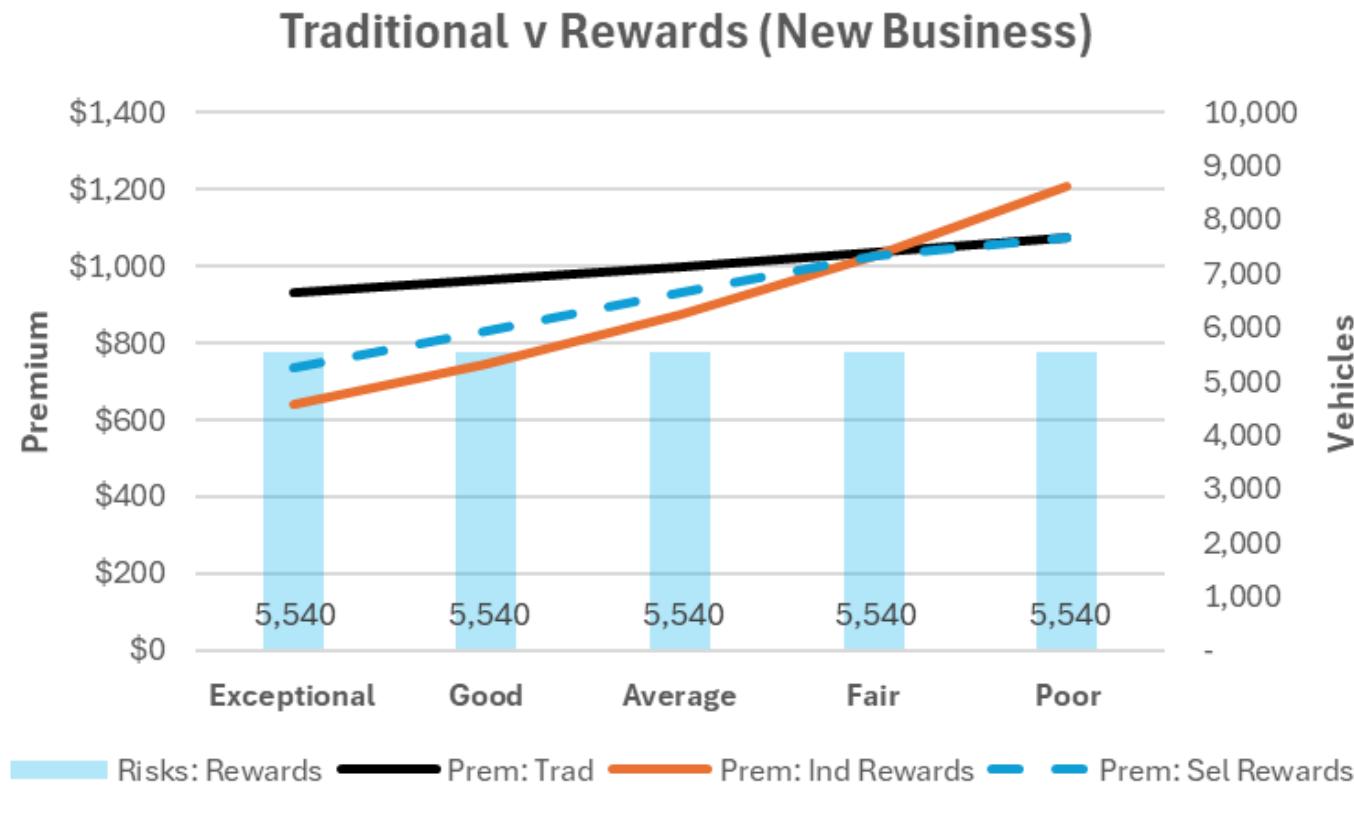
- Afford rewards, on average, less than self-selection benefit
- Customer only knows potential rewards at point of sale
- Marketing message should set appropriate expectations and potential

Program Economics



- Anticipate higher close rate for Rewards program
- Exact difference highly dependent on messaging
- Higher close rate increase volume and decreases cost of acquisition

