Alianza Insurtech Panamericana

AIP

CONNECTED INSURANCE IN AUTO AND FLEETS

Global Evolution and Perspectives in LATAM

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SCONNECTED INSURANCE IN AUTO AND FLEETS

Evolución Global y Perspectivas en Latam

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This white paper is primarily addressed to:

- Executives and technical teams at car and fleet insurers across Latin America.
- Leaders in innovation, data & analytics, and digital distribution channels.
- Regulators and ecosystem stakeholders, including brokers, insurtechs, and industry associations.

Its objectives are to:

- Raise awareness of the current global “moment” of connected insurance and the inflection point it represents for Latin America.
- Demonstrate—through evidence and concrete case studies (Progressive, Discovery, SURA, fleet-focused insurtechs)—its impact on claims frequency, fraud, technical profitability, customer loyalty, and customer experience.
- Foster a regional public conversation by providing an analytical and forward-looking perspective on how telematics can accelerate insurance inclusion and improve road safety.

INTRODUCTION

Vehicle telematics refers to the use of devices and sensors—such as GPS, accelerometers, and smartphone sensors—to collect real-time data on driving behavior. Within the insurance industry, this technology has enabled the development of usage- and behavior-based insurance models (Usage-Based Insurance, UBI), in which premiums are adjusted based on miles driven or driving habits.

For more than a decade, telematics programs remained largely niche initiatives. Over the past five years, however, they have gained exponential momentum worldwide. This white paper reviews the history and evolution of telematics-based auto insurance globally—with a focus on Europe and the United States—and its adoption in Latin America (LATAM).

It examines emblematic cases across both personal vehicles and commercial fleets, the results achieved (fraud reduction, fewer accidents, and lower costs), and the potential of telematics to strengthen customer loyalty and engagement. Finally, it explores the outlook for LATAM, where auto insurance penetration remains low but could increase significantly as these technologies converge with growing digital inclusion across the region.

CONNECTED INSURANCE IN AUTO AND FLEETS

Hugues Bertin, President, AIP

"Connected insurance remains, in many respects, an open question. We know it delivers a virtuous impact for customers and insurers alike—and, by extension, for society as a whole—since technology enables a reduction in accident rates, particularly through prevention and new value propositions.

However, it is still far from reaching full maturity. Will it take off? Very likely.

When? That is the key question.

In auto insurance, a very significant share of new policies issued in the United States already integrates connected insurance solutions. In life insurance, Discovery's Vitality program in South Africa remains, by far, the global best-practice benchmark.

For the first time, AIP is making available to the entire ecosystem a white paper that offers a broad, structured, and optimistic view of connected auto and fleet insurance in Latin America.

In the coming years, the rapid rise of artificial intelligence will strongly accelerate the adoption of connected insurance—not only in auto and life, but also in home insurance and industrial risks."

sura

CONNECTED INSURANCE IN AUTO AND FLEETS

Nicolás Dujovne, Chief Product Officer, Jooycar

At Jooycar, we developed a mobile-based Connected Insurance model so that telematics moves beyond being just a risk measurement tool and becomes a continuous engine of interaction with the insured. Through driving data captured from the smartphone, we transform every trip into a natural touchpoint between the customer and the insurer, generating actionable feedback.

Trips are the core of our engagement mechanics. Each journey produces relevant events —such as accelerations, braking, or mobile phone usage— that enable the generation of a trip score and periodic evaluations, helping the insured understand their performance in a simple and motivating way.

On this foundation, we design gamification mechanics that reinforce positive habits and recognize safe driving. We incorporate progressive levels that segment profiles, help retain better risks, and encourage continuous improvement. In this way, we strengthen the insurer–customer relationship, promote safer driving behavior, and reduce claims frequency.

Gamification:
The driving force behind the adoption of Connected Insurance.

GLOBAL EVOLUTION OF TELEMATICS IN AUTO INSURANCE

Europe as a Pioneer: The Italian Case

The mass adoption of telematics-based auto insurance began in Europe, with Italy standing out as the pioneering market. More than a decade ago, Italian insurers started installing black-box devices in vehicles to combat high claims frequency driven by fraud and theft, particularly in southern Italy.

