The Telematics Driven Claims Process
Introduction

Telematics-driven usage-based insurance programs are now available in every US state. Insurers have embraced telematics as a tool to more effectively price risk.

The most innovative insurers are looking beyond pricing for new ways to use telematics data. Leveraging telematics to improve the claims process is the next logical step.

When effectively integrated into the claims processes, telematics:

• Reduces allocated loss adjustment expenses through lower towing, storage, rental, inspection, and repair costs
• Reduces unallocated loss adjustment expenses through shorter cycle times
• Improves customer satisfaction and retention through faster settlements and better interactions.

This guide identifies key steps in the auto insurance claims process where telematics can have a big impact. A fully telematics-driven claims process takes time and resources to put in place, but this guide will help you build a road map to get there.
The Telematics-Driven Claims Process

Crash Detection ➔ Instant FNOL ➔ Coverage Verification ➔ Liability Assessment ➔ Crash Scene Services

- Salvage
- Repair
- PI Claims

Salvage ➔ Repair ➔ PI Claims

- Estimate
- Settlement
- Inspection
- Subrogation

Estimate ➔ Settlement ➔ Inspection ➔ Subrogation ➔ Repair Decision
Crash Detection

Telematics allows insurers to identify an accident as soon as it occurs and insert themselves into the process much earlier. The insurer is thus able to create an individualized claim plan that works for the insured and the insurer, reducing costs and improving customer satisfaction.

Crash Detection
Using vehicle behavior information, including six axis acceleration data, algorithms identify when an accident occurs and collects this data for further analysis.

Instant First Notice of Loss
Once a crash has been detected, notification is pushed to the insurer’s FNOL team. The insurer also receives a crash dossier detailing relevant crash and policy data, allowing for the claims process to begin immediately.

Coverage Verification
Crash data can be correlated with policy information to verify coverage, reducing the time policyholders must spend on the phone immediately following the crash.

Liability Assessment
Insurers can understand the cause of an accident – and assign liability – by reconstructing the crash with telematics data. This methodology supports a more reliable liability assessment than witness statements and inspection alone.
Crash Scene Services

Telematics supports new high-value crash scene services that lower costs and improve satisfaction.

Emergency Response
Immediately following an accident, an insurer can contact the driver and determine if emergency response is required. Vehicle location and crash severity data ensure emergency personnel can respond effectively.

Towing
Vehicle damage analysis, included in the crash dossier, allows insurers to quickly assess if towing is needed. If so they can send a preferred towing provider, avoiding second tows and unnecessary storage fees.

Post-Crash Transportation
Early notification allows insurers to provide policyholders with a taxi or rental car directly from the scene of the crash.
Assessment and Repair

By collecting data on how a vehicle moved prior to, during, and after an accident, telematics can be used to reconstruct an accident and assess vehicle damage. With this information, insurers can reduce adjustment resources and route the vehicle to the in-network shop best suited for the repair.

**Repair Decision**
Telematics data can supplement photos and statements to better identify the extent of vehicle damage. Equipped with this information, insurers are better able to decide if repair is warranted.

**Total Loss Valuation**
Improved vehicle damage estimates allow you to avoid repairing vehicles that should be a total loss or salvaging vehicles that could be saved.

**Inspection**
Telematics data allows insurers to determine the extent of vehicle damage, assess if an inspection is needed, and allocate inspection resources more efficiently.

**Estimate**
Vehicle damage data can be leveraged for parts sourcing, labor estimations, and repair bill audits – improving estimates and reducing costs.

**Salvage**
Proactive towing from the scene of the crash directly to a salvage yard eliminates second towing and storage fees, allowing insurers to recover more of their losses.

**Repair**
Proactive vendor management, vehicle damage insights, and more accurate repair estimates help insurers schedule, manage, and improve their repair process – reducing costs.
Telematics data, photos, and driver feedback allows adjusters to make fact-based decisions about fault and create a subrogation packet within days, not weeks, with little adjuster intervention.

**Personal Injury Claims Management**
Specific markers, based on telematics data, help insurers understand the likelihood and severity of bodily injury and verify claims.

**Settlement**
Telematics data supports faster settlements, which lowers unallocated loss adjustment expenses and improves policyholder satisfaction.

**Subrogation**
Kinetic accident reconstruction allows the insurers to determine and assign liability and support subrogation activities.
The Case for Telematics-Driven Claims

Analysis of telematics ROI to-date has been faulty as it only included the impact of telematics on underwriting. By failing to include the benefit on claims outcomes, insurers underestimate the power and real value of telematics.

Telematics-driven claims causes a powerful and positive shift in the ROI calculation. Insurers will find telematics reduces indemnity and loss adjustment expenses significantly and concurrently, charting a new path for the total cost versus LAE curve.

The claims process is the moment of truth in the insurer-insured relationship. How an insurer responds after an accidents is a primary decision factor in whether a policyholder retains their insurance, or starts looking for a new partner. Through quicker accident response, a more personalized approach to claims management, and faster settlement, telematics-driven claims helps insurers satisfy customers at the critical moment.

As connected cars become ubiquitous, insurers have the opportunity to get ahead of their competition through a commitment to a better claims experience. Telematics will help these innovative insurers develop a competitive advantage in claims and be poised to capitalized on the data-driven future of auto insurance.
About Octo

Octo is the number 1 global provider of telematics and data analytics solutions for the auto insurance industry. Founded in 2002, Octo is one of the pioneers of the insurance telematics industry. Today, Octo is the largest and most experienced insurance telematics company in the world, transforming auto insurance through behavioral, contextual and driving analytics for more than 60 insurance partners. Octo has more than 5 million connected users (as of May 2017) and the largest global database of telematics data, with over 155 billion miles of driving data collected and 397,000 crashes and insurance events analyzed (as of 31 March 2017). Octo applies proprietary algorithms to this market-leading database to deliver powerful new insights into driver risk, informing solutions that benefit both auto insurance companies and policyholders. The company is headquartered in London, with offices in Boston, Rome, Stuttgart, Madrid, and Sao Paulo.
The intelligence behind insurance innovation