

In partnership with

ROADSAFE

ingenie Young Driver Report

November 2014

ingenie[®]
drive well, pay less

ingenie Young Driver Report

November 2014

In partnership with

ROADS△**FE**





Megan Richardson, 19 - ingenie customer

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Introduction

Telematics insurance cuts crashes and saves lives by making young drivers better, safer motorists. With the right incentives, it has the potential to make a serious difference to road safety in the UK.

Every year, more than 490,000* newly qualified young drivers take to the road on their own for the first time. Passing the driving test is a defining moment and opens many doors: socially, domestically, academically and financially through better job prospects.

But of those 490,000 new licence holders, nearly 50,000 will crash in their first six months of driving alone.** For the majority, this isn't because they're reckless, but because many will lack the cognitive maturity and experience of an adult over 25, and so are less able to perceive potential hazards and react accordingly.

50,000 new drivers will crash in their first six months of driving.

Telematics insurance can help with this. It has the potential to be much more than a means to getting young people on the road in a way they can afford. By providing ongoing post-test mentoring, incentive and support, it can help them become better, safer drivers.

Since we launched ingenie in 2011, we have collected well over 200 million miles of data, which tells us that telematics technology can save lives. This report combines our own insight with industry data and the views of 1,000 young drivers to paint a compelling

picture of the role telematics can play in young drivers' development.

The report also calls for the government to take steps to support the uptake of telematics insurance. Telematics has come of age, with one in two young drivers getting a telematics insurance quote.

To allow insurers to lower the cost of telematics insurance and therefore encourage more young drivers to make this choice, we are calling for a seven-year exemption on Insurance Premium Tax for new young drivers if they opt for telematics insurance. As well as making a significant contribution to reducing young driver risk, increased take-up would help cut fraud and reduce the pressure on emergency services. In so doing, it would recoup the loss of tax income to the Exchequer by more than three times.

Telematics has the potential to save more lives than any other road safety policy presented so far as a solution to the young driver problem, and there is a moral obligation – as well as a very clear economic responsibility – for government, industry, road safety campaigners and the general public to support it.

*Actual figures = 493,625 (2013-2014) 475,324 (2012-2013) 519,410 (2011-2012) pass rates 17-25. Department for Transport, DSA1203: Car pass rates by age (17 to 25 year olds), Great Britain, 2013-2014

** Based on Department for Transport, Reported Road Casualties, Great Britain, 2012; assuming 50% drive regularly and one-in-five of those crashes

Young drivers need a different approach

20% of serious road incidents involve under-25s despite this age group making up **just 8%** of all road users.¹

There is a public misconception that passing the test is a badge of excellence, rather than a minimum standard. Many young drivers have little private practice while they learn to drive, limiting their miles on the road. In addition, it is accepted science that the frontal cortex – the human brain's risk assessment centre – isn't fully developed until around the age of 25. For these reasons, most young drivers need some form of 'co-pilot' in the early months.

20% of serious road incidents involve under-25s.

Young drivers are not all reckless

70% of ingenie customers drive so safely that they enjoy a performance-related discount on their premiums,² showing that the vast majority are safe, responsible drivers. Many do make mistakes, but with the right coaching we have seen that they very quickly improve, regardless of age or gender.

Restrictions are not the answer

The driving test already demands a high level of practical ability and theoretical knowledge, proved by the fact that one in every two 17 to 25-year-olds fails.³ Making the test even more difficult is therefore not the answer. Neither is restricting young drivers' freedoms. Given that **just 8%** of ingenie's young driver crashes happen at night,⁴ imposing night-time driving curfews would not only have a minimal impact on casualty

rates, but would be counterproductive to social mobility and growth.

With feedback and incentives, it is possible to motivate even reckless drivers.

Telematics builds safer drivers

After one year with ingenie, young drivers **halve their crash risk**. Over **90%** engage with automatic telematics feedback about their performance and those who engage with it most frequently are the least likely to crash.⁵ Despite young drivers' natural propensity for distraction and greater risk-taking, with the right feedback and incentives, it is possible to motivate even reckless drivers to change their behaviour.

Sources can be found on pages 47 to 49



ingenie was awarded the Prince Michael International Road Safety Award in 2013, for our use of telematics to help under-25s become safer drivers.

Young Driver Report in numbers

The problem

5 15 to 24-year-olds are killed on British roads every week, making road traffic incidents the biggest accidental killer of this age group¹

1,290 young drivers were killed or had life changing injuries in 2013 – that's four a day²

1 in 5 has a crash in their first six months on the road³

88% of young drivers we surveyed had not taken the number of driving lessons recommended by DVSA⁴

95% of crashes are down to attitude to risk⁵

25 is the accepted age at which the human brain's risk assessment capabilities reach maturity⁶

£1,997 average premium for a new young driver⁷

25% fall in under-25s taking the driving test over the past five years⁸

Sources can be found on pages 47 to 49

The solution

- 200m+** miles of driving data gathered and analysed by ingenie since 2011
- 21%** reduction in dangerous driving incidents among ingenie customers in 2013-14
- 40%** drop in crash risk for new drivers with a telematics policy compared to those without
- 50%** fall in crash risk of young drivers after just one year with ingenie
- 91%** of young drivers earn a no claims bonus at the end of their first telematics policy year with ingenie
- 70%** of ingenie customers earn a discount on their premium each year for good driving
- 73%** of young drivers who don't currently have a telematics policy would consider signing up to one
- 80%** of drivers who have had a telematics insurance policy say it helped them become safer

Figures from ingenie internal data, 2014



ROADSAFE

**Adrian Walsh -
RoadSafe director**

“ Young drivers are keen to drive well and are quick to learn. However, much of their training focuses on the skills associated with controlling a vehicle rather than their attitude to assessing and managing risk. Then, before they have gained sufficient experience, they pass their test and take to the road. They make mistakes, often with disastrous consequences, and frequently simply don't know what went wrong.

With good telematics systems, their mistakes are noted and they receive feedback. These systems support and assist drivers to become better – they monitor, coach and educate. They have been used in many commercial businesses with great success and now we are seeing that they can be really effective in helping young drivers to become excellent drivers too.

“ Young driver crashes are both a social and an economic issue.

One in five young drivers has a crash in their first six months on the road and so the cost of their insurance has historically reflected this.

The evidence in this report shows that telematics has the potential to reduce this by at least 40%, through education and incentivising behaviour change with financial rewards.

Richard King - ingenie founder and CEO



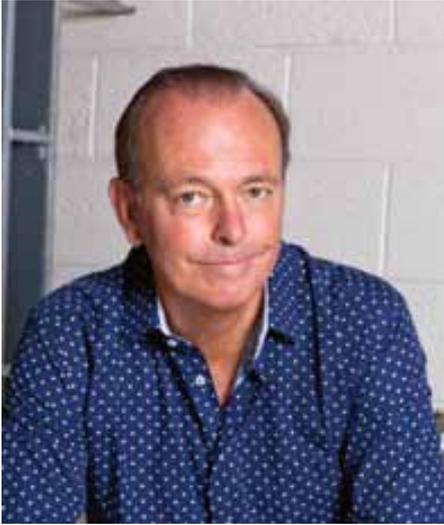
“ As a father, I know all too well how it feels when your child passes their driving test. It’s a proud moment, but you can’t help worrying and hoping they’re going to be sensible.

Having the black box means they get a co-pilot as they hit the road for the first time, and the great thing about this is the peace of mind it gives us parents. I have the ingenie app on my phone so I can see how the boys are doing, and if I notice things slipping I’ll give them a ring. It puts an end to arguing about their driving and starts a conversation about the facts.

I’m very proud to have been involved with ingenie since the start, and I believe this report will do a lot to build the recognition that black box insurance deserves in road safety.

Gary Lineker - ingenie ambassador





**Quentin Willson -
motoring journalist**

“ For novice drivers, I believe telematics is the most significant development in road safety since the L-plate. By giving new road users a regular analysis of their skills behind the wheel, the process of learning is extended far beyond the driving test.

Giving feedback on a young driver’s road behaviour during those critical – and frighteningly dangerous – years allows them to constantly improve and self-examine both their abilities and shortcomings.

Think of it as having a virtual driving instructor in the passenger seat for several years and you immediately see the enormous value of this technology. I’d like to see every new driver in the UK benefit from the continuous learning curve that in-car telematics brings.





What's the problem?

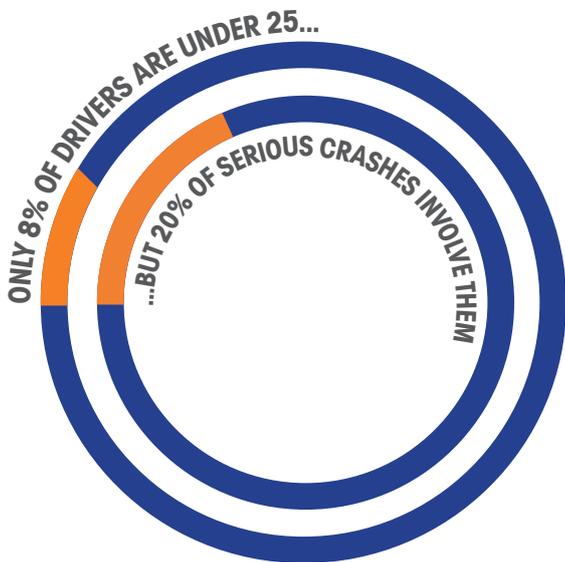
- 20% of serious crashes involve under-25s
- Only 12% take the recommended number of lessons
- 95% of crashes are down to attitude to risk
- Young people have an inbuilt disadvantage when it comes to safety
- The average insurance premium for a new young driver is £1,997

What's the problem?

20% of serious crashes involve under-25s

Road incidents are still the biggest cause of accidental death for the 15 to 24 age group in the UK,¹ and despite much discussion of the problem over the past decade, successive governments have failed to identify a solution.