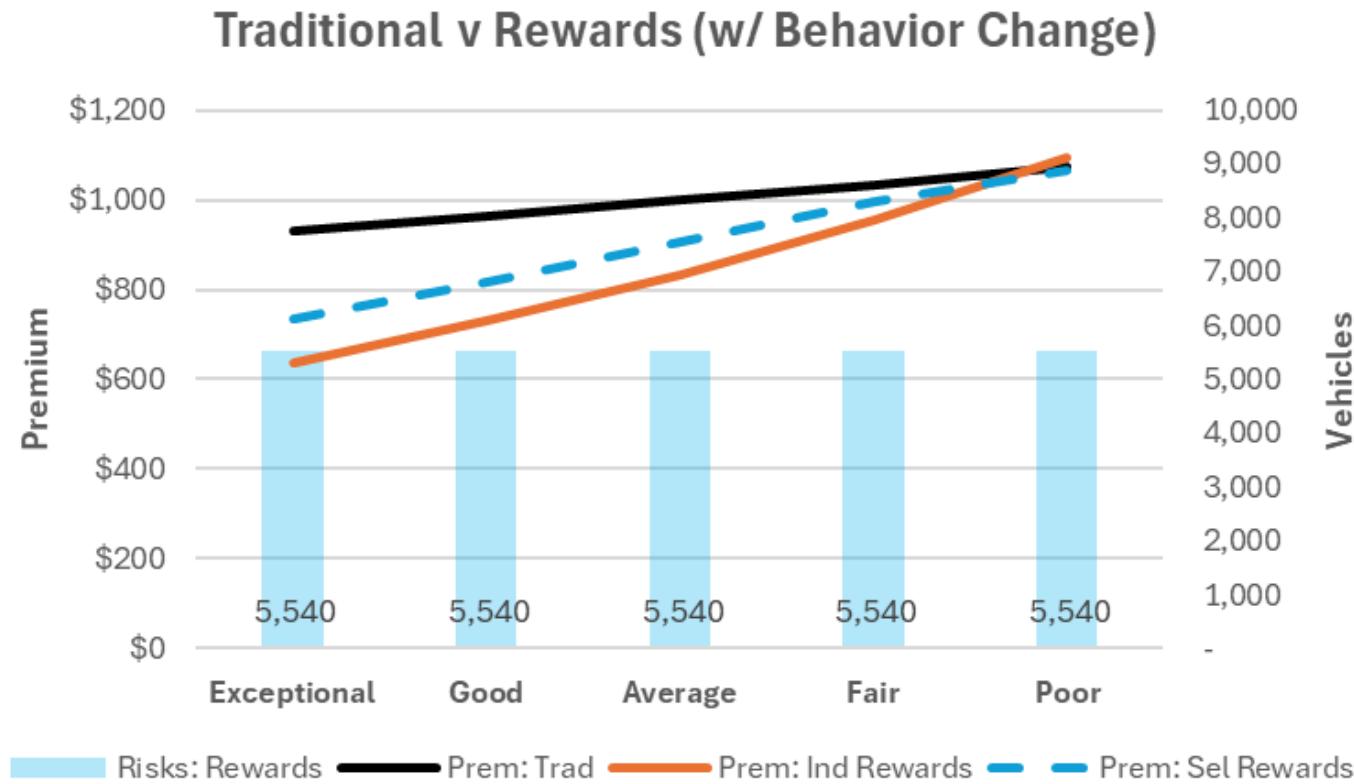
Program Economics



- Earned rewards will vary by driving tier
- Selections should reflect program growth and profit goals

Tier	Expected Distribution	Reward as % of Monthly Premium
Exceptional	20%	20.0%
Good	20%	15.0%
Average	20%	7.5%
Fair	20%	0.0%
Poor	20%	0.0%
Total	100%	8.0%

