



Duck Creek  
Technologies



# Orchestrating a Telematics Program for New Business and Renewals



# Introduction

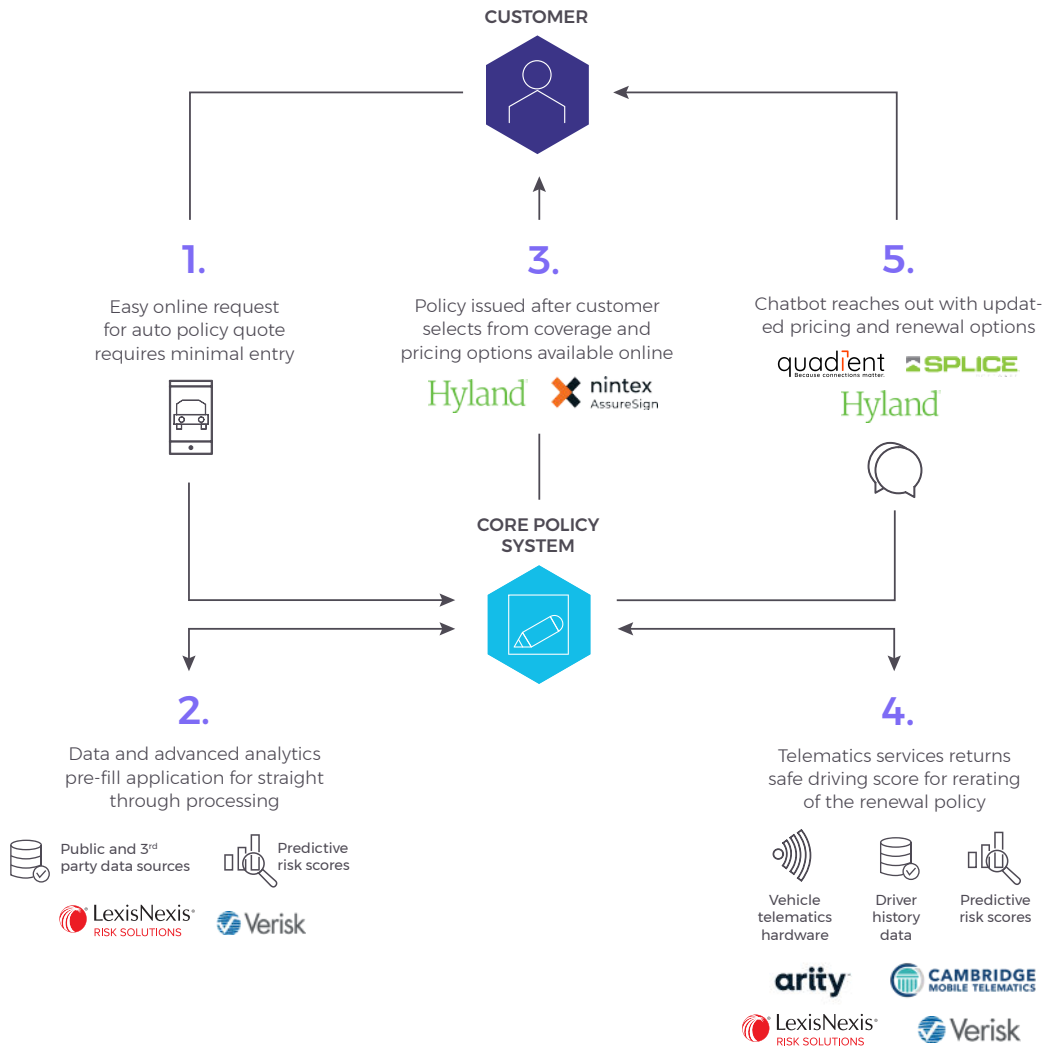
Carrier adoption of telematic-informed underwriting continues to grow and evolve, enabling new business models. Pay-per-mile (PPM) and usage-based insurance (UBI), which are informed by actual driving behavior, have enabled customers to better manage their insurance costs, while providing carriers with invaluable data to inform risk analysis. Among the facts that approximately [one in three vehicles will be telematics-ready by 2023](#), a greater willingness by consumers to opt in to data

sharing agreements, and changes in driving patterns brought on by the COVID-19 pandemic, it appears that telematics could be poised for greater adoption in the years ahead. As carriers strive to create a new standard for personal auto – safer roads, more personalized and streamlined customers experiences, and more adequate and affordable coverage – some insurers may wish to turn to telematics as one possible solution to achieve those outcomes.