Department for Transport (DfT) statistics show that **20%** of all Killed or Seriously Injured (KSI) crashes involve drivers aged 17 to 24 – even though this age group constitutes just **8%** of all licence holders. In 2013 alone, 1,290 young drivers were killed or had life changing injuries.² That's four a day.



1,290 
YOUNG DRIVERS KILLED OR SERIOUSLY INJURED IN 2013

Only 12% take the recommended number of lessons

The education available to young learners is good development for the practical and theoretical skills needed to drive a car, but it's important to remember that the driving test is the minimum required standard; it is the entry level to driving, not, as many think, a certificate of driving excellence.

Although there is no legal minimum requirement for the number of hours' driving experience required to take the test, the DVSA recommends 47 hours of lessons and 20 hours of private practice.

However, only **12%** of 17 to 24-year-olds responding to a survey commissioned by ingenie said they had undertaken at least the recommended number of driving lessons, while just **a third** got the recommended amount of private practice under their belt. Almost **one in five** didn't undertake any private practice at all.¹

SURVEY: BEFORE YOU TOOK YOUR TEST, HOW MANY HOURS OF PAID-FOR LESSONS DID YOU HAVE? ²

Hours of lessons	% of drivers
0	1%
Fewer than 10	10%
10 - 20	28%
20 - 30	34%
30 - 40	15%
40 - 50	7%
50+	5%

DVSA recommends 47 hours of lessons

SURVEY: BEFORE YOU TOOK YOUR TEST, HOW MANY HOURS OF PRIVATE PRACTICE DID YOU HAVE? ³

Hours of private practice	% of drivers
0	18%
Fewer than 10	26%
10 - 20	26%
20 - 30	15%
30 - 40	9%
40 - 50	3%
50+	3%

DVSA recommends 20 hours of private practice

It is perhaps unsurprising then that four out of five of the novice drivers we questioned reported concerns about hitting the road on their own for the first time: **34%** were worried about driving on the motorway, while a further third were daunted by the prospect of driving in bad weather conditions. Driving in the dark was a concern for **28%**, and **22%** were worried about driving without supervision.⁴

88% of young drivers do not have the recommended number of lessons.

Ingenie Young Driver Survey

Respondents also admitted to mistakes in their first few weeks and months of driving: **29%** said their nervousness made them too hesitant, while one in six (17%) forgot to check their mirrors. Failing to anticipate other road users' behaviour, exceeding the speed limit, and taking corners and bends too quickly were also common errors.⁵

Passing the test is just the beginning of any driver's continuing education on the road. DfT statistics show that one in five young drivers is involved in a car crash within the first six months of passing their test,⁶ and indeed 23% of the 17 to 24-year-olds we asked said they had been involved in a crash that was their fault.⁷

What's the problem?

95% of crashes are down to attitude to risk¹

Why young drivers crash

The top reported reasons for crashes involving 17 to 24-year-old drivers:²

23% Failed to look properly

15% Loss of control

13% Failed to judge other person's path or speed

13% Careless, reckless or in a hurry

9% Learner or inexperienced driver

9% Slippery road (due to weather)

9% Poor turn or manoeuvre

9% Travelling too fast for conditions

6% Exceeding speed limit

5% Sudden braking

Most of these top 10 reasons involve attitude to risk: the driver did not anticipate a problem and make good decisions to help them negotiate it appropriately.

Distractions

Our Young Driver Survey shows that distraction played a part in a significant number of the at-fault incidents reported.

SURVEY: IF YOU HAVE BEEN INVOLVED IN A CAR CRASH THAT WAS YOUR FAULT, WHAT CAUSED THE CRASH?³



10% PASSENGERS



9% ROAD RAGE



9% AN ARGUMENT OR DISTRESSING NEWS PRIOR TO DRIVING



8% SAT NAV / STEREO



6% STRESS



5% MUSIC PLAYING TOO LOUD



4% MOBILE PHONE

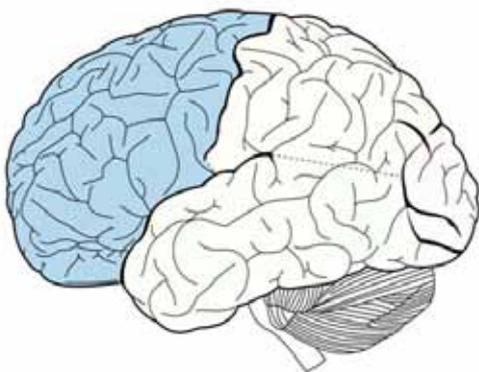
Respondents citing distractions as crash cause

Attitudes to mobile phones were also revealing. Although mobile phone use was to blame for a relatively small proportion of the crashes reported by the young drivers responding to our poll, **39%** admitted that they had used their phone for texting or social media while driving, even while **42%** believed it is

illegal to use a phone in any way behind the wheel.⁴ This demonstrates the lack of guidance about 'real life' driving situations and general driving attitude during the learning process.

The current driving education process is focused on mechanical skills and road rules theory, and while the driving test is rigorous in these respects, it does not account for the social pressures and emotional issues young drivers must contend with.

The frontal cortex is the brain's risk assessment centre and is not fully developed until the age of 25.



An inbuilt disadvantage

It is now accepted science that the frontal cortex – the human brain's risk assessment centre – isn't fully developed until around the age of 25,¹ which means young drivers are more prone to distraction and to acting recklessly.

It is thought that until the brain has experienced a particular hazard and established a 'marker' to help it deal with the situation in the future, an automatic response to the driving situation is not possible.² This means a delay while the driver forms a conscious reaction, suggesting that far more hazard training and risk education is needed before taking to the road alone.

Learning how to deal with peer pressure, make good decisions about speed and drinking alcohol, and manage distractions happens after a driver passes their test. Dr Lisa Dorn, director of the Driving Research Group at Cranfield University, suggests that the first 1,000 miles are formative to a young driver's future capability, so it is during this period that more support is needed.

What's the problem?

The average insurance premium for a new young driver is £1,997¹

More crashes mean more money. While young drivers remain such a high risk, the cost of insurance will be prohibitive for many. The cost of repairs to a car is minimal in relative terms; the real cost is in personal injury. Hundreds of thousands of pounds are required to even begin reparation for the impact that crash injuries can have.

In a DfT survey, **41%** of 17 to 20-year-olds cited the cost of insurance as one of the reasons they had not started learning to drive, second only to the cost of learning.² Indeed, DVSA statistics show that the number of young people taking the test has fallen by 25% in the past five years.³

The cost of car insurance affects everything from socialising and growing responsibility to job prospects and parenting – issues that have a huge impact on the lives of young people.

Although the government has taken steps to reduce the cost of learning to drive – for example, test and licence fees – young people still face a huge expense for getting on the road for the first time. Research last year put this at £2741.⁴



41% OF 17 TO 20-YEAR-OLDS SAY THE COST OF INSURANCE IS A BIG REASON FOR THEM NOT LEARNING TO DRIVE

Department for Transport



“ I remember tweeting about my frustration of not being able to find an affordable insurance policy.

Elizabeth Jarratt





The telematics solution

- Real-world evidence of how young people actually drive
- Challenging the stereotypes that lead to restrictive measures
- Telematics and behaviour change



Benjamin Fisher, 18 - ingenie customer

The telematics solution

Real-world evidence: the real picture of young driver behaviour

Thanks to telematics, we no longer need to speculate on how young people drive, because real world data can tell us: when and where they're on the road, their propensity for risk, and how receptive they are to feedback.

The data generated by telematics devices used in 'pay how you drive' insurance policies makes it possible to treat every driver as an individual, giving young drivers the opportunity to have a level of control over their insurance costs by incentivising good driving with reduced premiums.

While statistics show that, as a group, young drivers pose the greatest risk for an insurer, some may be exceptionally conscientious – and yet the insurance industry still assesses them by the majority's risk.

Male drivers are just as likely to improve as female drivers, and a 17-year-old driver has the same potential for behaviour change as a 21-year-old.¹

What we know about young drivers

Analysis of **over 200 million miles of telematics data** reveals strong patterns that have allowed us to develop the best possible young driver support.

Having context for where an individual is displaying reckless driving behaviour means they can be made aware of specific mistakes they make in particular situations. If they show a pattern of harsh braking in a certain area, it could be that they're not making appropriate decisions for the kind of road they're on. We can then give them advice for dealing with that kind of road, so they can avoid a crash.

INGENIE HAS COLLECTED OVER 200 MILLION MILES OF TELEMATICS DATA SHOWING:



SPEED



ACCELERATION



BRAKING



CORNERING

OUR COMMUNITY'S RISKIEST ROAD TYPE



Analysis of 1,915 crashes from our data shows our community's riskiest road type:

- The riskiest road type is a B-road: our drivers use this type the least but are **50%** more likely to have a crash on a B-road than an A-road, based on miles driven.²
- The 'safest' road type is the motorway: drivers are **six times** less likely to have a crash on a motorway than an A-road, based on miles driven.³
- Our community drives most of its miles on minor (uncategorised) roads, but has far fewer crashes on them than on A- and B-roads.⁴

The telematics solution

Restrictions are not the answer

Curfews are often proposed as a measure to lower young driver crashes, but ingenie crash statistics show that just **8%** of our crash claims occur at night.⁵

The data also shows that when compared with national traffic figures for all drivers, young drivers do more of their miles at night. In fact, our customers drive **51%** more between 10pm and 4am than the overall UK average.⁶



Statistics quoted about young drivers experiencing more crashes at night usually fail to take this into account, but the fact that they have more crashes at night is at least partially due to them driving more miles at night than older drivers. This is just one example of where telematics is disproving the stereotypes about young drivers that could lead to unhelpful restrictions to their freedoms.

We believe that it is important to maintain an anti-curfew stance because the young driver community is made up of students, workers, parents and many others whose day-to-day lives depend on being able to drive.

