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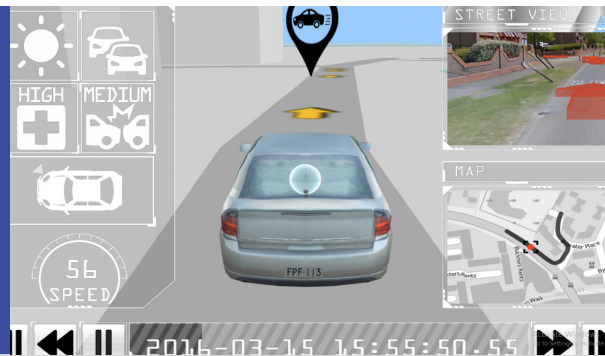
### INTERVIEW

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APRIL 2016

# HOW VIRTUAL REALITY WILL REVOLUTIONISE CLAIMS

"The likes of Google, Facebook, Samsung, and Sony, are committing vast resources to the development and implementation of VR technology"



Practical use of Virtual Reality (VR) is no longer a preserve of the gaming industry. The applications of this technology are available in markets such as education, engineering, healthcare, insurance, sports, and telecommunications. The current discussion within the insurance industry, is centered on how immersive the experience can be, and how revolutionary devices like Oculus Rift can be for the sector. Initially a pie in the sky idea, there is now serious potential for the technology to be used to radically improve the entire claims environment. Scope are at the forefront of the technology and are developing it for the car insurance market.

- **VR will be commonplace among insurers in the near future**
- **The technology is constantly evolving and will benefit all parties**
- **Telematics is driving fairer premiums for consumers**

Unlike other technological innovations of recent years, VR is yet to be adopted on a large-scale by insurers or loss-adjustors and assessors. However, we are already seeing clear benefits for early movers, particularly in the practical application of this technology, and the benefits it offers both insurers and the end insured.

The primary, and perhaps most obvious benefit, is the ability to generate VR simulation of car crashes and accidents. The development of this technology is for most companies in embryonic stage. The VR technology once ready, will be able to better analyze accident and crash

scenes, and assess damage and possible causes at a much faster rate. This will not only improve claims processing times but reduce the potential for fraudulent activity, as insurers can gain a comprehensive overview of a particular accident in real-time from a remote location. VR technology is becoming an increasingly cost and time-effective alternative to on-site assessments.

There are similar benefits when it comes to risk assessment, particularly from the perspective of a Usage-Based Insurer (UBI). Through this model, the premium of a customer is based on where they tend to drive, and how often. Through the effective use of VR, Underwriters can assess all possible risk hazards for particular regions and routes. At present, this process is based on historical data analysis, as well as on-site visits; VR offers the potential for significantly improved cost efficiency on expenses such as travel and hiring. It also allows the loss assessor to make more accurate decisions based on VR scenarios.

In a similar vein, the tech is being used to demonstrate to customers what happens in a car crash as part of a safety demonstration. Ultimately, increasing safety awareness, reduces accident claims. This is an approach we're already seeing from insurers. Through the Oculus Rift platform, customers will be able to pull the headset over their eyes, and a 3D simulation of the car moves in sync with them, as their head looks around and focuses on different objects.

We're fast approaching a time when much of a consumer's individual premium or claim will be determined, for the most part, by VR. Scope are at the leading edge of this emerging technology and will be making an announcement in the new future....

## WELCOME

Welcome to the first Scope Technologies newsletter, **INScope** which will cover our latest updates and market commentary from Q1 2016. If you aren't interested in receiving the newsletter on a quarterly basis in the future, please click here.

We have chosen to publish **INScope**, as our business goes from strength to strength internationally and with your support, continues to grow. Through our quarterly newsletter, we would like to share with you the latest Scope Technologies news, analysis and further insight into our work across fleet, insurance and aftermarket sectors. This will be alongside our regular updates on LinkedIn, Twitter, and Facebook and will include a round-up of developments specific to our business, news from the wider market and expert commentary from our senior spokespeople

## SCOPE BUSINESS UPDATE

It has been an interesting time for the telematics sector internationally as insurers, telecommunications and fleet providers among others start to take the technology more seriously. We have been having conversations with major companies many of whom were looking at or piloting telematics for several years, but the in the last 12 months, we have seen these programmes being incorporated into business models across Europe, the US and Asia.

It has been a very busy last six months for the firm with new or improved partnerships with BKI in Thailand and HDI Gerling in Germany. Our products have also been developed significantly and we launched our new claims management platform to tackle whiplash fraud in the summer. Our products are already used by companies in over 50 countries in five continents but we'd expect that to increase again this year as new markets embrace the technology.

Fraudulent claims seem to be a lingering issue for the industry and we think the next five years will see a revolutionary change in the way that they're processed. Our aim is to make the "Connected Car" a reality and we are constantly redesigning, redeveloping and coming up with new innovative ideas for the market. I hope you enjoy our newsletter and welcome your feedback.

# Q&A: PARTNER INTERVIEW



For further insight into the Asian telematics market, we talk to Andrew Dart...