This push was driven by both the industry and regulatory action. In 2012, the government introduced the "Monti Decree," and in 2017 it passed Law 124/2017, which actively encouraged the use of telematics in auto insurance, requiring insurers to bear the cost of devices and offer premium discounts to policyholders who adopted them.

The results were decisive. By 2015, 16% of insured vehicles in Italy already had telematics-based policies. Today, it is estimated that more than 25% of the insured vehicle fleet is connected. Italy now has approximately 8 million active UBI policies—around 70% of all UBI policies in Europe—making it the market with the highest telematics penetration worldwide.

Italy at a Glance

- **More than 8 million active UBI policies.**
- **Approximately 25% of the insured vehicle fleet equipped with a black-box device (typically installed near the battery and used for vehicle recovery, driving behavior analysis, accident notification, and accident reconstruction).**
- **Nearly a 40% decline in average auto insurance premiums between 2012 and 2024 (from €558 to €333).**

Thanks to telematics, Italian insurers have significantly improved fraud detection, claims handling efficiency, and overall cost control. According to Matteo Carbone, a leading Italian expert in connected insurance, telematics improved technical profitability through more refined risk selection and lower claims costs, enabling insurers to pass part of that value back to customers through lower premiums and additional services.
In short, Italy demonstrated that telematics can be a true win-win solution: reducing technical losses while lowering premiums for good drivers and improving road safety.

"Telematics has moved from being an experiment to becoming basic infrastructure for the auto insurance line in Italy."

UNITED STATES: FROM PROGRESSIVE'S EARLY LEADERSHIP TO THE LAST DECADE'S INFLECTION POINT

In the United States, telematics in auto insurance began to take shape 15 years ago. Progressive was an early pioneer with its Snapshot device in the early 2010s, offering discounts based on driving behavior. For several years, adoption progressed slowly, hindered by consumer concerns around monitoring and the inconvenience of installing dedicated hardware in vehicles.

The turning point came with the widespread adoption of smartphones as the dominant telematics platform. Leveraging the policyholder's mobile phone—rather than dedicated devices—dramatically reduced costs and entry barriers, allowing more insurers to launch UBI programs at scale.

By the end of 2021, there were approximately 12 million active UBI policies in the U.S., and North America became the world's largest UBI market, with more than 13.4 million active policies. Today, virtually all major U.S. insurers—including State Farm, Allstate, GEICO, and USAA—offer app-based telematics programs.

A symbolic milestone was GEICO's public acknowledgment—through Ajit Jain, Vice Chairman of Berkshire Hathaway—that the company had been "late to appreciate the value of telematics" and had effectively "missed the bus," forcing it to accelerate adoption to remain competitive. This admission solidified telematics as a strategic capability rather than a tactical experiment.

EXPANSION INTO ASIA AND OTHER MARKETS

In the United Kingdom, telematics-based auto insurance initially gained traction among young, high-risk drivers. In South Africa, Discovery's Vitality Drive program innovated by offering rewards in the form of fuel vouchers and other mobility-related benefits based on driving scores, rather than direct cash discounts on premiums. Across Japan and other Asian markets, telematics adoption has expanded in both personal auto insurance and fleets, with some programs reporting claims reductions of close to 16%. South Korea, India, and China have also begun to open their regulatory frameworks, creating room for broader adoption and mass-market scaling.

According to estimates from PTOLEMUS, the global UBI market is expected to reach approximately 180 million insured vehicles by 2035. This projection reflects exponential growth expectations and positions Latin America as the region with the greatest growth potential worldwide.

While markets are advancing at different speeds, the global trajectory is clear: after nearly 15 years of gradual maturation, telematics in auto insurance has entered a phase of accelerated growth, driven by:

- Declining technology costs.
- A customer-centric value proposition.
- Strong empirical evidence of reduced claims, lower fraud, and higher customer retention.

TELEMATICS IN LATAM: BACKGROUND AND CURRENT STATE

In Latin America, the adoption of telematics-based auto insurance has been slower and remains behind the U.S. and Europe. Nevertheless, the region offers important precedents and learning cases.