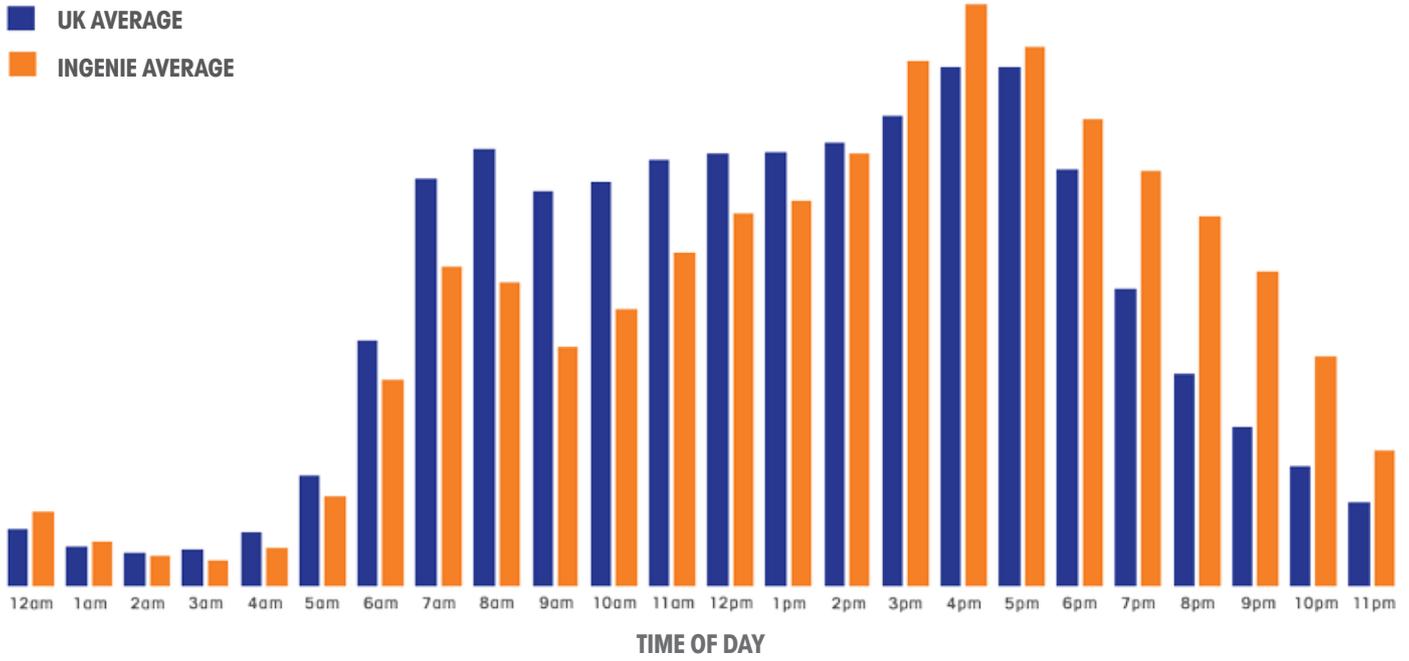
Three quarters of 17 to 24-year-olds (76%) responding to our Young Driver Survey said they rely on their car to commute to work, school or college, and **58%** told us

that being banned from driving at night would affect their ability to work.⁷

While the data does show an increase in incidents after midnight, this reflects common driving patterns in our community: young people drive more at night.

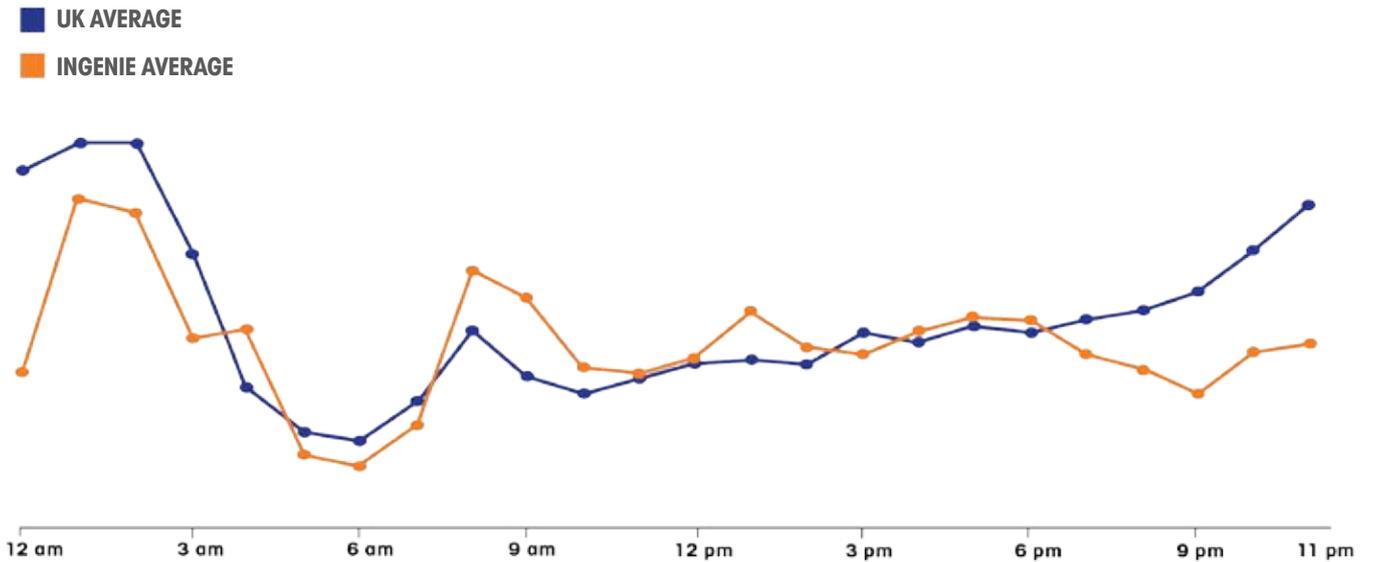
Young drivers crash more when they drive at night – but so do all other drivers.⁸

WHEN INGENIE CUSTOMERS DRIVE COMPARED TO THE UK AVERAGE



ingenie customers drive 51% more between 10pm and 4am than the UK average.

CRASH RATE PER MILE COMPARED TO THE UK AVERAGE



Despite driving more at night, ingenie customers have a similar crash rate pattern to the UK average.*

*UK and ingenie averages are to different scales but are overlaid to show the pattern in crash rate

The telematics solution

Telematics and behaviour change

Reckless driving has been a risk for years but until the introduction of telematics insurance, it had largely gone undetected. As telematics becomes more widely accepted as a way to get more affordable car insurance, the recorded number of reckless drivers inevitably increases.

There is a danger that telematics could be used to automatically exclude these high-risk drivers, by cancelling the policies that show behaviour typically leading to a claim. This growing group of drivers with cancelled policies would then find it extremely difficult to obtain affordable insurance again. Instead of building a generation of better, safer drivers, the insurance industry would have created a generation of uninsurable drivers.

ingenie believes that telematics insurers have a moral duty to avoid this outcome by encouraging positive change in young drivers who are willing to improve. The minority of young people driving recklessly has a huge impact on the cost of insurance as well as road safety in general. But telematics can affect behaviour change if it is used to support them, and even reckless drivers can be inspired to become more conscientious with the right intervention, as evidenced by the success of ingenie's Driver Behaviour Unit (DBU).

The DBU gives additional support to drivers displaying reckless tendencies – not just warning of what may happen if they continue to drive poorly, but also giving practical advice to aid improvement.

In nine out of 10 cases, our team of trained advisers is able to influence a positive change in the driver's attitude, resulting in long-term safer driving.¹ In this way, we avoid cancelling the policies of all but the most unacceptably dangerous drivers.

How telematics insurers can help change driver behaviour

Prevention:

Online resources can support learners and qualified drivers, with questions answered on social media. A driver seeking information in order to improve may become a better, safer driver without intervention.

Support:

Telematics data can be used to provide regular feedback on driving. Simple, actionable tips help young drivers improve and can serve as a notification if their driving is showing some areas of concern.

Intervention:

