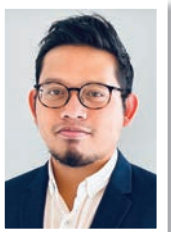


# Plenty of opportunities for motor insurers despite rising claims



New technologies help insurers collect data from vehicles that can improve underwriting and pricing but there are disputes over ownership and privacy of that information. Presenters at the Asia Motor Insurance and Claims Management Conference discussed future opportunities for motor insurance amid claims inflation and more accidents.

By Nadhir Mokhtar



The number of motor claims in Malaysia has skyrocketed in 2022 – signalling a return to pre-pandemic traffic activity. Insurers also had to deal with rising repair costs across car brands and models. Speakers at the Asia Motor Insurance and Claims Management Conference discussed possible solutions motor insurers can adopt amid a challenging operating environment.

Presenters at the conference also spoke about how motor insurers should adopt technologies that can help them automate claims processing and derive useful data about driving behaviour. However, insurers adopting such technologies should also ensure that systems consider the concerns of customers, especially those who have just experienced an accident.

“The speed that we are going forward is (rapid). How do we manoeuvre these technological developments?” said Fairfirst Insurance Sri Lanka chief claims officer Harin Perera in his opening speech as chairman of the conference.

He said the advent of user-based insurance and AI have been huge developments in the insurance

industry and believes it is a great opportunity for insurers.

“I think many of the tech companies are very aggressive when it comes to introducing new technology. But don’t forget your customers. How do they (customers) adapt to it? Are we being patient or are we pushing them - which makes them very uncomfortable? These are things that you need to take into consideration,” he said.

Celent APAC insurance technology research adviser Max Ang said a carrier in the US has put in multiple sensors in trucks and allowed drivers to test it. The company then collected the data to understand their driving behaviour.

“It is interesting because a company can monitor the drivers and from there, calibrate the insurance that’s offered to them. I think there’s potential in larger countries with a network of trucks as well. I think that’s something that we can consider as a use case,” he said.

However, obtaining data from vehicle sensors can be a challenge



for insurers especially if the data is owned by vehicle manufacturers.

“The issue from an insurance perspective is who owns that data because the vehicle manufacturers will say that they own it. Getting the release of that information to an insurance company is going to be a big challenge because I don’t think manufacturers will give it away freely,” said MRC CEO Steve Miller in response to Mr Ang’s case study.



Mr Steve Miller

### Strengthening relationships with motor repairers

Another issue raised by speakers of the conference was the large difference in costs between franchise repairers and independent ones – the former charging much higher rates than the latter. According to Mr Miller, a factor driving that variance between them is the difference in labour rates. He said franchise repairers also have different relationship dynamics with insurers compared to independent ones.

“Manufacturers are going to have more pressure to increase profits with service revenue drops, for example. I understand the pressure for claims cost but from an independent repairer’s perspective, if you don’t protect them, this will get worse.

“The labour (required for repairs) is tremendous. That’s one of the biggest factors (for the difference in cost). The

franchise dealer is going to promote any franchise on the vehicle, whereas an independent record doesn’t have that authority necessarily. The dynamic between a vehicle manufacturer and a franchise repairer and an insurance company’s very different compared to an independent repair company,” he said.

### Settling claims faster

While many insurers have been making use of AI and technology to process claims faster, some attendees at the conference were concerned if that meant a shift in focus towards cash benefits rather than indemnity.

“Have you as an insurance company ensured that the vehicle has been repaired correctly and back on the road safely? I think it is the insurer’s responsibility to ensure that that car is repaired safely. AI is helping to speed up the process, but we still have to remember that safety to consumers is of paramount importance,” said Mr Miller.

### Preparing for autonomous vehicles

While autonomous vehicles (AVs) have been around for a while, many researchers predict that fully independent vehicles (level five) will be adopted and widespread around 2030 according to University of Michigan’s “Autonomous Vehicles Factsheet” published in 2022.

“I think it’s (AVs) going to be a much slower rollout than what a lot of social media hype is has tried

to convey in the last 10 years,” said Novo AI CEO and founder Gilbert Leung during a panel discussion.

Mr Leung said it is much more challenging for insurers to assess risks for level four vehicles compared to fully independent level five vehicles.

“I think there’s a huge difference between level four autonomy and level five autonomy when it comes to insurance. Level four autonomy requires the driver to be looking at the road to take over a car if necessary. I think it’s very difficult to use past data (for level four cars) to figure out what will happen in the future. The risk is going to be very different if people start falling asleep expecting such cars to drive by themselves with no issues,” he said.

Mr Leung said that there are fully autonomous level five buses are deployed and driven freely in specific and less crowded areas in the US and China. As there is no requirement for a driver to be in the seat of such vehicles, it is much easier to interpret driving data and find underlying reasons behind accidents compared to a level four vehicle where human behaviour is involved.

The Asia Motor Insurance and Claims Management Conference was held on 28 to 29 March in Kuala Lumpur, Malaysia, organised by Asia Insurance Review. ■



Mr Gilbert Leung

**Stay updated on the current risks and how they impact businesses!**

ASIA  
INSURANCE REVIEW  
Member: Beacon International Group, Ltd.

**ARM eWeekly**

ASIA RISK MANAGEMENT REVIEW

**SUBSCRIBE TO Asia Risk Management Newsletter for just US\$50 per year and get:**

- The latest news to keep yourself up-to-date with the ever-changing complexity behind the science of risk management.
- Vital information to make more precise decisions regarding risk retention and risk transfer.
- Comments and opinions from experts on major discussion points affecting the market.
- 48 weekly editions and over 250 news items over the subscription period of 1 year.
- Access to all archives of Asia Risk Management.

To subscribe, simply visit [www.asiainsurance.com/ARMSubscription](http://www.asiainsurance.com/ARMSubscription)