Chile: The Region’s First UBI Program and a Pay-Per-Use Laboratory

The first UBI program in Latin America was launched in Chile. In 2017, Seguros SURA introduced Seguro x KM, the region’s first telematics-based auto insurance product that priced premiums directly according to kilometers driven. Policyholders paid a fixed monthly base fee plus a variable per-kilometer charge, supported by an OBD device that monitored vehicle mileage.

The COVID-19 pandemic—characterized by reduced vehicle usage and heightened cost sensitivity—created ideal conditions for adoption. Seguro x KM was well received, and Chile became one of the few markets in the region with a UBI portfolio deployed at scale and supported by positive actuarial results.

Mexico: Lessons from an Early Pilot

In Mexico, AIG Seguros launched Seguro de Auto por Kilómetro in 2017 in partnership with local insurtech SXKM. The product offered prepaid kilometer packages, zero-deductible theft coverage, and rewards for good drivers.

Despite the country’s large untapped market and low insurance penetration, the program failed to scale and was ultimately discontinued. Key factors included low consumer awareness, operational complexity related to device installation and data management, a value proposition that did not fully resonate with mass-market customers, and tensions with the distribution channel. When intermediaries perceive lower premiums without clear additional benefits—and higher complexity in explaining the product—their commitment to adoption tends to weaken.

This experience nonetheless accelerated regional learning around the barriers to telematics adoption in LATAM.

Brazil and Other Markets: Partial Experiences with a Safety Focus

In Brazil, Porto Seguro launched the Trânsito+Gentil program more than a decade ago. The initiative, centered on an app that rewarded courteous driving, did not dynamically adjust premiums but helped establish a telematics culture and familiarity with vehicle monitoring, generating discounts at renewal.
In Colombia, Peru, and other markets, insurers have tested pilots and launched pay-per-kilometer and app-based programs. Results have been mixed, but the learning generated has been valuable for the region as a whole.

From the First Wave (Hardware) to the Second Wave (Mobile-First)

Until 2022, telematics adoption in LATAM was largely driven by hardware-based models—GPS units and dongles—that enabled niche deployments but did not yet produce the exponential growth observed in more mature markets.
This dynamic began to change with the emergence of mobile-first models. A key milestone was the launch of the Movilidad SURA app in Chile in 2025, developed in partnership with insurtech Jooycar and offered at no additional cost to all SURA auto insurance customers.

The app:

- Uses smartphone sensors to assess driving behavior.
- Provides direct financial incentives (cashback) for safe driving.
- Includes automatic detection of severe accidents and immediate assistance.

Movilidad SURA represents the first mass-scale, mobile-based telematics initiative in Latin America to offer tangible incentives, marking a potential inflection point for regional adoption.

LATAM: Where We Stand Today

- Auto insurance penetration remains low, below 30% in several markets.
- Successful but limited UBI initiatives exist (Chile; isolated programs in Brazil, Colombia, Peru, Mexico, Argentina).
- A clear transition is underway from dedicated hardware to app-based models that are more scalable and cost-efficient.

Overall, Latin America has accumulated valuable experience and learning, but has not yet reached mass adoption. Current conditions—accelerating digitalization, pressure on technical profitability, proven global use cases, and adaptable value propositions—suggest that the regional "leap" is approaching.

SURA INSURANCE: LATIN AMERICA'S FIRST LARGE-SCALE CONNECTED INSURANCE PROGRAM

A Mobility Program for Sustainable Growth

Suramericana is a Latin American company with more than 80 years of experience in insurance and risk management. It operates in seven countries and serves over two million customers in Chile. Ranked among the country's top five auto insurers, with more than 100,000 insured vehicles, its purpose is to deliver sustainable well-being and competitiveness for individuals and businesses.
To achieve this, the company has developed a value proposition based on multi-segment and multi-channel solutions, supported by a strong, long-term relationship with customers throughout the entire business lifecycle.
In this context, the launch of the SURA Mobility Program represents a strategic milestone. The program leverages driving data to segment policyholders' risk profiles and design fairly priced products tailored to each customer. At the same time, it promotes responsible driving and rewards those who meet defined goals and challenges with tangible benefits.