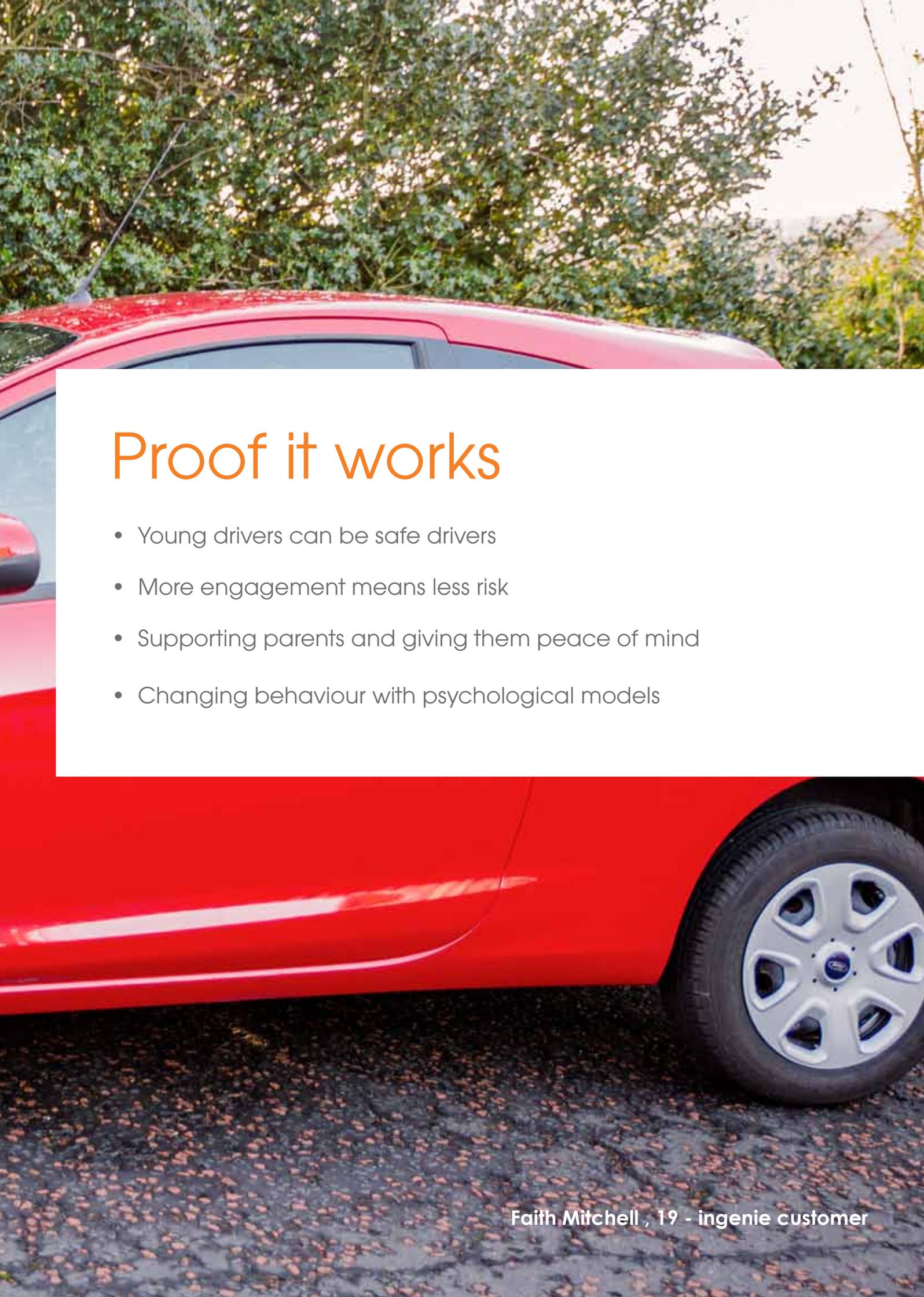
More at-risk drivers can be identified by their driving data and contacted by the insurer directly to ensure they are aware of the problem. They can then be given extra guidance to help avoid a crash, which may include more specific and detailed feedback.

“ I look at my feedback often to see if there are areas of my driving that need improving. It’s made me a lot less reckless because I know if I drive badly my premium could go up!

Benjamin Fisher





A red car is parked on a gravel surface. The car is the central focus, with its rear and side visible. The background consists of lush green trees and foliage. A white rectangular box is overlaid on the right side of the car, containing text.

Proof it works

- Young drivers can be safe drivers
- More engagement means less risk
- Supporting parents and giving them peace of mind
- Changing behaviour with psychological models

Proof it works

Young drivers can be safe drivers

We can see that the majority of young people have the potential to drive well because

70% of the ingenie community earns a discount for good driving¹

and 91% of ingenie customers earn a No Claims Discount at the end of their first year with ingenie.²

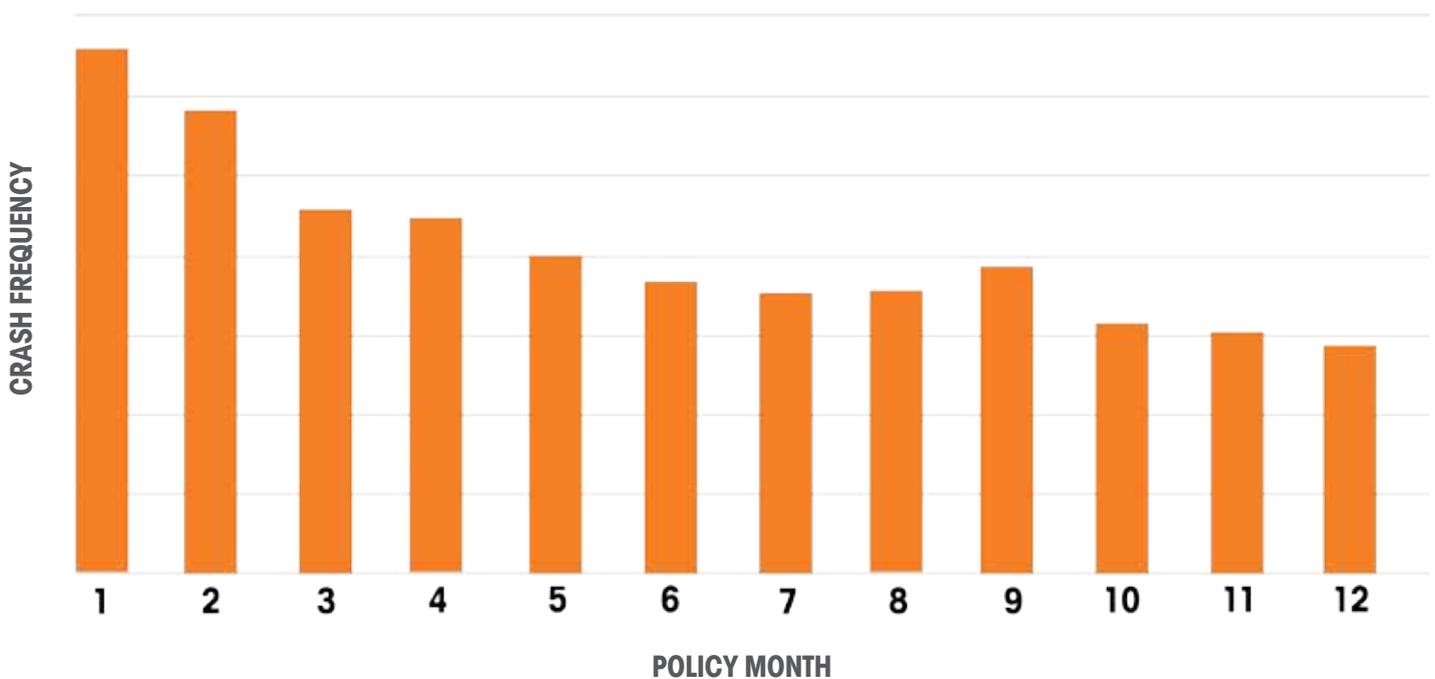
Our data also shows clear evidence of long-term behaviour change, with customers **halving** their risk of crashing by the end of their first policy year.³

Young driver feedback tells us that the black box fulfils its intended purpose as a co-pilot: customers report that, thanks to feedback to support their developing skills, they feel more confident in their driving abilities.

Read one young driver's feedback on telematics in the appendix.

Supporting this, **80%** of young drivers with experience of a black box insurance policy told our nationwide poll that it had helped or was helping them to become a better, safer driver.⁴

CRASH RISK OVER INGENIE POLICY PERIOD



ingenie drivers halve their crash risk by the end of their first policy year, showing long-term behaviour change.

How ingenie changes driver behaviour

Using telematics to positively affect driving behaviour is vital to ensuring that our roads become safer.

ingenie achieves this through preventative road safety awareness, driving engagement with feedback, supporting parents in their involvement, and intervention for the minority of drivers who need it.

We will show that telematics is already helping young drivers to improve, and – with a lower claim frequency associated with those drivers who work on their feedback – establish a good driving record that should help them secure affordable insurance in the future.

Prevention

- Online resources
- Social media community
- Road safety awareness campaigns

Support

- Feedback on driving from telematics data
- Financial incentives for good driving
- Parental involvement

Intervention

- Notification of dangerous driving patterns
- Support from the Driver Behaviour Unit



**80% FEEL
THEIR DRIVING
HAS IMPROVED**

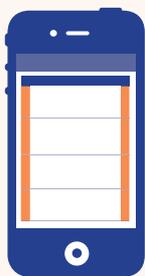
WITH THE SUPPORT OF TELEMATICS

Proof it works

Engagement with feedback

The driving performance feedback that is integral to performance-linked telematics insurance policies has a marked effect on driver behaviour if it is engaged with regularly. ingenie data shows a significant positive correlation between a driver's engagement with feedback and their driving score, which is in turn linked to claim frequency.

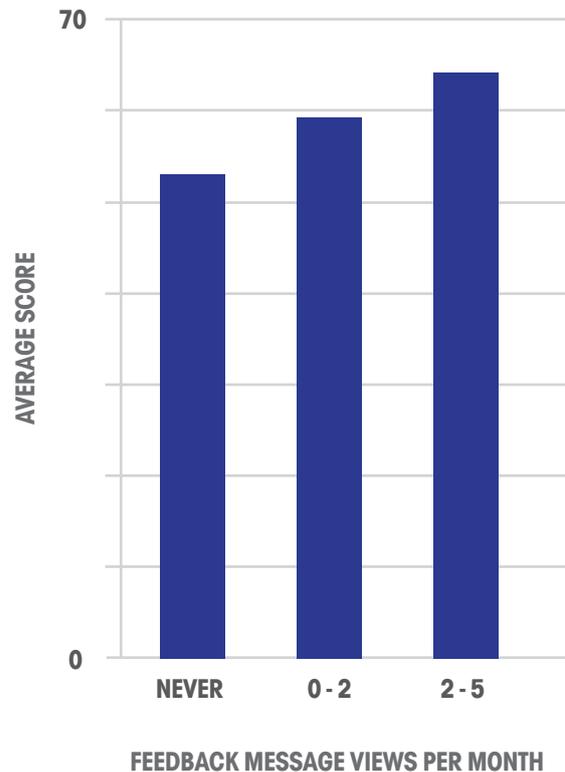
The data collected by ingenie's black box is used to generate a driving score out of 100. The higher the score, the lower the crash risk.



