

Centre's vehicle tracking mandate set to prove a boon for insurers

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Chennai: With the government mandating all public transport vehicles with over six-seater capacity should have location tracking devices, insurance companies in India are best positioned to capitalise on this growth.

The new regulation, coming into effect from April 1, 2018, will be applicable for state transport buses, school vans, ambulance and other special purpose public carriers. And insurers like Bajaj Allianz, ICICI Lombard and Liberty Videocon have already live-tested telematics solutions on the road.

Currently, Bajaj Allianz General Insurance Co has nearly 6,000 vehicles of its policyholders fitted out with telematics devices — which track vehicle location, driving pattern, provide geo-fencing, engine/battery health indicators, towing services and alert emergency services in case of accidents. While currently the policy is for cars, the company can adapt usage for light and heavy commercial vehicles too.

“We launched ‘Drive Smart’ in October and we’ve seen a fair

DRIVERS FOR GROWTH

Indian telematics Market is expected to reach \$113.7 million by 2018, growing at a CAGR of 22.8%

► **Regulatory changes: Govt has made it mandatory** for six-seater plus vehicles to have tracking devices

► **Post-budget 2017, with India expected to invest heavily in infrastructure development**, including highways, demand for tracking and fleet management to grow

► **E-commerce, logistics, distribution, construction, employee and school kids’ transportation** are sectors most poised for growth

► **Vehicle makers, including Bharat Benz**, are coming with increasingly sophisticated vehicles for better fleet management

Indian IT majors offering telematics solutions for foreign players

HCL, Wipro, Infosys, TCS, Cognizant

Insurers players in telematics space in India

Bajaj Allianz, ICICI Lombard, Liberty Videocon

amount of interest from our customers. Tracking vehicle usage can result in fuel savings and possible reduction in premiums in future — if the data collected shows the person to be a safe and cautious driver. But, most of our customers are kicked about the geo-fencing feature,” said Sourabh Chatterjee, head, IT, digital marketing, Bajaj Allianz General.

“With geo-fencing, parents are able to track their kids movement if they have sent them with their driver to school or tu-

itions. Spouses can feel reassured when they are able to see the vehicle location and movement, if their partner is returning home late from work on a highway. Also in case of weak phone signals/inability to contact in case of a flat tyre or a serious accident, the device can trigger an SOS alert,” said Chatterjee.

With the potential for the Indian telematics market expected to touch \$113.7 million by 2018, insurers see a huge opportunity for themselves. Telematics adoption would not be a far

stretch for insurance companies as most of them already have a vehicle distribution network, tie-ups with dealerships and run multiple telematics pilots to validate their business plans.

“There are two key features when it comes to telematics. One is that it will help us better manage our risk. We’ll know, which of our policyholders over-speed, take sharp turns, drink n’ drive. For users the benefit is their premiums could go down if there is data/evidence that they are safe and credible drivers. Over the long-term, it could improve road safety and instill better driving behaviour,” said Sanjay Datta, chief-underwriting and claims, ICICI Lombard General Insurance Co, which ran a pilot telematics project in 2013 for commercial vehicles.

A new survey conducted by the US Insurance Research Council (IRC) has found that 56% of drivers who have employed telematics devices have adjusted their driving habits as a result of those devices. “Installing devices definitely makes drivers more cognizant of their behaviour,” said Muthu Kumaran, global practice head, insurance, Cognizant.