Yet in order to “orchestrate” a telematics program, insurers need a policy administration system (PAS) that can integrate telematics data, additional third-party data and services, and coordinate the appropriate if/then workflows across all of these disparate systems. By orchestrate, we mean that, like a conductor directing the performance of various musicians in a symphony, there are several items that need to be integrated, configured, and directed within a PAS in order to execute on the promises of a telematics program.

The diagram below walks through the “art of the possible” of how this can all work. So in this eBook, let’s take a look at how insurers can leverage low-code, SaaS PAS solutions such as Duck Creek Policy to construct a telematics program for personal auto insurance for the use cases of underwriting and rating new business, and in processing renewals.



# 1. Seamless Auto Policy Quoting Experiences



Most would agree that having an easy and straightforward online quoting experience is critical to ensuring that prospective customers choose to do business with you. There certainly are a number of different [approaches to creating a compelling front-end user purchasing experience](#), from taking advantage of configuration tools to building a “headless implementation.” While the approach you take will vary depending on your organization’s unique business needs, having the option of full single-point-of-change is a key benefit to consider. By that, we mean having the ability to make a change in your PAS and have it propagated over to that front-end website. For instance, changing your deductible or policy limit options, or adding

a new field such as second address line in your PAS, should then be automatically called through APIs over to your front-end website. Given you’ll likely want to have the flexibility to change your product definitions as your business needs evolve, you will want to have the ability to pass data elements back and forth. Making a change in your PAS shouldn’t break your quote to issue web or mobile app, and you should be able to still write policies against it.

Of course, now that you have that connection in place between your app and PAS, the next step is minimizing the number of fields that a prospective driver needs to fill out in order to get a quote.

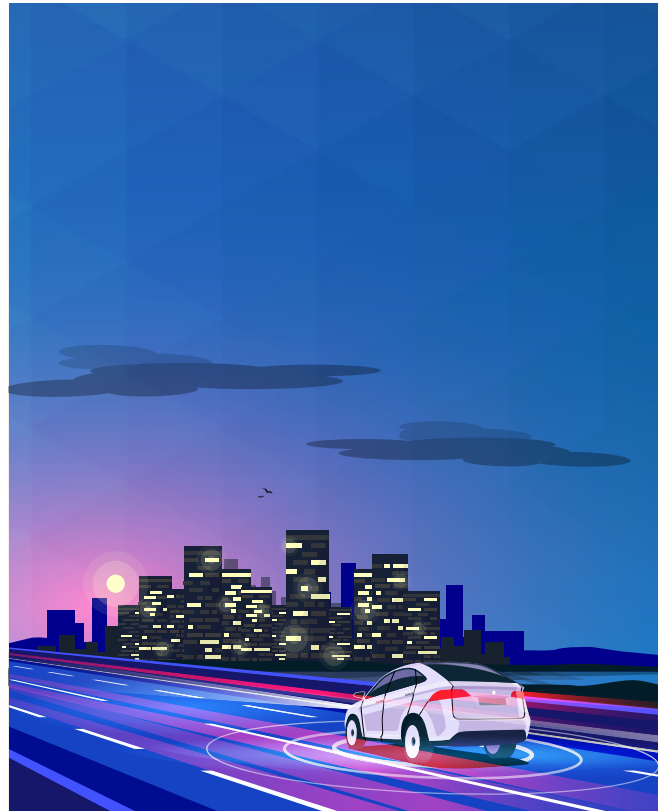
## 2. Pre-fill Driver and Vehicle Data & Other Analytics

Even in a telematics program, you still might wish to capture historical information about an applicant up front. As insurers continue the “[race to zero](#),” many would argue that having ~4 or fewer questions – first name, last name, home address, and date of birth – during the quoting process is an attainable goal, assuming you can call that information from other data sources and synch it with your PAS. What this means today is that pre-filling all that information – from loss details on prior accidents, to vehicle information such as the make and model of a car, to understanding how many drivers live in a home (even if say an applicant only provides their own name) is crucial to how you underwrite and price a policy. Of course, you may leverage other vendors within the insurtech ecosystem (e.g., fraud detection platforms that leverage AI/ML functioning like a bouncer at club does: checking who’s entering and flagging applicants that are suspect).

Today, by leveraging pre-built integrations to the insurance vendor ecosystem, you can ensure that all of these sources are pre-filled automatically, and your PAS returns a quote back to a prospective insured in seconds.