OVER 90%

OF OUR COMMUNITY ENGAGE WITH THEIR FEEDBACK, WITH THE AVERAGE CUSTOMER CHECKING THEIR FEEDBACK ACCOUNT 14 TIMES A MONTH – DESPITE IT ONLY BEING UPDATED THREE TIMES A MONTH.¹

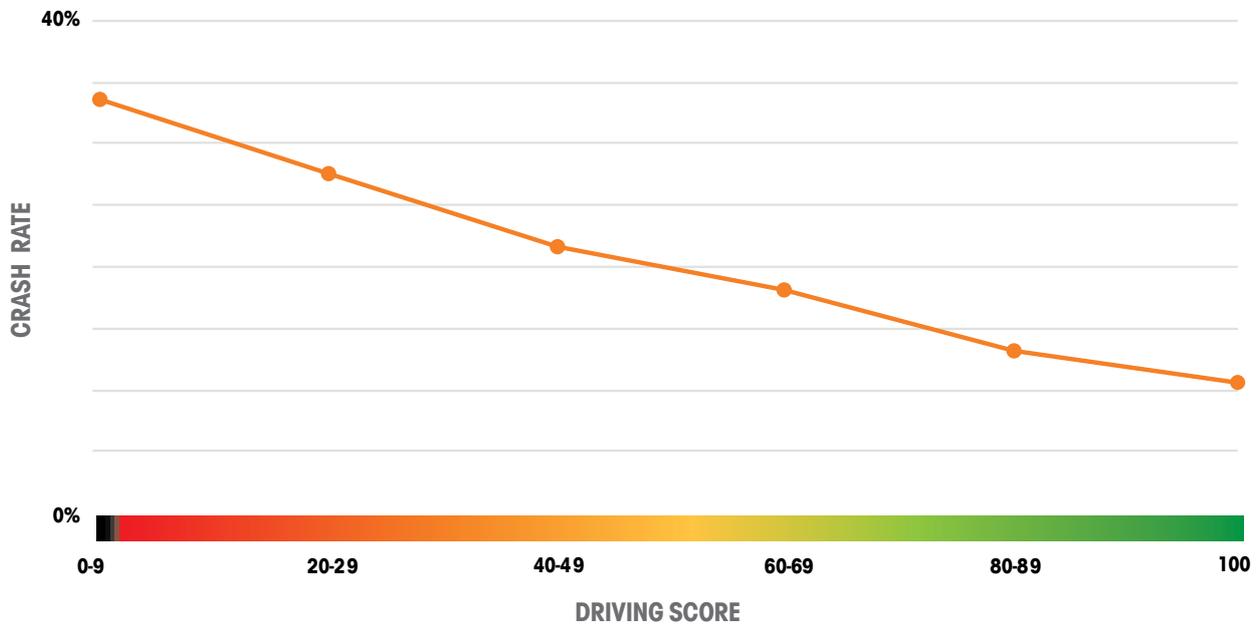
MORE ENGAGEMENT = BETTER DRIVING SCORE



Drivers who engage with feedback regularly have better driving scores based on their speed, acceleration, braking and cornering. Those who check feedback just twice a month have a driving score on average **11 points higher** than those who don't check their feedback.²

These statistics clearly show that feedback can help a young driver improve their driving. Feedback puts driving attitude front-and-centre for young drivers, and keeps it interesting with regular financial incentives. This helps drive engagement, reducing the risk of crashing.

HOW DRIVING SCORE IMPACTS CRASH FREQUENCY



Drivers with very good scores (90+) are more than three times less likely to have a crash than those with low driving scores (0-9).³

HOW DRIVING SCORE RELATES TO CLAIM SIZE



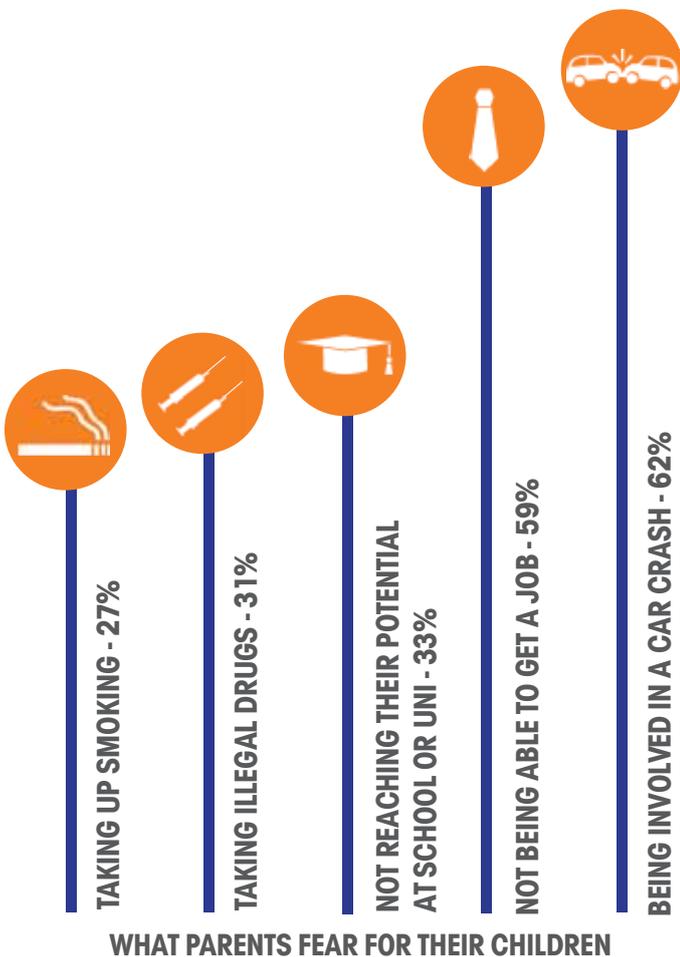
Driving score doesn't just affect claims frequency; it also affects the size of a claim. Drivers with lower scores are more likely to be involved in a crash and those crashes are more likely to be serious.⁴

*Claims over £50k not shown as they make up less than 0.4% of ingenie claims

Proof it works

The parental factor

A recent study by the Association of British Insurers (ABI) shows that the thing parents worry about the most is their children having a crash.¹ Most would love to have a way of knowing that their child is safe, and telematics can provide that reassurance without encroaching on a young person's freedom.



ABI

Between the ages of 17 and 25, young people don't seek parental involvement as much as they perhaps should. However, around **70%** of our community have their insurance supplied by 'The Bank of Mum and

Dad',² which provides an opportunity for parents to play an active role in their child's development as a driver.

Customers are given the choice of adding their parents to their driving feedback account, and our data shows that customers who choose to do this are 28% less likely to have an crash than those who do not.³

CUSTOMERS WHO SHARE THEIR FEEDBACK WITH THEIR PARENTS ARE 28% LESS LIKELY TO HAVE AN CRASH

While it might seem fair to assume that young drivers would be averse to the idea of being monitored by their parents, our research suggests the opposite is true. **A third** of 17 to 24-year-olds told our researchers that they would be happy for their parents to have access to their driving feedback if it stopped them worrying, while **one in five** was agreeable to the idea if it meant lower premiums. Meanwhile, more than **one in 10** said they were open to the idea – and with no caveats at all.⁴

LESS THAN 10% WOULD NOT CONSIDER TELEMATICS BECAUSE THEY SEE IT AS AN INVASION OF THEIR PRIVACY⁵

SURVEY: WOULD YOU AGREE TO YOUR PARENTS BEING ABLE TO SEE YOUR DRIVING FEEDBACK?⁶

32% Yes, if it stopped them worrying

22% Yes, if my insurance was cheaper

11% Yes, I have nothing to hide

9% Yes, if it stopped them hassling me

6% Yes, if they paid my insurance premium

3% Yes, if they let me drive the family car

Top reasons for considering sharing driving feedback

Accountability on the driver's part decreases likelihood of a crash and gives parents peace of mind that their child is driving responsibly, providing a prompt for open and honest discussion about their driving behaviour if necessary. While most parents simply ask "How much?" when it comes to insurance, telematics gives them the tools they need to stay involved in their child's driving education.

This involvement should follow through to every aspect of driving – helping a young driver choose their instructor, giving them private practice and staying interested when they start driving on their own can have a big impact on their driving future.

Proof it works

Intervention stops crashes

.....
Just one conversation changes behaviour – and behaviour change saves lives

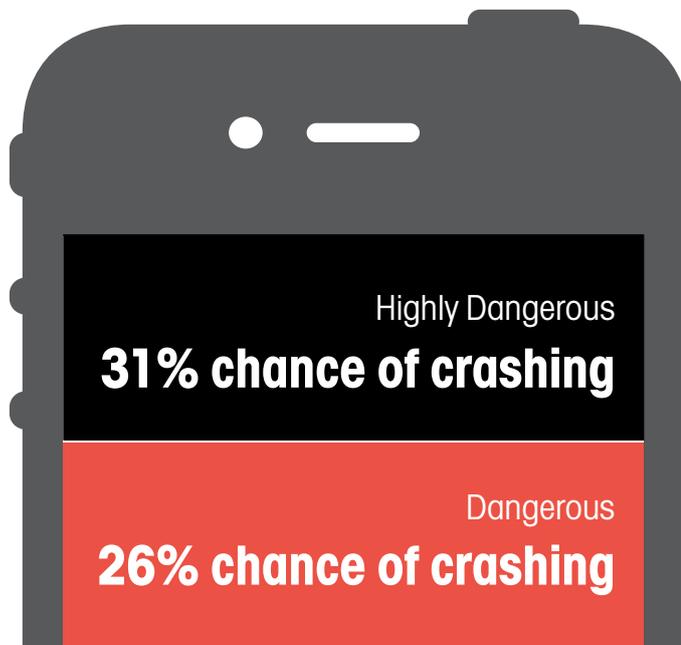
The use of scores linked to driving behaviour enables identification of drivers who are 'a crash waiting to happen'. Feedback is sent to make them aware of the risk, and these 'Dangerous' driving messages also act as a trigger for psychology-trained advisers to make contact and encourage behaviour change – before the crash happens.

