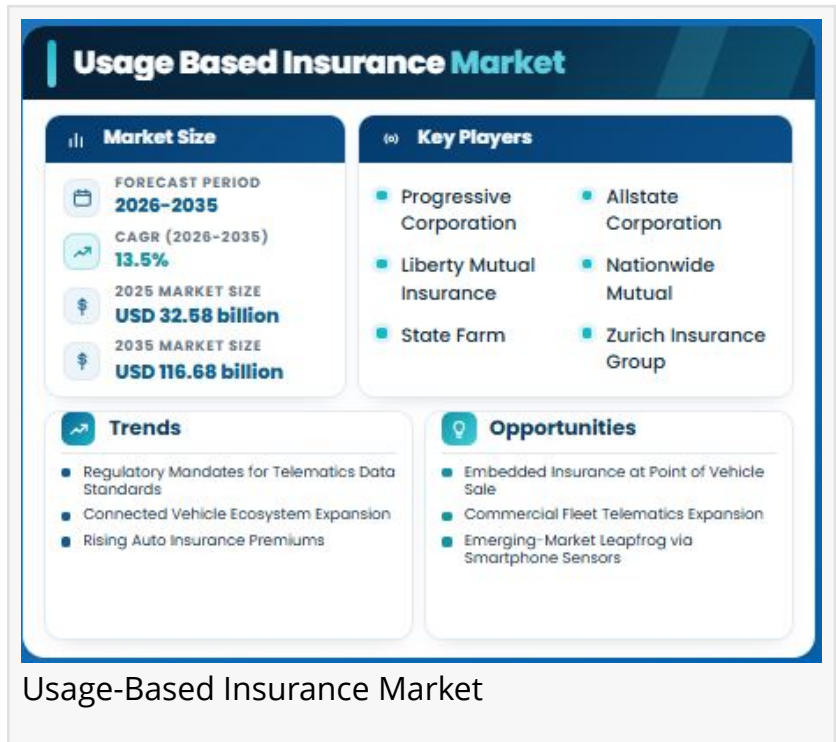


# Usage-Based Insurance Market Growth Accelerates at 13.5% CAGR Through 2035

*Usage Based Insurance (Ubi) Market Size, Share and Research Report By Vehicle Type (Passenger Cars, Commercial Vehicles (LCV and HCV), 2-Wheelers*

TOKYO, TOKYO, JAPAN, July 5, 2026 /EINPresswire.com/ -- The Global [Usage Based Insurance market](#) reached an estimated USD 32.58 billion in 2025 and is projected to climb from USD 37.32 billion in 2026 to USD 116.68 billion by 2035, expanding at a compound annual growth rate of 13.5% during the forecast period. Usage-based insurance which prices auto insurance premiums based on actual driving behavior, mileage, and real-time vehicle data rather than static



actuarial rating factors such as age and zip code is transitioning from a niche telematics experiment into the mainstream paradigm for personal-lines auto underwriting globally.

Regulatory momentum is accelerating this shift: the European Commission's September 2024 proposal for standardized in-vehicle data access frameworks that would require automakers to share real-time driving data through open APIs by 2027, and the US NHTSA's USD 520 million in V2X pilot corridor matching grants across 17 metropolitan areas, are collectively compelling traditional carriers to abandon static rating factors in favor of continuous behavioral analytics.

The technology transformation driving the usage-based insurance market centers on the displacement of paper-based, annual-renewal underwriting models by real-time data streams from OBD-II dongles, [smartphone sensors](#), and factory-integrated telematics units embedded directly on automotive assembly lines. Insurers poured over USD 4.7 billion into telematics infrastructure in 2023-2024 alone, funding edge computing modules, cloud-based behavioral scoring engines, and OEM data-sharing partnerships that are making connected-vehicle telematics a standard feature on midrange vehicles.

Carrier investment in machine-learning pricing engines grew by an estimated 38% year-over-year



The Usage Based Insurance Market is gaining momentum as telematics and connected vehicle technologies enable personalized premiums based on real-time driving behavior.”

*Market Research Future  
(MRFR)*

in 2024, with advanced models ingesting multi-modal trip-level telematics combined with weather, traffic density, and road-surface conditions to produce individualized risk scores updated weekly rather than annually reducing loss ratios by an estimated 5–8 percentage points for early adopters.

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□ How Significant Is the Usage Based Insurance Market's

Growth?

The usage-based insurance market's trajectory from USD 32.58 billion in 2025 to a projected USD 116.68 billion by 2035 represents more than a three-and-a-half-fold expansion, driven by the convergence of connected-vehicle ecosystem maturation, sustained auto insurance premium inflation compelling consumers to seek behavior-linked discounts, and regulatory frameworks mandating open vehicle data access that lower the technical barrier for carriers to offer telematics-based pricing across their entire policy portfolio.

Pay-How-You-Drive programs accounted for approximately 36.5% of the usage-based insurance market in 2025, reflecting strong consumer preference for driving-behavior-linked discounts, while Manage-How-You-Drive programs are expected to register the highest package-type CAGR of 14.1% through 2035, fueled by fleet-management integrations and employer-sponsored safe-driving platforms.