In 2024, SURA selected Jooycar to develop an in-depth pilot program that enabled the collection of robust data to model both the value proposition and the future customer experience of the SURA Mobility Program. The results were highly positive, and in May 2025 the program was officially launched to the market, becoming available at no additional cost to all SURA auto insurance customers.

"At SURA, we are deeply committed to our strategy of delivering well-being to the community by supporting people in adopting safer and more responsible driving habits. Together with our partners Jooycar, we have developed innovative products and services that bring this purpose to life. Our Connected Insurance offering consists of two unique products in the market: Pay-Per-Kilometer Insurance, which prioritizes the number of kilometers driven each month among other variables, and the SURA Mobility Program, which rewards SURA auto insurance customers with significant benefits and discounts as they work every day to become more responsible drivers."

Executive Quote – Sofía Frascaroli
Customer, Marketing and Digital Transformation Manager, SURA Insurance

FROM NICHE PRODUCTS TO CROSS-PORTFOLIO INTEGRATION

Initially, insurers adopted telematics to create differentiated niche products:

- Pay As You Drive / Pay How You Drive: early models focused on actuarial pricing based on mileage or driving behavior, with minimal user interaction.
- Programs for young drivers with very high premiums: schemes designed primarily to correct risk asymmetries through technical usage measurement, rather than to drive engagement.
- Branded telematics policies (Snapshot, Drivewise, etc.): initiatives treated as standalone products, applying telematics analytics to specific segments without transversal integration across the broader portfolio.

At this stage, telematics was primarily an actuarial and technical tool, with low customer involvement and a limited or barely visible value proposition for policyholders.

Today, the industry is moving toward cross-portfolio integration:

- Progressive incorporated crash detection into its app for its entire customer base, not only UBI participants.
- Allstate migrated from a standalone program to integrating driving scores directly into standard auto policies.
- In LATAM, SURA Mobility follows the same logic: a free complement linked to any SURA auto policy, rather than a standalone product.

Telematics is evolving from a "new product" into a horizontal capability that supports:

- Marketing
- User experience
- A more holistic approach beyond purely technical considerations

It now underpins:

- More accurate pricing
- A seamless, user-friendly experience with clear benefits
- More efficient and automated claims management
- Proactive prevention and assistance services

Featured Quote

"Telematics plays a very important role in aligning premiums with the actual risk of each policyholder."
(Berkshire Hathaway)

Looking ahead, the vision is that auto insurance will be offered "telematics-enabled by default", where vehicle connectivity becomes the standard rather than an optional layer. Customers may choose what data to share, but the value proposition is built on native vehicle sensors and data. Tesla already operates under this model, offering dynamic pricing based on a vehicle-generated Safety Score, without external devices. McKinsey and other consultancies project that this native integration will enable more precise products, reduced fraud, improved user experience, and a structural reduction in claims frequency through advanced analytics and ADAS—consolidating a more efficient, personalized, and higher-value insurance model for all stakeholders.

PROVEN IMPACT: FRAUD, CLAIMS FREQUENCY, AND FINANCIAL RESULTS

Fraud and Claims

Telematics programs have proven particularly effective in reducing fraud:

- Speed, acceleration, and time-of-day records help identify inconsistencies in accident reports.
- Telematics data has been accepted as legal evidence in court cases (e.g., Italy).
- Anti-theft devices and GPS tracking deter theft and facilitate vehicle recovery.

The net effect is a material reduction in average insurance costs, reflected in declining average premiums in markets such as Italy.

Claims Frequency and Road Safety

Studies by Cambridge Mobile Telematics and other industry players show:

- Reduced distracted driving, speeding, and harsh braking among UBI users.
- Lower probability of injury-related crashes.
- Reductions of 10%–20% in claims frequency in well-executed programs (Discovery Vitality, youth UBI programs in Spain, among others).

These results combine self-selection (more responsible drivers enrolling) with behavioral change driven by coaching, feedback, and gamification.

From the customer perspective:

- Significant discounts for good drivers (30%–40% in some programs).
- A stronger perception of pricing fairness.
- Better claims experience through automatic detection and faster resolution.