How it works

ingenie's **Driver Behaviour Unit (DBU)** contacts the most reckless drivers in the community, carrying out a five to 10-minute discussion of the driving issue and providing practical advice.

Driving data is used to give context to discussions of particular driving events, for example, what the speed limit was on the road where a 'Dangerous' driving message was generated. The advisers then follow up with an email summarising the call, which reiterates the problem and the solution to encourage long-term behaviour change.

See appendix for more detailed information about the DBU.



A driver receiving a 'Highly Dangerous' message has a 31% chance of crashing

A driver receiving a 'Dangerous' message has a 26% chance of crashing

BY USING THESE MESSAGES AS TRIGGERS, WE CAN CONTACT OUR CUSTOMERS AND TAKE ACTION BEFORE A CRASH HAPPENS¹

Telematics data shows that **74%** of drivers improve in the first 10 days after their call with the DBU; **84%** after 20 days; and **90%** after a month, suggesting long-term behaviour change. Even among those customers that the DBU is unable to make personal contact with, **59%** improve a month after receiving a voicemail and email reminder to be more aware of their driving behaviour: awareness can have a big impact.²

Reduced risk and saved lives

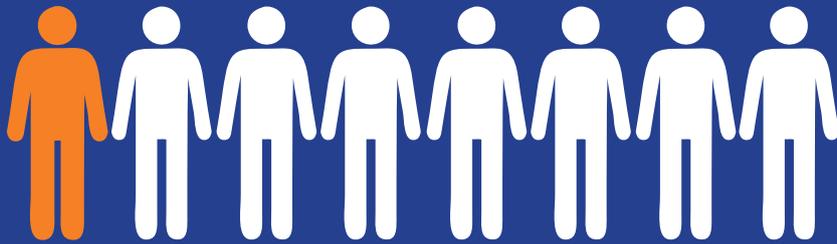
Our results show that just one short telephone conversation with our DBU advisers can affect behaviour change. Accepting that they have a problem and then being given the tools they need to correct it can turn **90%** of the poorest drivers into young people who are not only safer to insure, but safer on the road.

The proportion of policyholders receiving 'Highly Dangerous' driving feedback messages fell by 21% for first half of 2014 compared with the first half of 2013,³ as a result of all our coaching activity.

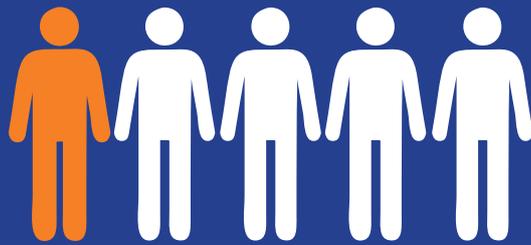
Using telematics data, we can help young drivers understand the long-term consequences of poor driving: greater risk of a crash, loss of no claims and good driving discounts, increase to excesses and premiums, and potential driving convictions and loss of income.



With ingenie, only



1 IN 8 NEW DRIVERS CRASH
in their **first six months** on
the road compared to



1 IN 5 NATIONALLY¹

Proof in numbers

Over 90% of drivers engage with feedback on their driving behaviour and on average check feedback 14 times a month²

Drivers who engage with feedback just once or twice a month **reduce their crash risk by 22%**³

Those who engage with their feedback **two to five times a month are 42% less likely to crash** than those who don't check at all⁴

Drivers with **low scores** are likely to have more serious crashes than those with higher scores⁵

90% of drivers improve after intervention on a personal level but awareness alone has a positive impact on behaviour⁶

There has been a **21% reduction in highly dangerous** driving incidents in the first half of 2014 when compared with the same period in 2013⁷

New customers reduce their risk of having a crash by **50% over their first year with ingenie**⁸

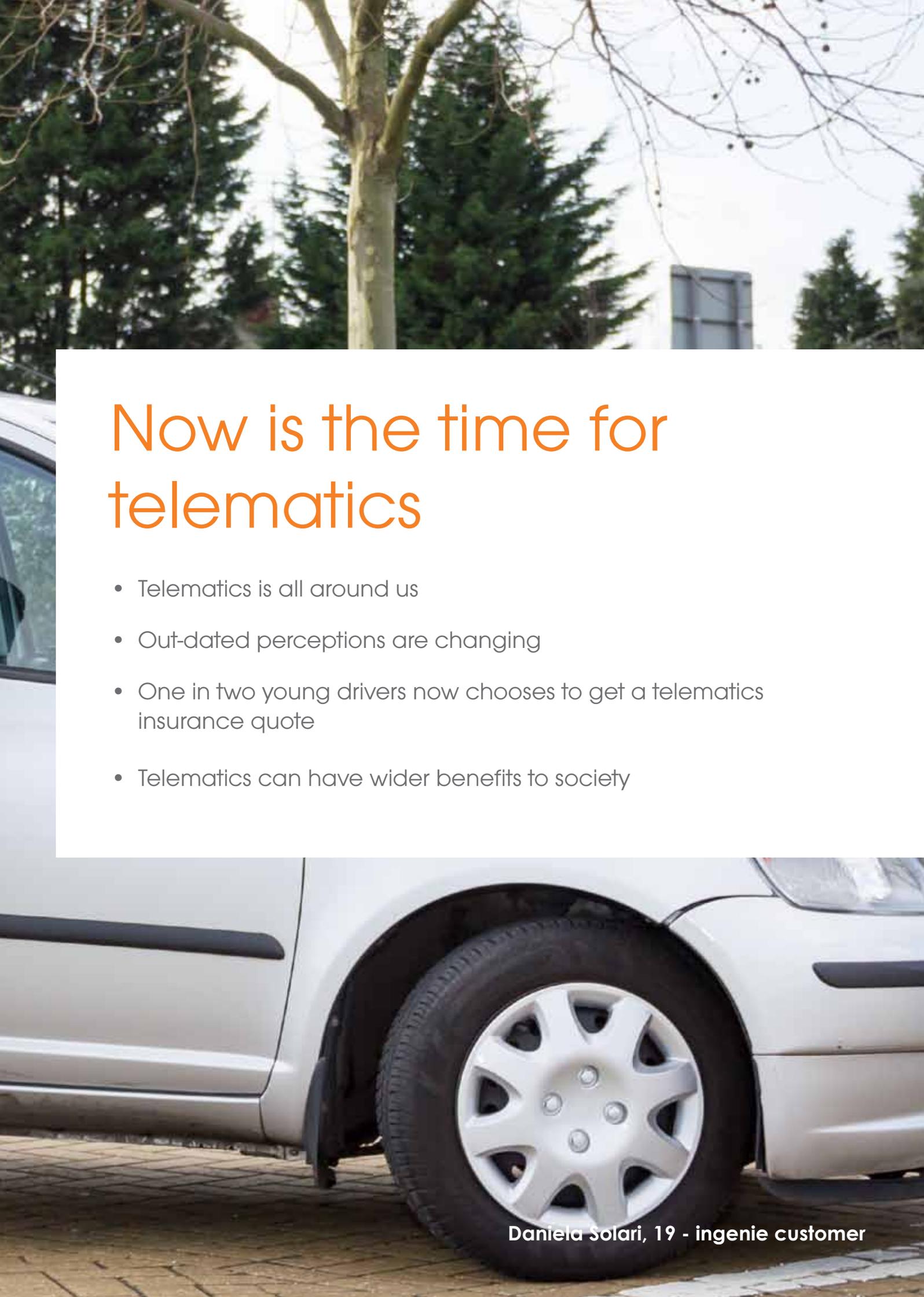
Young drivers who share their feedback with a parent or guardian are **28% less likely to have a crash** than those who don't⁹

Drivers with high scores are **more than three times less likely to crash** than those with low scores¹⁰

91% of drivers earn a no claims discount at the end of their first year with ingenie¹¹

70% of ingenie drivers get a discount for driving well¹²



A white car is parked on a paved surface. The background shows several trees, including a tall, thin tree in the center and some evergreens. The sky is overcast. The car's front wheel and side door are visible.

Now is the time for telematics

- Telematics is all around us
- Out-dated perceptions are changing
- One in two young drivers now chooses to get a telematics insurance quote
- Telematics can have wider benefits to society

Daniela Solari, 19 - ingenie customer

Now is the time for telematics

Telematics technology is all around us

Telematics is not a new technology and is steadily becoming part of daily life, especially in motoring. From hands-free calling systems to crash alerts and synched driving apps, connectivity is on the rise – and telematics insurance fits right in.

Perceptions are changing

The question of whether telematics insurance is an intrusive 'Big Brother'-style technology is out-dated. With the ever-rising popularity of social media networks and location-based apps, today's generation of young drivers is the most connected there has ever been.

Privacy is judged intuitively: the give-and-take of personal data for intelligent services is a daily decision, and not a difficult one. In order for these services to function to their full potential, they must have data – and this is recognised and embraced by the connected generation.

Increasing popularity of telematics insurance among young drivers

For young people, the main driving concern is financial; for their parents it's safety.¹ Telematics insurance offers both an answer: savings for the driver if they drive well and peace of mind for their parents that there is some influence over their son's or daughter's driving behaviour.

One in two new young drivers now opts to get a quote for black box insurance.² This choice is important, because the introduction of mandatory telematics

would surely give rise to resentment and resistance, negating the potential that the technology has for improving road safety. The increasing popularity of telematics insurance shows that young people want the choice to take responsibility for their driving and are prepared to work for lower insurance costs.

In fact, **73%** of 17 to 24-year-olds who don't already have a telematics insurance policy say they would consider taking the plunge.³ Unsurprisingly, many are drawn by the cheaper premiums such policies offer, and the promise of further discounts for safe driving offers a further incentive.

Interestingly, for a quarter, the attraction lies in the opportunity to prove they are responsible drivers, while a similar proportion like the idea of the technology helping them to improve their driving skills. Avoiding family friction is another important reason given.

