



The Usage Based Insurance revolution: Redefining insurance with telematics solutions

By Margalit Kochav

In an era where nearly one-third of auto insurance customers in the United States are battling with rising premiums, the search for more innovative solutions has led many to the doorstep of Usage-Based Insurance (UBI). The conventional model of fixed-rate insurance premiums has long dominated the industry, but the surge in financial challenges, including a notable increase in insurance rates, has propelled individuals, fleet managers and owners to seek alternatives that align more closely with their actual usage and driving habits.

As reported by the [Insurance Journal](#), the past year has witnessed a significant increase in auto insurance rates, prompting a growing number of policyholders to reassess their insurance options. The conventional approach of determining premiums based on factors such as the driver's or the vehicle's age is increasingly perceived as outdated and disconnected from the reality of individual driving behavior. This has given rise to the popularity of UBI, a revolutionary concept that is reshaping the insurance landscape by focusing on:

1. Crucial driver data

By offering insurers invaluable real-time data on individual driving behaviors, UBI allows for precise risk assessment and customized policy offerings, aligning insurance costs more closely with actual driving habits.

2. Safer driving practices

As drivers become more aware of their driving behavior affecting premiums, they tend to adopt improved driving habits. Safer driving then leads to fewer accidents, directly impacting the number of claims filed and subsequently reducing insurance costs for both drivers and insurers.

3. Financial advantages for insurers

Switching to Usage-Based Insurance may offer insurance companies a chance to improve their profitability. A reduced number of accidents due to improved driving behaviors result in fewer claims, which directly impacts insurers' profitability by minimizing payouts, making UBI a financially advantageous model for insurers seeking higher profits.

Ituran's cutting-edge telematics solutions for UBI optimization

1. Reshaping personalized premiums

Ituran's telematics device collects driver and car performance data, which undergoes sorting, analysis, and transformation into easily understandable information, for optimized insurance rates, based on individual customer data. Drivers receive real-time updates on driving behavior and usage, resulting in reduced insurance costs tied to their personal driving performance.

Consisting of two innovative models within auto insurance, Pay-How-You-Drive (PHYD) and Pay-As-You-Drive (PAYD), Ituran's UBI technology revolutionizes how premiums are established.

Pay How You Drive

PHYD assesses driving behavior in real-time, monitoring actions like dangerous overtaking, harsh braking, sudden accelerations, swift speed limit exceptions, fast crossings of speed bumps, or irregular maneuvers. These factors contribute to personalized premiums, based on a dynamic assessment, aligning costs with driving behaviors, and ultimately promoting safer and more responsible driving practices.

Pay As You Drive

PAYD presents a distinct approach, taking into account aspects like nighttime driving, handling risky roads, managing multiple family cars, and addressing the needs of young drivers or individuals with consistent driving habits, frequent travelers, and those driving abroad extensively. This model specifically tailors premiums to the frequency and context of vehicle usage, ensuring fair pricing while encouraging adherence to safer driving practices, regardless of the driving situation.

2. Prioritizing safety

Ituran's driver behavior analysis system compares drivers' performance to industry standards, enhancing safety and reducing fuel costs through real-time monitoring, while the Accident Reconstruction Interface provides detailed post-accident analysis, promptly alerting contacts and allowing remote adjustments for comprehensive accident detection and reconstruction. These solutions ultimately improve safety measures and assist in insurance claim accuracy.

3. Third-party integration

UBI ADAS Integration

ADAS, which is now a standard add-on in new cars, features lane warnings and collision avoidance, cutting accidents by 25-30%, but without post-threat analysis.

[Ituran's UBI ADAS integration](#) uses pre-accident data, which can help reduce fraudulent claims and lower the cost of car insurance premiums for policyholders, encouraging better driving practices, which in turn reduces accidents, minimizing injury and damage risks.

Ituran's [Driver Monitoring System](#) uses facial recognition to spot driver fatigue and distractions, triggering alerts for enhanced safety. The system is seamlessly linked to fleet management, enabling real-time monitoring for safer driving practices, which ultimately encourage more personalized and accurate insurance fees.

Video Telematics Security & Safety Control

The video telematics solution swiftly resolves incidents by offering detailed information. With live viewing, real-time event detection, and cloud-stored footage, it ensures safety, security, and compliance with driving rules. Integrated with Ituran's fleet management system, it optimizes vehicle tracking. Simple installation, a user-friendly cloud platform, mobile/Wi-Fi connectivity, night vision, and live video feeds ensure seamless monitoring.

4. Smartphone-Based UBI

Mobile application as a tracking device

Ituran's innovative mobile app solution allows policy holders to use their smartphones as tracking devices without the need for additional hardware installations, offering a user-friendly interface with a trip map showcasing safety events and a weekly summary of driving habits for convenient assessment and analysis.

Offering peace of mind for parents with the Young Driver App

This App enables easy trip initiation and categorization for young drivers, proactively notifying users of trip initiation anomalies and sending notifications to both the owner and young drivers after each trip, ensuring efficient data management and an optimized user experience.

Ituran's UBI solutions address insurance challenges, promoting safety and cost efficiency through advanced technologies and better driving practices.

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About the author

Margalit Kochav has been with Ituran for 16 years, serving as the UBI (Usage-Based Insurance) department manager for the past six years.

Prior to this role, she led the insurance agents' department and, in her initial position within the company, managed the import of motorcycles, a newly established field at Ituran.

Read more about Ituran's UBI solutions [right here.](#)