BThree Proven Key Impacts:

1. **Less fraud**
2. **Fewer accidents**
3. **Higher loyalty and improved NPS**

PRACTICAL APPLICATIONS, ENGAGEMENT, AND LOYALTY

Telematics Applied to Commercial Fleets

The use of telematics in fleets (trucks, delivery, taxis, last-mile services) predates many personal auto applications. Traditionally, it was used to:

- Optimize routes and fuel consumption
- Monitor driving hours
- Improve safety and productivity
- Manage and size fleets using operational data

What's new in recent years is the integration between telematics and fleet insurance, driven by insurtechs such as Fairmatic, HDVI, Koffie Labs, Samsara, Geotab, and Fleetr:

- Individual driver metrics are collected (acceleration, braking, speed, mobile phone use, driving hours).
- Risk scores are generated per driver and per fleet.
- Premiums are adjusted periodically (monthly or quarterly) based on real performance.
- Fleet managers receive insights to manage safety and training.

Reported results include:

- Approximately 25% reductions in accidents for fleets actively adopting telematics models.
- Premium savings of 15%–20% for companies, driven by lower claims frequency.

In LATAM, telematics adoption in large fleets is already common for corporate reasons (tracking, safety, fuel control), but integration with insurance is just beginning. Emerging trends include:

- Cargo programs where premiums are recalculated based on mileage and events.
- Startups and telematics providers partnering with insurers to offer discounts and bonuses for good driving.

Fleet telematics represents a convergence of interests:

- Insured companies seek fewer accidents and lower total cost of risk.
- Insurers seek fewer claims and stronger technical performance.
- Drivers committed to standards want recognition for safe behavior.

Data and real-time feedback align these objectives.

TOWARD LOYALTY AND ENGAGEMENT: BEYOND THE CLAIM

One of telematics' greatest opportunities is redefining the insurer–customer relationship:

- From sporadic contact (premium payment and claims)
- To continuous interaction based on driving data and rewards

Loyalty and Gamification Programs
The logic mirrors airline miles or banking points programs:

- Customers earn points for safe driving (incident-free kilometers, fewer distractions, improved scores).
- Points can be redeemed for tangible benefits: fuel discounts, gift cards, premium reductions, cash rewards, and more.
- Gamification elements are introduced (rankings, badges, challenges).

Examples include

- **SURA Mobility (Chile): cash cashback for maintaining a strong monthly score.**
- **Discovery Vitality Drive (South Africa): up to 50% cashback on fuel for top drivers.**
- **Allstate Drivewise (USA): medals and prize draws for high-scoring users.**
- **Mexico programs such as HDI's iDriving or Banorte's mobile-based solution, combining scoring with rewards and a "no punishment, only incentives" philosophy.**

"Telematics enables insurance to move from being a 'necessary evil' to a proposition that actively rewards customers for doing the right thing."

Research shows that small, frequent rewards are more effective at changing behavior than distant or abstract discounts. From a neuroscience perspective, this is explained by the constant activation of the dopaminergic circuit, which responds better to immediate and repeated stimuli. In this context, the Octalysis gamification framework—based on intrinsic motivators such as achievement, progress, scarcity, and purpose—has become a reference model for driving engagement. Jooycar applies these principles by combining frequent feedback, smart rewards, and progress dynamics to motivate users and encourage safer, more consistent driving behaviors.

Education, Safety, and Perceived Value

Telematics apps provide trip-by-trip feedback:

- Alerts for harsh braking or speeding
- Suggestions to anticipate risks
- Benchmarks against peer averages (by area or segment)

This increases risk awareness, improves habits, and reinforces the perception that the insurer "helps you drive better," not just pays claims.

Customer satisfaction results are clear: when telematics detects a crash and triggers immediate assistance, policyholder NPS significantly outperforms the average. Telematics thus becomes a powerful engine for organic recommendation.

OUTLOOK: LATAM AND THE ACCELERATION OF DIGITAL INSURANCE

The evolution of auto telematics in LATAM is occurring alongside:

- The fintech and neobank boom, demonstrating the region's ability to adopt digital solutions at scale when clear value is delivered.
- High smartphone penetration, particularly in mass segments that remain underinsured.
- Growing focus by governments and international organizations on road safety and reducing traffic fatalities.