Again, as the example of above has been generalized, it is just one way an insurer might approach getting started with telematics. Of course, some might opt to skip capturing the historical data in step two entirely and go the 100% telematics route – instead incentivizing a prospective

insured to download their mobile app, test drive it for a week on the road, and then, based on their driving performance, deliver a quote to the prospect. Either way, the flexibility in the technology exists today for insurers to determine their approach based on their objectives.



### 3. Issuing the Policy

Once pricing options in the quote are presented to the prospect, the next step is ensuring that the policy issuance is seamless. So what could that look like?

It's requesting that the driver provide an e-signature. In the case of a telematics program, it's getting an insurance applicant to opt into sharing their data—whether that be via some sort of vehicle dongle device and/or a mobile app provided by the insurer or car manufacturer. It's also requesting an initial payment from them. And then finally, once the policy is bound, it's sending all the policy documents, declaration forms, and other forms directly to the customer.

Once again, orchestrating those workflows between what the customer enters and calling the insurer's document management system and e-signature system can all be configured with the core PAS. Having a PAS with an architecture that is flexible enough to accommodate new concepts and can be modified for UBI is critical to being able to roll out telematics-based products. The end result of all these processes running in the back end is a seamless quote-to-issuance experience for the insureds on your front-end consumer website or app.

### 4. Re-Rating the Policy with Telematics Data

Next up is the bread and butter of a telematics program – not only capturing that actual driver data, but doing something with it. For the sake of example, let's say your goal is to adjust driver premiums and reward good drivers every month with lower premiums, and more accurately price the risk higher for those drivers that are more reckless. The key then is getting those telematics scores, which combine inputs such as hard braking, sudden acceleration, and mobile phone distractions (or however they are defined by the telematics provider) to be called into your PAS.

There a number of ways to do this, and in your core system, you should be able to

easily configure whatever you are trying to accomplish: do you want to re-rate the insured based on their driving performance monthly, quarterly, or semi-annually? Of course, even if you aren't crunching the numbers every day, how often you'd like to call your telematics provider to pass data into your PAS is completely up to you as well. From there, defining how frequently you will re-price the insured—whether that be behaviorally-based or if you pivot to a mileage-based program or some combination of the two in a given month is determined by your product definition and rating rules.

## 5. Chatbots Reach Out with Updated Pricing Options and Driver Feedback

Once your telematics program rating scheme is set, now is the time to execute on that promise to customers. Maybe you gave them a 10% discount for signing up in the first place, but now you'd like to reward drivers that drive safely and provide corrective feedback for those that tend to be more reckless. This feedback can take the form of configuring a chatbot to then reach out to your insured to deliver ongoing feedback about their driving score, as well as presenting what their new rate will be. Having that feedback mechanism in place prevents surprises from happening for the insured – if they see their telematics score declining over time due to their getting pulled over for speeding tickets, it shouldn't come as an out-of-the-blue sur-

prise when they receive a monthly renewal offer. So if a driver is on the path of having a non-renewal due to what the telematics data is capturing (e.g., perhaps it reveals a rare case of a driver who has a habit of doing some occasional drag racing), then the insured should be made aware of that and have an opportunity to change their driving behavior.

As with all the above steps, all these automated workflows – from syncing the score captured by the telematics provider back to the policy record, to having a chatbot reach out to the insured with their feedback captured from the telematics service and presenting the policy renewal price – can be configured in your PAS.



# Pulling it All Together – Automating the Experience

In summary, having your PAS integrated in a highly automated fashion with a variety of third-party vendors can delight existing customers and reduce churn, while improving an insurer's reputation to prospects looking to buy new car insurance. From having easy quotes pre-filled with historical auto application data upfront, to issuing the policy, to then constantly calling data collected by telematics devices and re-rating and renewing the policy, there are a lot of pieces to coordinate, but it can definitely be orchestrated by today's policy administration systems.

Of course, whenever there is need for manual intervention by an underwriter or customer service representative, whether that be reaching out directly to hear a certain driver's perspective on why they've

had more accidents and claims in recent years to providing a more forceful warning to an insured about their driving behavior, that all can be configured too.

The great news is that modern core systems fully support this approach. Getting into telematics does not have the large barrier to entry as something that only large insurers could execute on. While not touched on in this eBook, telematics certainly has additional use cases (such as automatically notifying an insurer about an accident prior to a driver filing a claim) whereby having this data integrated into the core system can produce additional synergies. In sum, should your business strategy call for leveraging telematics in personal auto, you can do it, and it all can be orchestrated and made on Duck Creek.

## Safer Roads are Made on Duck Creek.

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- Listen to our partner podcast episodes about [telematics in personal auto](#).







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