73% would consider a telematics insurance policy.⁴

SURVEY: WHAT WOULD MAKE YOU CONSIDER A TELEMATICS INSURANCE POLICY?⁵

- 46%** Cheaper insurance premiums
- 31%** The promise of discounts for good driving
- 28%** The reassurance my car would be tracked quickly if stolen
- 25%** To prove I am a safe and responsible driver
- 23%** To help me improve my driving skills
- 17%** To stop my parents worrying
- 15%** The reassurance that someone is watching out for me
- 11%** To avoid my parents restricting my driving
- 10%** To avoid family rows

Financial incentives make safe driving attractive

We can see that cheaper insurance is the most compelling reason for young drivers to choose a telematics policy. This can be offered in three ways, which benefit the driver financially and in terms of their development:

A lower premium upfront: ingenie customers report saving an average of £750 on their starting price.⁶

Regular discounts over the year for good driving: reviewing the cost of insurance regularly – rather than once a year – keeps the incentive fresh. ingenie does this by reviewing policies three times a year and offering a discount of up to 21% over the year.

Savings at renewal: a year of driving data allows the insurer to assess risk more accurately for the renewal price. After one year with us, our customers' insurance comes down by an average of **50%**, around £800.⁷

Partnerships between telematics insurers and car manufacturers

Car manufacturers are answering the demand for connected cars with telematics partnerships. ingenie recently launched a deal with Vauxhall, giving 18 to 20-year-old drivers a year of insurance for £99 when they buy a new Corsa.

At the time of writing this report, **more than 1,000** young drivers had chosen the telematics option in the scheme's first weeks, which shows that such partnerships are working to get young drivers more invested in safe driving.⁸

Now is the time for telematics

The wider benefits of telematics insurance

Telematics helps reduce fraudulent claims

Data showing the time and location of incidents helps drivers fight fraudulent claims made against them – and also minimises fraudulent claims within the insurer’s own customer base. This transparency makes insurance much clearer for all parties.

Telematics eases pressure on the emergency services

Through GPS data, telematics gives police support in recovering stolen vehicles. Wider-spread adoption of telematics could also lend support to other emergency services, for example crash reporting.

Using telematics for stolen car recovery means the customer doesn’t have to make a claim, helping them keep their no claims discount and avoid increases in their insurance costs.

In 2014 so far, ingenie has helped police recover around 90% of vehicles reported stolen.¹

We believe that while some other suggestions for young driver safety – such as curfews or limiting the number of passengers – would increase the burden on police as they try to enforce them, telematics insurance would ease the pressure on public resources by reducing the number of crashes and helping young drivers become safer.



CASE STUDY:

INGENIE LOCATED A STOLEN VEHICLE AND WORKED WITH POLICE TO RECOVER IT WITHIN

3 HOURS²

“ The black box has actually been useful and made me become the best driver I could be.

Daniela Solari





In summary

Data generated from telematics provides indisputable evidence that the technology makes our roads safer, and significantly reduces the economic impact of crashes within the 17 to 25-year-old age group.

ingenie customers are 40% less likely to be involved in a car crash within the dangerous six month post-test period, and they halve their crash risk by the end of their first policy year.

Telematics is proven to actively reduce crashes, while also significantly reducing insurance costs for safe drivers and allowing young people to be treated as individuals.

We now need help to build recognition of telematics so these benefits can reach more young drivers.

George Munt, 19 - ingenie customer

ingenie's call to action

Government endorsement

Telematics offers the most robust, transparent and effective solution to the young driver problem to date, and industry statistics and consumer research show a growing public appetite. However, even while telematics insurance increases in popularity, the market is still in its infancy.

ingenie is clear that telematics **must continue to be offered on an opt-in basis and not made mandatory**, so that young drivers buy into its benefits on their terms. The industry now needs help to build awareness of these benefits and drive take-up.

We therefore call on the government to publicly acknowledge telematics' role in improving young driver safety, and its proven potential to save lives.

There is a 6% standard rate tax on car insurance premiums (IPT). This adds more than £100 to the average cost of insurance for a new young driver.



IPT relief taken from the Road Safety Foundation 'Making Road Safety Pay' report commissioned by Ageas UK – November 2014. For the full calculation, see appendix.

0% Insurance Premium Tax on telematics policies

ingenie calls on the government to introduce a **seven-year IPT exemption for new young drivers** investing in a telematics insurance policy.

According to calculations provided by the Road Safety Foundation and Ageas UK, if all new drivers opted for telematics in the first two years of their licence, this could save **28,749 crashes annually by year seven**, delivering a **£500 million saving** to the UK economy – a saving that would outweigh the loss of IPT to the Treasury by **more than three times**.¹

Removing this tax burden would enable telematics insurance providers to offset the current high cost of the technology and reduce premiums accordingly, attracting more first-time drivers.

We have demonstrated the impact that telematics insurance can have on young driver behaviour, how it can make insurance more affordable for young people, and how it can help make our roads safer.

We now need help to build more recognition of telematics. Government acknowledgment and support would increase awareness and take-up, and start to improve general driving ability on a much wider scale – potentially saving many lives.

If the next generation of new drivers can be influenced by telematics to develop a better driving DNA, the long-term impact is huge: as our roads and vehicles grow safer, so do our drivers.

7-YEAR IPT EXEMPTION ON TELEMATICS POLICIES FOR NEW YOUNG DRIVERS

Encouraging new young drivers to
choose telematics insurance

by removing the

**6% INSURANCE
PREMIUM TAX**

would cut

**28,749 CRASHES
ANNUALLY BY YEAR 7**

at a cost of

**£199 MILLION
TO THE TREASURY**

and would

**SAVE THE ECONOMY
£500 MILLION**

Sources

Executive summary

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- ² **ingenie internal data**, Premium adjustments made, Great Britain, July 2013 – July 2014
- ³ **Department for Transport**, DSA1203: Car pass rates by age (17 to 25 year olds), Great Britain, 2013-2014
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- ⁶ **Isler, Robert B.**, Driver Training and Testing: Do they feed each other?, The University of Waikato, New Zealand, 2013
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What's the problem?

20% of serious crashes involve under-25s

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Only 12% take the recommended number of lessons

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95% of crashes are down to attitude to risk

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The telematics solution

Real-world evidence: the real picture of young driver behaviour

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Proof it works

Young drivers can be safe drivers

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Britain, October 2011 – May 2014

² **ingenie internal data**, Customers completing first full policy year with ingenie, Great Britain, October 2011 – June 2014

³ **ingenie internal data**, Claims experience, Great Britain, October 2011 – June 2014

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Engagement with feedback

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The parental factor

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Intervention stops crashes

¹ **ingenie internal data**, Messages generated, Great Britain, January – June 2013 as compared with January – June 2014

² **ingenie internal data**, Calls made by the DBU, Great Britain, May 2014

³ **ingenie internal data**, Messages generated, Great Britain, January – June 2013 as compared with January – June 2014

Sources

Proof in numbers

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- ⁸ **ingenie internal data**, Claims experience, Great Britain, October 2011 – May 2014
- ⁹ **ingenie internal data**, Claims experience, Great Britain, October 2011 – March 2014
- ¹⁰ **ingenie internal data**, Premium adjustments made, Great Britain, October 2011 – May 2014
- ¹¹ **ingenie internal data**, Customers completing first full policy year with ingenie, Great Britain, October 2011 – June 2014
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The wider benefits of telematics insurance

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Now is the time for telematics

.....

Telematics technology is all around us

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- ² **MoneySupermarket**, Great Britain, 2013
- ³ **ingenie**, Young Driver Survey, Great Britain, 2014

Appendix

ingenie's unique approach

How we developed a young driver insurance product	51
How ingenie works	52 - 56
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ingenie's unique approach

How we developed a young driver insurance product

ingenie spent two years in development before launching, working with experts in telematics engineering, young driver psychology and road safety to tailor the product to appeal to the minds of young drivers. Alongside this work, we also conducted focus groups with young drivers and parents, asking how they felt about car insurance and what they wanted from a telematics product.

With the rise of comparison websites, brand loyalty in insurance is a thing of the past. Most young drivers remember the name of the comparison website they used to find the best deal – not the name of the insurer. In most cases, the only time a young driver engages with their insurer is once a year to change or renew their policy, or to make a claim. We encountered a general feeling that an insurer – as a provider of a compulsory product – is just like any other utility provider. And what 19-year-old checks their water meter several times a month for feedback on their usage?

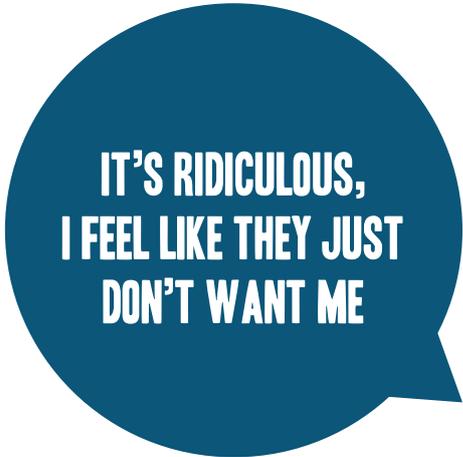
This real-life feedback showed us what we had to prove wrong: that an insurer is never going to be on their side. We set out to smash any preconceptions young drivers might have of a traditional insurer. We aimed to be social, collaborative and accessible – and definitely on their side.



**AS YOUNG DRIVERS WE
GET STEREOTYPED -
THEY BUMP UP PRICES**



**THE INDUSTRY TREATS
US WITH CAUTION
AND SUSPICION**



**IT'S RIDICULOUS,
I FEEL LIKE THEY JUST
DON'T WANT ME**

How it works

ingenie fits a black box about the size of a smartphone out of sight in the customer's car. It provides high quality data – allowing quick and accurate assessment of driving behaviour. This speed and accuracy is what lets ingenie identify customers who are 'a crash waiting to happen' – and get in touch with all the information needed to identify their specific issues and help them change.

