



PwC and Guidewire

# Driving Insurance Forward.

## PwC's UBI development capabilities.

Co-authored by PwC and Guidewire

### Addressing the Growing Demand for Telematics Products

Automobile insurers have invested in developing data-driven automobile insurance solutions that link real-world usage and behavior to pricing. With an evolving regulatory environment and possible limitations on traditionally used rating factors, telematics-based products are appealing due to their direct relationship between environmental factors and price.

### Accelerating your Telematics Journey

Carriers of various sizes are building and experimenting with telematics-based products, which are commonly referred to as Usage-Based Insurance ("UBI"). UBI products vary depending upon target market, but each includes some form of data capture device on the vehicle or through a mobile device to help capture and transmit data back to the insurer or a third-party. From there, insurers have pursued several models of a UBI product, including:

- **Usage-Based** – a product that is structured on a base fixed fee, and then a variable per mile rate that can vary based on how much an insured drives in an audit period
- **Behavioral-Based** – a product that incorporates a mix of operator values such as speed, hard braking, etc. to help generate a proprietary behavioral score. This behavioral score is used to adjust the rating plan to reflect real-world driver behavior
- **Enrollment and Renewal Discount** – the more common model, this strategy provides a flat enrollment discount for the current policy term and provides an incentive model (such as gift cards) for the first term. Data is then aggregated and scored for form the renewal rate modifier.

### PwC's Approach

Guidewire's UBI insurance solution provides a model implementation for usage-based products. This solution includes necessary Guidewire PolicyCenter and BillingCenter configurations to support a per-trip pricing model, as well as pre-built integrations to common telematics data providers in the market.

PwC has developed UBI capabilities that can help expand Guidewire's solution to support the creation of behavioral and enrollment-based models, as well as further integration to common telematics use cases such as automatic claims creation based on crash detection from the telematics system.

~35%

Percentage of retail automobile customers enrolling in telematics-based products in the United States for Tier 1 carriers<sup>2</sup>

49%

Of Generation Z indicated they were likely to purchase usage-based insurance based on changes in auto usage due to COVID-19<sup>1</sup>

1 - PwC, "COVID-19 Consumers & Coverage, Survey shows what insurance buyers want now", 2020

2- TransUnion "Inflation Drives 33% surge in auto telematics adoption in first quarter of 2022".



## Multiple Plan Options

Our UBI capabilities can provide multiple product design options, including behavioral and renewal telematics solutions.



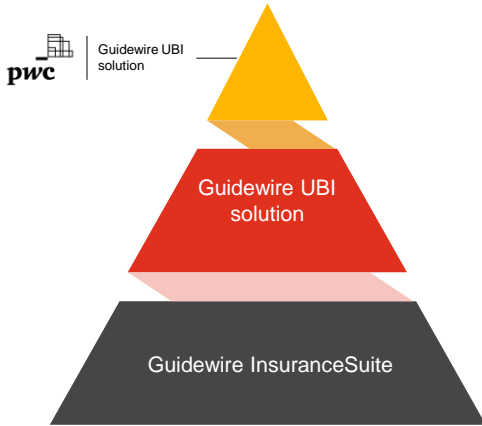
## Guidewire Aligned

Our capabilities are based on Guidewire's Cloud and leverages a Guidewire solution, helping confirm sustained alignment to Guidewire's core platform



## PwC Automation Capabilities

PwC custom logic supports additional use cases to support advanced analytics through to workflow automation for claims and billing



### Policy Administration

- Rewards model to support UBI programs that utilize a flat percentage enrollment and rewards system
- New behavioral score-based model for stand-alone behavioral UBI programs

### Rating

- PolicyCenter rating-based model for rewards Model approaches and renewal pricing
- PolicyCenter rating-based models for a behavioral score

### Billing

- Guidewire BillingCenter configuration for monthly UBI-based billing

### Platform and Analytics

- Kafka-based data streaming for telematics data consumption
- AWS serverless logic for data capture, triggers and events
- Analytics platform integration for ML

### Integration

- Expansion of integration to support automatic Claims FNOL

### Claims Automation

- Automatic creation of claims FNOL, reserving and payment based on trigger
- Ability to develop fraud or manual alternative workflow to help review, manage and adjudicate flagged claims



Cloud-native technology stack



Aligns to Guidewire Cloud



Create Insight Through Data



Automate Workflows and Experiences



Build Beyond Automobile Lines of Business

## Accelerate Your Telematics Market Entry

Our UBI capabilities can provide an accelerated journey to help build, integrate and iterate your telematics-based product and get to market quicker by using the more common UBI product patterns seen in the industry today.

## Leverage the Breadth of PwC's Insurance Capabilities

Should you require additional product management, underwriting or actuarial support to build your UBI product, PwC supports over 12,000 worldwide resources solely focused on the insurance market, including PwC's multi-disciplinary Risk Modeling Services. By combining the breadth of PwC's services, you can leverage a turnkey solution to support your new market entry.

## Create Unique Customer Experiences

Our UBI capabilities include several innovative market solutions, including access to fine grained data sets for advanced analytics use cases, as well as cloud-native serverless code to help identify, trigger and orchestrate automations across policy administration, billing and claims use cases.

## Expand Your IoT-Enabled Product Offerings

By leveraging PwC's integration and serverless pipelines, insurers can implement unique data and IoT-driven products beyond traditional automobile to include data-based products including parametric offerings.

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