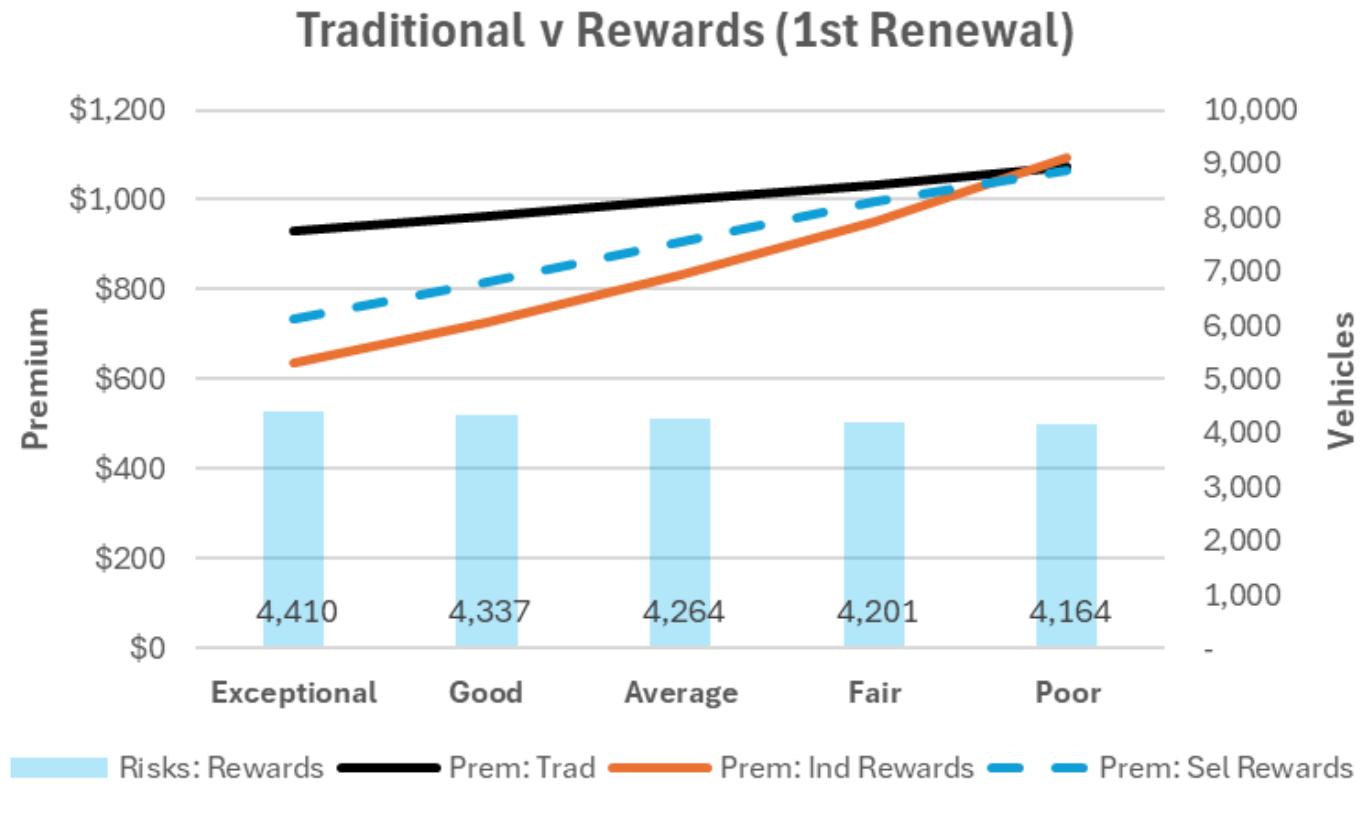
Program Economics



- Changing behaviors lowers the indication even further
- Benefits will also increase (likely less than loss reduction)

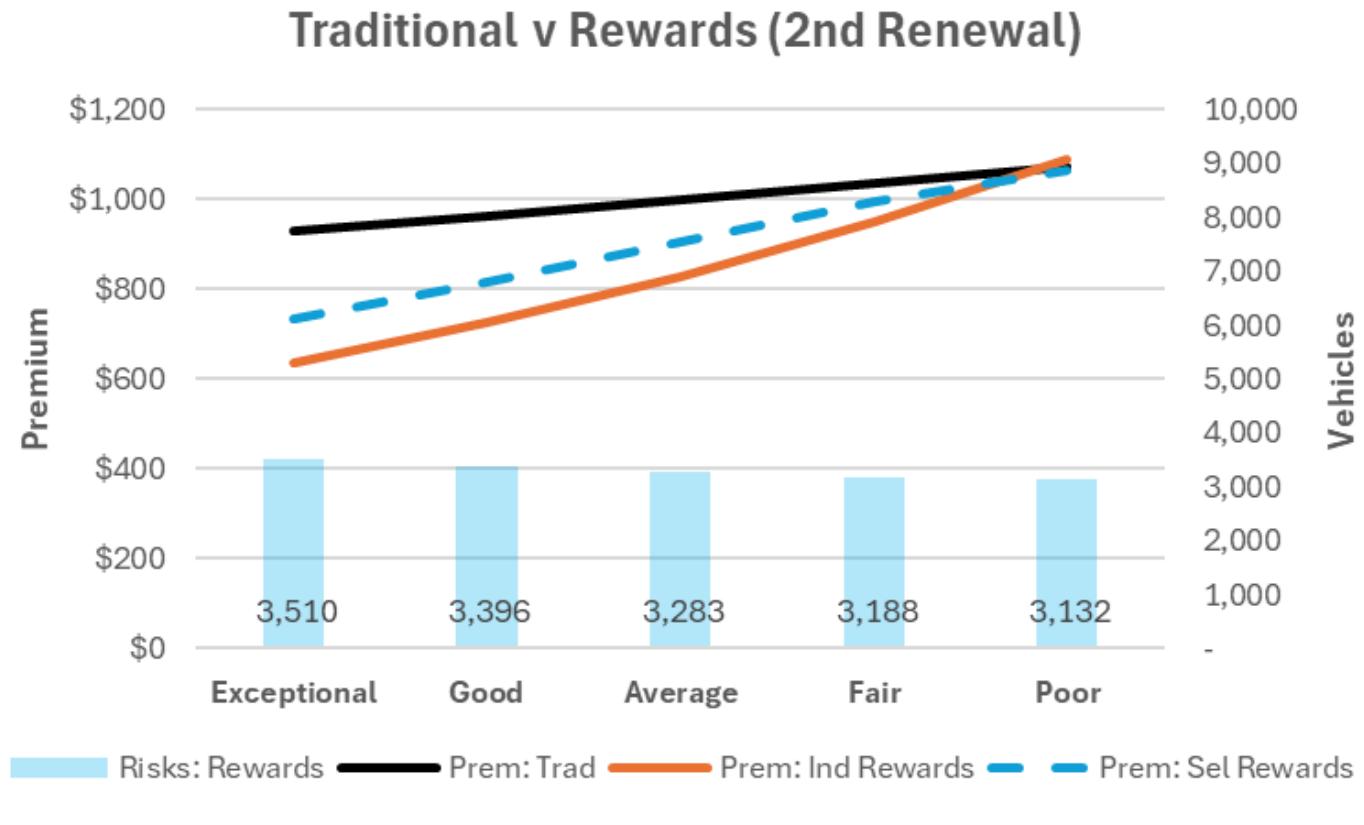
Tier	Improvement
Exceptional	0.0%
Good	2.5%
Average	5.0%
Fair	7.5%
Poor	10.0%