Protection Gap and Insurance Inclusion Opportunity
In major markets (Brazil, Mexico, Argentina, Colombia, Chile), a significant share of vehicles still operates without insurance. Telematics can help close this gap through:

- More affordable products (pay-per-use for low-mileage drivers, micro-insurance by period or kilometers).
- Stronger value perception (apps delivering rewards and services, not just an "invisible" policy).

Digital distribution integrated with wallets, neobanks, and mobility ecosystems.

Enabling conditions: Regulation, Data and Collaboration

Regulators can foster telematics adoption by:

- Incentivizing discounts for programs that reduce claims frequency, alongside awareness campaigns developed with specialized partners. These initiatives may also involve major brands committed to road safety—such as highway operators, fuel stations, or mobility-related companies—enabling collaborative models where all participants capture economic and reputational value.
- Facilitating the use of aggregated data to manage road safety.
- Promoting pilots and regulatory sandboxes with insurtechs and incumbents.

At the same time, AI and big data analytics enable more accurate risk models, dynamic pricing, and improved fraud detection, reinforcing the economic viability of these programs.

LATAM as a Smart Fast Follower

The region has the opportunity to:

- Learn from successes and failures in Europe, the U.S., Asia, and Africa.
- Leapfrog stages by moving directly from traditional models to mobile-first, customer-centric approaches.
- Design programs from the outset that balance privacy, transparency, and customer value.

In this context, insurers such as SURA, Mapfre, Porto Seguro, HDI, and others already experimenting with telematics can become regional benchmarks, while new players (insurtechs and digital-native insurers) push the pace of change.

CONCLUSIONS AND NEXT STEPS FOR LATAM INSURERS

1. **Key Opportunities**

- **Radically improve auto insurance technical performance**

Reduce fraud and claims frequency using driving data, improving combined ratios in a historically challenging line of business.

- **Differentiate the customer value proposition**

Move from “passive” insurance to solutions delivering rewards, coaching, and real-time safety.

- **Expand insurance inclusion**

Offer more affordable, segmented products (pay-per-use, micro-insurance, on-demand models) to currently uninsured segments.

- **Strengthen relationships with fleets and SMEs**

Integrate telematics and insurance to reduce accidents, improve productivity, and provide cost certainty.

- **Contribute to public policy goals**

Support road safety objectives, including the UN target of reducing traffic fatalities by 50% by 2030.

2. Recommended Next Steps (Executive and Action-Oriented)

1. Define a corporate telematics vision

- Determine whether telematics will remain a niche product, a transversal capability, or a strategic pillar for auto and fleet insurance.
- Align key areas (actuarial, claims, channels, IT, legal, compliance).

2. Start with one or two concrete, measurable use cases

- Examples: a mobile-based rewards program for the auto portfolio; a fleet insurance pilot with monthly score-based pricing.
- Define clear KPIs: claims reduction, combined ratio improvement, retention uplift, NPS growth.

3. Choose the right technology model

- Prioritize mobile-first solutions to maximize reach and control costs.
- Evaluate technology partners (insurtechs, telematics providers, analytics firms) instead of building everything in-house.

4. Design a value proposition centered on positive incentives

- Emphasize tangible customer benefits (savings, cashback, services) for good driving.
- Avoid "punishment" narratives, especially in early stages of mass adoption.

5. Integrate telematics into the claims experience

- Pilot automatic crash detection with immediate assistance.
- Simplify claims processes using impact data and self-managed photo evidence, where regulation allows.

6. Explore partnerships with banks, retailers, and mobility players

- Integrate safe-driving points with existing loyalty programs.
- Link telematics to financial and mobility benefits (fuel, tolls, public transport).

7. Contribute to public and regulatory dialogue

- Share pilot results with industry associations and regulators.

Advocate for regulatory frameworks that enable responsible telematics adoption.

Closing

In short, telematics in auto and fleet insurance has moved from promise to reality in several developed markets. Latin America is now uniquely positioned to leverage this accumulated experience, adapt models to local realities, and move toward an ecosystem where:

- Premiums better reflect each driver's real risk.
- Insurers become active partners in road safety.
- Customers receive visible and frequent value for driving better.

The telematics "bus" is already in motion. For LATAM insurers, the question is no longer whether to get on—but how fast and with what level of ambition.

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