## Please provide some background on yourself and CSC?

I have been working in the insurance industry for over 30 years and for most of that time with Computer Sciences Corporation (CSC) in Asia. CSC in Asia is a leader in next-generation IT, developing extremely popular core policy and claims administration systems for major insurers in over 20 Asian countries. CSC has been working in the insurance space for more than 40 years but is also a big data specialist and expert in outsourcing, mobility and digital infrastructure.

## What was the market opportunity that encouraged you to partner with Scope Technologies?

Interest in telematics from major insurers has been growing since 2012, as the technology has become mainstream in the UK and US markets especially. Asian insurers have been following this trend with great interest and using telematics has become a serious consideration as they try to manage their auto loss ratios and differentiate on factors other than price. Several countries, such as Malaysia are moving to de-tariff motor insurance premium rates and this presents the perfect market entry for new insurance models such as telematics. Many insurers want to become "digital" and telematics is an excellent place to start. We've seen in the

US that despite an uptick in miles driven, companies like Progressive

Corp. have managed to avoid an increase in claims. This has largely been down to their ability to draw strategic business insights from the digital telematics data and make required pricing adjustments well in advance of their competitors.

## What is your combined offering?

CSC has been working closely with Scope Technologies for a number of years and our partnership is unique. CSC offers cloud-hosting solutions for the immense amount of data produced by Scope's telematics technology. With strict data privacy and sovereignty regulations across Asia, CSC offers our customers the flexibility needed when processing and hosting telematics data. Not only this, CSC provides a cost efficient data lake, which eases the processing burden and opens the use of telematics data for other purposes such as Marketing and Affinity partnerships. Coupled with CSC's client base of more than 100 General insurers in Asia, it makes the Scope / CSC team quite compelling for insurers in Asia.

## Can you give us some insight into the Asian telematics market and why it's an exciting sector?

The Asian telematics market is different from its US and UK counterparts, ultimately because the end-insured has different priorities and focuses. For example, across Asia many customers lack the disposable income to spend on comprehensive motor insurance and thus just take up compulsory insurance. We see an opportunity to craft brand new insurance products that are only



**ANDREW DART**

*Insurance Industry Strategist at Computer Sciences Corporation*

possible using telematics devices that can attract this customer segment back into the market.

## What are your main target markets and why is your offering particularly appealing to them?

Our initial target markets are Malaysia, Indonesia, and the Philippines. We are working with insurers in those markets who are looking to differentiate and are willing to be early adopters of this new technology. We think the telematics solution we offer in partnership with Scope will perfectly address this part of the market and allow our clients to be seen as different and tech savvy.

## What is your current relationship with Scope and how this has been beneficial to your business & clients?

We see Scope as a world leader in telematics & fleet technology and one that can offer a robust and truly end to end solution. We are very impressed by their expertise and experience in the insurance sector with BKL in Thailand but also on the fleet side with major car manufacturers like Honda in India. Our partnership with Scope allows us to offer a new range of services to Asian insurers through the use of this innovative technology.

## ASIAN MARKET UPDATE: INSURANCE TELEMATICS

With more than 225 insurance telematics trials and programs currently under way in over 34 countries, it is estimated that over ten million telematics-based insurance policies are in effect currently worldwide. Whilst traditionally, Asia has been viewed as somewhat off the pace, the region is now rapidly catching up. Asia is witnessing significant insurance telematics activity at this point in time with a number of insurers dabbling with the idea of introducing telematics based offerings.

In May 2015, Thailand's Bangkok Insurance launched Southeast Asia's first and largest commercial consumer telematics program. The program in its first phase targets about 10,000 retail customers. Many more insurers are preparing for similar launches that we will witness in the coming 12 months or so.

Until recently Asia lagged behind European and US counterparts in the adoption of telematics, however across almost the entire continent, the massive potential for growth is obvious.



**PRAVAR GAUTAM**

*VP Sales Asia & EMEA at Scope*

McKinsey, the management consulting firm, estimates that new-car sales in China will overtake those of either Europe or North America by 2020. Information group Nielsen also says south-east Asian sales will drive much of the world's demand for vehicles, in turn increasing the demand for telematics. KPMG reports predict a healthy longer term "prognosis for the Indian automotive industry" but rapid growth isn't the case for every nation in Asia.

Similarly, a recent report from Sandler Research on the global automotive telematics market reveals that the demand for connectivity in cars will be one of the major drivers of growth in the industry, ensuring a CAGR of 23.37% between 2014 and 2019. The Asian region is expected to contribute 30% to the global market, an increase of 400 BPS from 26%, according to another report from Future Market Insights (FMI). That is quite a departure from the traditional insurance models which assess risk and determine premiums based on group behaviour and other proxy variables.

An ongoing communication of a driving score with the consumer can help encourage a culture of safe driving resulting in fewer accidents and claims.

Following a relatively slow start, the insurance industry in Asia is waking up to what is a real opportunity for them to improve their customer retention, driver safety and tackle the high claims and fraud rates.