

Press release

Contact: Sophie De Meyer
Tel: + 32 2 600 60 21
Mobile: + 32 484 95 22 68
Email: sodemeyer@deloitte.com

By 2020, in Belgium, digitally-enabled motor insurance will exceed 0.5 billion euros, accounting for 16% of the Belgian motor insurance market

Deloitte European Motor Insurance Study – 2nd edition

Diegem, 23 November 2016

For the second year running, Deloitte has published its study of the European motor insurance market. The study surveyed 15 000 consumers in 11 countries (Austria, Belgium, France, Germany, Ireland, Italy, Poland, the Netherlands, Spain, Switzerland and the UK). In an increasingly standardised and volatile market, the rise of digitally-enabled insurance opens up a window of opportunity for motor insurers to extend the value proposition from claims related services to a large scope of services related to mobility. It offers a way to secure policy-holders' loyalty other than through competitive prices alone. The study's findings show that European customers are ready for a new kind of insurance, one where insurers are more than just a risk carrier. The study explores how insurers could develop a new type of relationship and products offering with their policy holders, through digitally-enabled insurance products.

State of the motor insurance market in Europe

« Connected devices are becoming a prominent part of our daily lives. Most industries have seized upon this trend in order to create a deeper relationship with their customers. More insurers are not immune to the changes that are happening, especially as they operate in an increasingly competitive market. Italy and the United Kingdom have led the way with telematics. Whether or not these new offers catch on will depend on consumer acceptance, the pace of which will vary from country to country. » explains **Michel de la Bellière, Financial Services Industry Partner and co-head for EMEA Insurance at Deloitte.**

Deloitte estimates that the **potential market size for digitally-enabled motor insurance in Europe could reach 15 billion euros by 2020.** This takes into account both the expressed willingness of customers to share data and the projected churn rate in each country. The digitisation of the economy and regulatory changes have led to greater consumer volatility. This is true also for insurance markets. When the respondents were asked to rank their willingness to switch their insurance providers (0 being very unlikely and 10 being very likely), the European average has jumped from 3.7 in 2015 to 4.5 in 2016. Whilst the big switch has not yet taken place, appetite is building.

In Europe, it is the Belgian, Italian, British, French, German and Spanish markets that hold the highest potential for the development of digitally-enabled motor insurance. European consumers seem much more willing to share their driving data than data obtained from social media. However fruitful data from social data sources might be for creating new relations with existing customers, insurance companies may face difficulties in collecting and compiling such data.

Belgium, a fertile ground for Telematics development

In recent years, the level of interest among Belgian insurers for developing Telematics offerings has increased, with major players launching telematics proof of concepts.

This interest is being shared by Belgian policyholders. Deloitte indeed estimates that the market size for digitally-enabled motor insurance market in Belgium could reach 0.5 billion euros by 2020, accounting for 16% of the total Belgian motor insurance market. Even though the willingness to switch insurance providers is lower than the European average, Belgian policyholders are the least reluctant to share data, which makes the case for telematics based-insurance strong, as can be seen in the following figures:

- 17% of Belgians are very likely willing to change their insurance providers (29% European average)
- 40% of Belgian respondents are very likely willing to share data with their insurers (28% European average)

« Belgium will be key to the development of Telematics-based insurance policies in Europe. The relatively small size of the market as well as the innovation friendly mindset of its policyholders makes it an attractive market in the eyes of insurers to test new innovative solutions. » explains **Arno De Groot**, Risk Advisory Partner and Insurance Industry Leader at Deloitte Belgium.

Services are at the very heart of digitally-enabled motor insurance

Price is currently the major sales argument for telematics insurance. Insurance needs to shift their discount-based offering towards a value-based product and service offering by putting customer needs at the core.

More than half of the respondents across Europe said they would be willing to share their data in order to benefit from at least one of the following car related services:

- Free roadside assistance
- Automatic emergency assistance
- Localisation of a stolen car/recovery
- Free oil / car services once the driver has accumulated a certain number of points for safe driving.

« Digitally-enabled motor insurance is on its way to becoming an important offering in all European countries. Customers are ready for a new insurance offering where insurers would be more than just a risk carrier. Insurers who follow this path could emerge as winners in a redistribution of the market for motor policies. Our study shows a significant correlation between people willing to switch and those willing to share their driving data with their insurers. Insurers are amongst the top 3 actors that people trust in to share their personal data. Nevertheless, data sharing raises ethical issues that should be addressed by the insurance company. » says **David Rush**, Financial Industries Partner and co-head for EMEA Insurance at Deloitte.

[To view the complete study, click here.](#)

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Methodology

The study was conducted in April 2016 by ResearchNow. It used an online questionnaire to survey 15,000 people in Austria, Belgium, Germany, France, Italy, the United Kingdom, the Netherlands, Spain, Ireland, Switzerland and Poland. The survey was answered by 1,436 respondents in Belgium. The sample of respondents was weighted in order to reflect the relevant country's profile.

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