

Usage-Based Insurance Market is Set to Rise at a Revenue of US\$ 245.86 Billion By 2031

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/EINPresswire.com/ -- The [Usage-Based Insurance Market](#) is set to witness a rise in revenue from 10.00 billion USD in 2023 to 245.86 billion USD by 2031, registering a CAGR of 10.00% during the forecast period from 2023 to 2031.

For more information, contact info@astuteanalytics.com or visit <https://www.astuteanalytics.com/request-sample/usage-based-insurance-market>

A new era in auto insurance has begun with the emergence of telematics-supported usage-based insurance (UBI). This report will examine these technical developments in greater detail, examine the changes in the insurance industry, and thoroughly examine the effects of telematics on insurers, customers, and state regulators.

The usage-based insurance market is likely to increase at a faster rate thanks to the expansion of the automobile industry. Telematics-driven usage-based insurance is appealing to car owners since it offers low premiums for low-risk driving and high premiums for high-risk driving. As a result, people can significantly cut their insurance premiums by changing their driving behaviors. The global automotive industry rose by double digits in 2021, according to the Economist Intelligence Unit, with new car sales up 15% and commercial vehicle sales up 16%.

Government rules for vehicle safety and increased sales of pre-equipped telematics vehicles are two further drivers that are projected to fuel market demand. Telematics has quickly become commonplace in the automotive industry. The Global System for Mobile Communications, predicts that the telematics market will grow to US\$ 750 billion by 2030. The telematics sector is expanding for two main reasons. First, governments are becoming more eager to impose telematics regulations, something that is already happening in the European Union and Russia. Second, there is a growing need for automobiles to be more connected and intelligent.

The usage-based insurance market is rising due to technological breakthroughs. In order to



increase their market share, major usage-based insurance providers are concentrating on creating technology solutions for usage-based insurance. For instance, in Jan 2021, the US-based insurance company Allstate Corporation acquired National General Holdings Corp. for US\$ 4 billion. With a larger market share, the acquisition would allow Allstate Corporation to expand its personal lines insurance.

Figure 10: Compound annual growth rate of electric vehicles in the usage-based insurance market

In the usage-based insurance market, electric vehicles (EVs) are anticipated to expand at the highest compound annual growth rate of 24.55% during the projection period. Modern insurance companies have begun providing EV-specific insurance plans as the use of electric vehicles increases. For instance, ACKO offers electric automobile insurance, which has several advantages, such as streamlined processes that require no paperwork, no commissions, and quick claim resolution.

Figure 11: Revenue share of Pay As You Drive insurance package type in 2022

In 2022, Pay As You Drive held a revenue share of 41%. With this package type, policyholders can significantly tailor their insurance plans, which lowers premiums. Pay-As-You-Drive auto insurance plans are already common in industrialized countries all over the world and are becoming more popular in India. Customers are also using this kind of insurance coverage to discourage risky driving and promote safe driving habits in order to receive incentives and discounts on insurance costs.

Figure 12: Revenue share of car telematics in Europe by country in 2022

Europe is most likely to produce the highest revenue share. This is a result of strong regulatory backing for the use of car telematics. A law was passed in Italy requiring insurance providers to install telematics devices in all vehicles and base premiums on the real-time information provided by these devices.

Similarly to this, all passenger and cargo vehicles in the European Union and Russia must use the eCall system and ERA-GLONASS. These systems rely on different telematics devices that may, among other things, monitor driving behavior and provide emergency help using real-time driving data. Therefore, these elements will encourage the implementation of automotive usage-based insurance in this region.

With 8 million policies, Italy is by far the largest UBI market in Europe. This accounts for 70% of all connected active insurance policies in Europe. Italy has a connected insurance penetration on all of its active vehicle insurance plans that is nearly 25%, which can be due to the long-standing success of black boxes in lowering the country's theft and fraud problems.

With 1.3 million active policies and an 11% market share, the U.K. is the second-largest UBI

market in Europe. It is primarily recognized for its youthful clientele. In fact, numerous motor insurers started insurance plans specifically for young drivers owing to extremely high insurance costs.

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The top 10 prominent players in the global market control a sizeable portion of the market—roughly 65-75%—as a whole. About 25 to 35 percent of the market's revenue comes from the remaining firms. Allianz, AXA, All State Insurance, Cambridge Mobile Telematics, Liberty Mutual Insurance, Metromile Inc., Nationwide Group, Root Insurance, and Travelers Group are a few of the top 10 competitors in this market. These businesses have made a name for themselves as major players in the usage-based insurance sector.

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Additionally, the market's participants are concentrating on improving their market presence by implementing various growth strategies. These tactics assist companies in strengthening their regional offers and geographically expanding their business. Moreover, as part of their growth plan, businesses place more emphasis on delivering an enhanced customer experience.

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- Allianz
- AllState Insurance Company
- ASSICURAZIONI GENERALI S.P.A.
- AXA
- Cambridge Mobile Telematics
- Liberty Mututal Insurance Company
- Metromile Inc.
- Nationwide Corp. Group
- Progressive Casualty Insurance Company
- Root Insurance
- Sierra Wireless
- State Farm Automobile Mutual Insurance Company
- The Hartford
- Travelers Group
- Verizon
- Webfleet Solutions
- Other Prominent Players

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- On-board Diagnostics (OBD-II)
- Smartphones
- GPS Device
- Embedded System
- Black Box
- Others

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- Pay-as-you-Drive (PAYD)
- Pay-how-you-Drive (PHYD)
- Pay-as-You-Go
- Distance-based Insurance

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- Direct
- Agency
- Bank
- Brokers & Insurance Marketplaces

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- ICE Vehicles
 - o Petrol
 - o Diesel
 - o Others
- Electric Vehicles
 - o Battery Electric Vehicle (BEV)
 - o Plug-in Hybrid Vehicle (PHEV)
 - o Fuel-cell Electric Vehicle (FCEV)

- Hybrid

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- Personal
 - o 2-Wheelers
 - o 4-Wheelers
- Commercial
 - o Passenger
 - o Heavy Vehicles
- Off-road Vehicles

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- New Vehicles
- Used Vehicles

- North America
 - o The U.S.
 - o Canada
 - o Mexico
- Europe
 - Western Europe
 - The UK
 - Germany
 - France
 - Italy
 - Spain
 - Rest of Western Europe
 - Eastern Europe
 - Poland
 - Russia
 - Rest of Eastern Europe
- Asia Pacific
 - China
 - India
 - Japan
 - South Korea
 - Australia & New Zealand
 - ASEAN
 - Rest of Asia Pacific
- Middle East & Africa
 - UAE
 - Saudi Arabia
 - South Africa
 - Rest of MEA
- South America
 - Argentina
 - Brazil
 - Rest of South America

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