OBD-II dongles captured roughly 37.2% of global revenue share in 2025 as the dominant data-collection mechanism, while smartphone-based telematics systems are forecast to grow at the fastest technology CAGR of 15.2%, reflecting lower hardware costs and rapid adoption in emerging economies where aftermarket device penetration and consumer smartphone ubiquity align to enable low-cost UBI deployment. Commercial vehicles represented 23.9% of market size in 2025, propelled by fleet operators seeking granular risk visibility and fuel-efficiency optimization alongside insurance cost reduction.

□ What Does the Future Hold for the Usage Based Insurance Market?

Regulatory mandates for telematics data standards are the single most powerful near-term catalyst for the usage-based insurance market, contributing 15–20% to the CAGR the highest driver-impact range across all demand catalysts. The European Commission's September 2024 proposed standardized in-vehicle data access framework requiring automakers to share real-

time driving data through open APIs by 2027 without proprietary OEM gatekeeping represents the most significant structural policy enabler for European carrier UBI program expansion.

Paired with EU GDPR consent architecture updates clarifying telematics data processing lawful bases, this regulatory package is expected to unlock tens of millions of European policyholders for behavior-based pricing within the forecast decade.

Rising auto insurance premiums are creating the consumer demand pull that is accelerating usage-based insurance adoption across North America and Europe. The US personal auto insurance market experienced significant premium inflation driven by rising vehicle repair costs, supply chain complexities, and increases in bodily injury claim severity, bringing average premiums to historical highs by 2024.

Market research indicates a measurable increase in consumer willingness particularly among tech-savvy millennial and Gen Z demographics to exchange driving telematics for personalized premium discounts. This premium inflation dynamic is simultaneously improving insurer economics on UBI programs by reducing adverse selection among self-selecting low-risk policyholders, creating a virtuous cycle that is driving accelerated program expansion across the market's leading carriers.

#### □ Who Are the Key Players in the Usage Based Insurance Market?

The usage-based insurance market is dominated by major personal-lines auto insurance carriers that have made telematics-based pricing a central strategic investment, alongside a growing ecosystem of insurtech platforms and telematics infrastructure providers. MRFR identifies the following key participants:

□ Progressive Corporation - the pioneer and market leader in usage-based insurance through its Snapshot telematics program, which has enrolled tens of millions of policyholders and accumulated one of the industry's largest behavioral driving datasets, enabling continuous improvement of ML-driven risk models that deliver superior loss ratio performance on UBI portfolios.

□ Allstate Corporation - a major UBI market participant through its Drivewise telematics program, offering driving-behavior-based discounts across its personal-lines auto portfolio, with a mobile-first data collection approach that leverages smartphone sensors to lower enrollment friction and expand program reach.

□ Liberty Mutual Insurance - a global insurer offering RightTrack and other telematics-based usage-based insurance programs across its personal and commercial lines portfolios, with data analytics capabilities enabling granular risk segmentation by driving time, distance, speed, and hard-braking event frequency.

□ Nationwide Mutual Insurance Company - a major UBI provider through its SmartRide and SmartMiles programs, offering both behavior-based discount programs and pay-per-mile insurance options that serve the growing segment of low-mileage urban policyholders seeking mileage-proportional premium structures.

□ State Farm Mutual Automobile Insurance Company - the largest US personal-lines auto insurer, offering its Drive Safe & Save telematics program across its massive policyholder base, with connected-car partnerships enabling factory-integrated data collection from supported vehicle models without aftermarket device installation.

□ Zurich Insurance Group - a global insurance leader offering usage-based insurance programs across European and international markets, with particular strength in commercial fleet telematics programs that combine UBI pricing with fleet safety management, driver coaching, and sustainability reporting capabilities for large corporate fleet operators.

Competitive dynamics in the usage-based insurance market are increasingly shaped by the depth of behavioral driving data accumulated across enrolled policyholders, the sophistication of ML-driven actuarial models that translate raw telematics into accurate risk scores, the quality of mobile app and driver feedback experiences that drive engagement and retention, and the breadth of OEM data-sharing partnerships that enable factory-integrated enrollment without consumer hardware installation.

□ What Are the Emerging Trends in the Usage Based Insurance Market?

Several transformational trends are redefining the usage-based insurance market's evolution through 2035:

Regulatory Mandates Opening Vehicle Data Access: The European Commission's September 2024 proposal requiring automakers to share real-time driving data through open APIs by 2027, and the US NHTSA's USD 520 million V2X pilot corridor investment across 17 metropolitan areas, are fundamentally reshaping the competitive environment by eliminating OEM gatekeeping of vehicle telematics data and enabling any carrier to access driving behavior signals without proprietary hardware partnerships.

Connected-Car Factory Integration Replacing OBD-II Dongles: As factory-integrated connectivity becomes standard on midrange passenger vehicles, usage-based insurance enrollment is transitioning from aftermarket device self-installation historically the primary adoption friction point toward native OEM-embedded telematics activation requiring no consumer action, dramatically expanding the addressable UBI enrollment pool across North America, Europe, and Asia-Pacific.

