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## Telematics and Big Data are Transforming Insurance Industry

The Internet of Things is an increasing trend in Australia – many large Telcos are making investments in infrastructure, and over 2 million devices are already connected to mobile networks. IoT use cases are becoming more and more economical, and companies are going to need to compete in this domain in order to stand out from their competitors.

Insurance companies have a clear way to stand out. With the Internet of Things, insurance companies can collect real-time travel data about vehicles and obtain new powers for helping their customers. It starts with a dongle that plugs into the OBD-II port of most modern vehicles. This device would connect to a mobile network and regularly send data about active vehicles back to the corporate data centre. This data would contain information about the driver's location, speed, acceleration, direction, and various internal diagnostics.

This data would then be ingested into a real-time Big Data platform like Apache Spark. Within Spark, we could categorise data and flag incoming records that indicate a recent accident. Data would then be sent to a model that scores driving behaviour based on how likely this behaviour would result in an accident.

Insurers would have much to gain from such a data flow. Aside from having a greater understanding of driver behaviour, insurers could offer fair rates to their customers based on their behaviours and not just their demographics. Insurers would have improved efficiency in roadside assistance programs, being able to detect in real-time when a vehicle is in distress. Insurers could use GPS data from incoming data feeds to track cars reported as stolen.

The most interesting, long-term possibility is one where insurers offer a pay-as-you-drive scheme. Insurers would charge you per kilometre driven, based on your route, time of day, vehicle status, and driving habits, giving you a perfectly tailored and fair rate each month for your actually displayed risk.

Certain insurers are already deploying telematics-based solutions to their customers, albeit in early stages. Some insurers have opt-in services – you face no penalty for opting out, and opting in can only reduce your base rate. This approach stems privacy concerns and is a great way to start collecting machine data for insured drivers. Other insurers have mandatory data collection requirements, but only enforce these on enterprise fleets. They use GPS receivers to track the locations of enterprise fleet vehicles, and adjust rates accordingly based on the safety of the drivers.

Insurers in Australia will begin deploying telematics-based technology within the next five years. How will your company stay competitive?

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