Program Economics



- Anticipate higher retention rates for profitable business earning rewards
- Portfolio shifts to more profitable risks

Program Economics



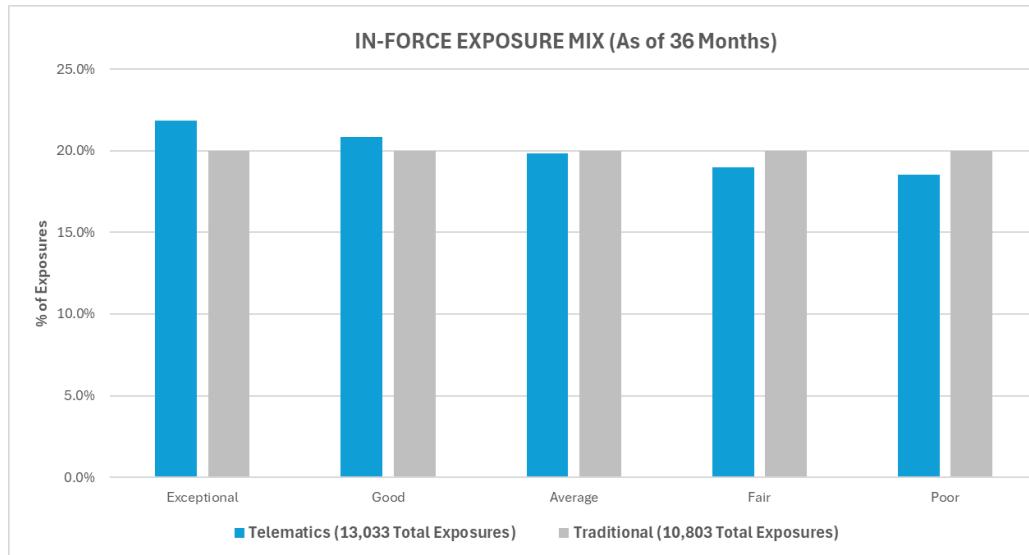
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Business Case

Rewards versus Traditional Products



	1	2	3	4	5
Change in Volume	12.2%	13.6%	14.9%	16.1%	17.1%
Pt Change in Loss & LAE Ratio	-12.8%	-13.1%	-13.3%	-13.4%	-13.5%
Pt Change in UW Expense Ratio	1.2%	1.1%	1.1%	1.0%	1.0%
Pt Change in Benefits	9.5%	9.6%	9.7%	9.8%	9.8%
Pt Change in UW Profit	2.2%	2.4%	2.5%	2.6%	2.7%



- Results highly dependent on program decisions and customer reactions, especially
 - Benefit levels awarded
 - Impact of benefits on demand
 - Selection benefit
 - Segmentation power of driving score
 - Improvement attained