AI & ML Actuarial Analytics Achieving Loss Ratio Advantages: Machine-learning pricing engines ingesting multi-modal trip-level telematics combined with weather, traffic, and road-condition

data are producing individualized weekly-updated risk scores that are reducing loss ratios by 5–8 percentage points for early-adopter carriers, establishing a sustained competitive advantage for UBI specialists over traditional actuarial-table underwriters and incentivizing accelerated ML investment across the market.

**Commercial Fleet Telematics Expansion:** Commercial vehicle operators seeking granular risk visibility, fuel-efficiency optimization, and driver safety coaching are driving strong demand for fleet-focused usage-based insurance programs that combine UBI pricing with comprehensive fleet management analytics, with commercial vehicles representing 23.9% of market size in 2025 and fleet telematics integration posting one of the market's fastest growth rates through 2035.

**Embedded Insurance at Point of Vehicle Sale:** Auto OEM partnerships enabling embedded UBI policy activation through infotainment systems exemplified by Tesla's Insurance product leveraging real-time Safety Score data and Hyundai's carrier partnerships are establishing the point of vehicle delivery as a major new UBI distribution channel, removing broker intermediation and enabling personalized day-one premium quoting based on factory-available driving profile data.

**Emerging-Market Leapfrog via Smartphone Sensors:** Smartphone-based telematics systems growing at a 15.2% CAGR are enabling usage-based insurance deployment in India, Southeast Asia, and Latin America without requiring OBD-II hardware or factory connectivity infrastructure, allowing first-time auto insurance buyers in rapidly motorizing emerging markets to access behavior-priced personal-lines coverage through mobile apps that convert smartphone accelerometers and GPS into real-time driving scorecards.

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□ How Is the Usage Based Insurance Market Segmented?

The usage-based insurance market report provides a comprehensive segmentation framework:

**By Vehicle Type:** Passenger Cars, Commercial Vehicles (LCV and HCV), 2-Wheelers (Motorcycles and Scooters), Telematics & Fleet Management Devices

**By Data Source:** On-Board Diagnostics (OBD), Smartphone Telematics, Vehicle Telematics, Collision Detection Devices

**By Pricing Model:** Pay-As-You-Drive (PAYD), Mileage-Based Insurance, Behaviour-Based Insurance (BBI), Ride-and-Drive-Sharing

**By Coverage:** Collision and Comprehensive Insurance, Liability Insurance, Home & Emergency Assistance, Extended Warranty

By Distribution Channel: Insurance Companies, Third-Party Insurers (TPAs), OEMs and Fleet Management Providers, Insurance Brokers and Agents

By Region: North America, Europe, Asia-Pacific, South America, Middle East and Africa

□ What Are the Regional Insights from the Usage Based Insurance Market?

Europe retained the largest regional share of the usage-based insurance market at 28.5% in 2025, driven by robust telematics laws, Italy's mandatory black-box regulation requiring telematics devices on all new policies for high-risk driver categories, and the EU's progressive cross-border data framework development. The United Kingdom's mature young-driver UBI market where black-box policies have become mainstream for under-25 drivers facing elevated conventional premiums and Germany's rapidly growing fleet telematics adoption are the primary demand engines, positioning Europe as both the market's largest revenue base and its regulatory innovation leader.

North America is the second-largest regional market and the primary UBI innovation hub, home to the market's pioneering carrier Progressive Corporation and major program operators including Allstate, State Farm, Liberty Mutual, and Nationwide. Sustained US personal auto insurance premium inflation reaching historical highs, NHTSA's USD 520 million V2X corridor investment, and the rapid expansion of OEM-embedded telematics data partnerships across Detroit's major automakers are establishing North America as the market's highest-spending per-policy UBI deployment environment, where ML actuarial sophistication and policyholder behavioral dataset scale provide leading carriers with durable competitive advantages.

Asia-Pacific is the fastest-growing regional market at a projected 18.6% CAGR through 2035 the highest of any region globally driven by rapidly expanding vehicle ownership in India and China, digital-insurance mandates across multiple Asian jurisdictions, and the smartphone telematics leapfrog opportunity that enables UBI deployment in emerging markets without requiring aftermarket OBD-II hardware infrastructure.

India's IRDAI regulatory sandbox UBI pilot programs, China's connected-vehicle ecosystem expansion, and Southeast Asia's ride-hailing platform embedded insurance integration are collectively establishing Asia-Pacific as the usage-based insurance market's most dynamic long-term growth region.

South America and the Middle East & Africa represent emerging growth frontiers for the usage-based insurance market, with adoption driven by rapidly growing vehicle fleets in Brazil and Mexico creating commercial fleet telematics demand, rising auto insurance premium inflation in Latin American markets creating consumer pull toward behavior-priced alternatives, and Gulf Cooperation Council auto insurer technology modernization programs investing in telematics infrastructure to address persistent claims fraud and adverse selection challenges.

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