How we assess driving behaviour

ingenie has a suite of more than **200 algorithms**, which are continually calibrated. These algorithms work intelligently to process 'journey' data, which is generated as a journey start message when the ignition switches on, and a journey end message when the ignition is turned off. The ingenie box collects data at a rate of up to 10Hz (10 pulses per second) across three axes, and transmits it securely to a single authorised server via the EE network.

The algorithms process the raw data received from the box, detecting recognisable driving behaviours which are used to build up a full picture of each customer's driving DNA. We use this information to give regular feedback, showing where the customer is doing well and giving advice on how they could improve aspects of their driving.

It's simple to understand and above all, it's fair.

How we determine risk level

The driving behaviour data is processed and combined to provide a driving score out of 100 that

reflects the overall safety of the driving recorded. This score is linked to the risk of having a crash: higher scores indicate a **lower risk of crashing**.

The score is then used to adjust the customer's premium three times a year, based on their actual driving risk. It is also used to give a renewal quote at the end of the year, providing a personalised price which is tailored to the driving risk established over the year.

How we talk to our customers

Social media

ingenie's target audience is deeply involved in social media. Much of our customer service takes place on Twitter and Facebook, and we also use these channels to post helpful tips like **#DrivingTipThursday** and **Young Driver's Guide** articles. There are quick tips in the app as well, designed to help drivers work on their feedback.

We receive a wide range of requests for help on social media, from understanding the learning process to dealing with issues young drivers face. Tailgaters are a common problem because our drivers want to stick to speed limits – so we responded by developing a black box window sticker and an online article in our **Young Driver's Guide** explaining how to deal with tailgaters.

The Young Driver's Guide

As well as providing feedback directly to our drivers, we also publish a large amount of material online, including how-to guides, infographics, videos and quizzes. These can mainly be found in the ingenie Young Driver's Guide, a resource for learners and fully-qualified drivers. Topics include vehicle maintenance,

ingenie's unique approach

driving lessons, buying and selling cars, car insurance and general rules of the road.

Connecting with our community

The more engagement we can build with a driver, the more they will improve – so initiatives that drive engagement and continue driver education are integral to ingenie's approach to road safety.

Using Facebook and Twitter to build a community that talks to each other has been at the heart of ingenie's offering since the beginning. Social media has helped us normalise telematics insurance and establish a collaborative approach to behaviour change.

We see a lot of our drivers sharing their ingenie feedback on social media, particularly when they have received a discount. This is creating a positive upswing in the number of young people who see driving well as an obvious choice over driving recklessly: saving money is definitely cool.

How we act as a co-pilot

Feedback messages

The data collected by the black box is used to provide feedback to the driver via short, Twitter-style messages through the **ingenie app** or in their online account. We send feedback **every 10 days** – but we find that the average ingenie customer actually checks their account much more than that.

The driving score generated by the data is given out of 100. We review premiums every three months and the higher the driver's score, the bigger the discount they could get – up to **21%** off over the year. If they

drive poorly, they may have their premium increased – by a maximum of **10%** – so there is a big incentive to improve.

The feedback system follows a traffic light scale: green 'Good' to red 'Dangerous', with black 'Highly Dangerous' reserved for extreme driving behaviour. This system makes feedback easy to understand at a glance.

The messages were developed with psychologists, to ensure that they resonate with the mind of a young driver. They serve as a notification of how well the driver is doing and a channel for short, sharp advice.

This last point is important: feedback is supplied as a push notification from the app. Unlike a letter, call or even email, young people constantly pick up push notifications. The fact that our drivers also check their account and driving score at other times shows that the system is engaging enough for us to get past the view we encountered in focus groups: that an insurer is just another utility provider.

Over **90%** of our customers engage with their driving feedback, and on average they check their messages **14 times a month**¹ – even though their feedback is only updated three times a month. The ingenie app has allowed us to break through traditional feelings about a compulsory product and become more than just an insurer: we're a co-pilot.

How we affect behaviour change

The Driver Behaviour Unit

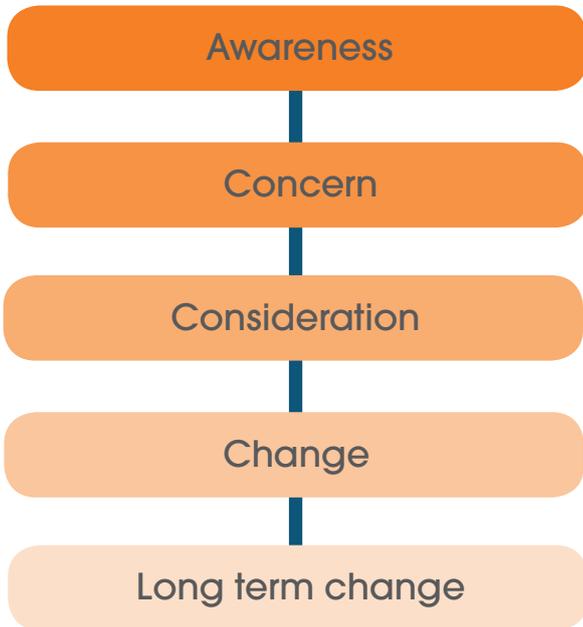
To support our feedback system, we developed the

ingenie **Driver Behaviour Unit** (DBU): an extension of our contact centre, designed to improve our community's driving. From its early days, the DBU made a big impact; over the past year we've developed the team even further and seen significant results.

Advisers with psychology backgrounds work with drivers exhibiting dangerous driving patterns to help them understand the potential consequences and ultimately become safer on the road. These advisers are all young themselves, have taken advanced driver training and employ specialised techniques for behaviour change – including the **Transtheoretical Change Model**, a process often used in counselling addicts.

discussions of particular driving events, for example, what the speed limit was on the road where a 'Dangerous' driving message was triggered. The advisers then follow up with an email summarising the call, which cements the problem and solution in the driver's mind. Advisers aim to encourage significant improvement during the 30 days after contact, during which time we keep an eye on progress in the problem areas the driving data has highlighted.

The level of engagement we have developed with our customers through the feedback system was already unique in the industry; the DBU has allowed us to take this to a new level, as a powerful touch-point to reinforce the financial and safety benefits of driving well.



The DBU contacts the most reckless drivers in the ingenie community, carrying out a five- to 10-minute discussion of the driving issue and providing practical advice. Driving data is used to give context to

ingenie's unique approach

A typical DBU conversation: from denial to appreciation. The key to our approach is not telling drivers off – just giving them the support they need to change.

...you received your third Dangerous message for braking. Is that something you're aware of?

Mate, I think my brakes on my car aren't very good. I'm not going that fast.

It can mean that you're just hitting the brakes too hard. The reason for the call isn't to have a go at you – it's just to make you aware.

Yeah.

You said you think your brakes might not be very good – is there anything else that might be the problem?

I do try hard to maintain good cornering, speed, braking and acceleration. You can see I've been doing well in some areas but... It's just something I need to change now.

Your accelerating is good – it's just braking and cornering. It's easy to go into auto-pilot mode if you're on a familiar route, so you see things later and have to hit the brakes harder. Another reason is not leaving enough time to slow down so you have to come to a bit more of an abrupt stop. Do you think either of those reasons might apply to you?

Well yeah, either of them could be – I might have done it a few times. There are a couple of times I've not been concentrating.

It is easily done, we all do it sometimes. When I drive home, I'm probably not concentrating as much as when I'm in a new area. Like I said, the call's just to make you aware of it, and what I'd recommend is giving yourself a little bit more time when you are coming to a stop. Just put those brakes on maybe a second or two earlier and see if that helps.

Yeah that's good for me, mate. I appreciate the call. I know where I'm going wrong so I'll work on that.

Once you're aware of it, you can start to make those changes.

Thanks for that mate.





My experience with the Driver Behaviour Unit

By Emily McRae

My experience with the Driver Behaviour Unit

When I received the call from DBU I did realise that I was driving fast but I didn't think it was that bad. I think I had been driving too fast regularly as I was driving to and from work along motorways and not paying much attention to my speed.

I drove fast because I wasn't really concentrating on my speed, more on the other cars and I was just keeping up with them. I did tell my mum and she was annoyed because it meant that my insurance for that quarter had gone up. She also told me to stick to speed limit, which I do now.

When I was contacted by the DBU I felt a bit ashamed that I had been driving so fast and also relieved that they called me and told me, otherwise I might have carried on. I completely understood and agreed with what the DBU was saying so I was more than happy to work with them.

When I spoke to the DBU adviser she just told me to keep an eye on my speed and not worry about what speed other drivers were doing. I immediately knew that I had to stop driving so fast and pretty much stopped straight away.

I think in the long term it has really improved my driving because I concentrate on what I'm doing a lot more now and I'm not really worrying about other drivers to an extent, although obviously you have to be aware of what's going on around you.

The DBU helped me because it just made me realise how driving too fast is dangerous, and it was nice to have the call and then have the check-up to make sure I had improved and was okay.

I concentrate a lot more on my speed and look out for the speed limit signs to see if it's changing. I feel a lot better now that I'm sticking to the speed limits and I'm saving more fuel too.

I am waiting to see my end of year premium but my driving score has improved dramatically! It was at about 16 out of 100 which is obviously very low, but now it's at 81. I would definitely recommend the DBU because they really helped me improve.

Emily worked on her driving feedback with the DBU and increased her score out of 100 from 16 to 81, halving her likelihood of crashing.



“ I’d just like to say that ingenie has helped me be a better driver and I know to keep an eye on my speed!

One young driver's feedback on telematics insurance

Lauren emailed us recently to say how much she's benefitted from having a black box. Over her first year with us, Lauren has often had all 'Good' messages in her feedback, but has had a few 'Needs Improvement' messages, and one 'Unsafe' message. However, she has always been motivated to get back to driving well – which is why she's enjoyed a great discount and renewal price this year.

"I insured my first car almost a year ago with ingenie. The cost of my first year's insurance was around £1,080 for a Citroen C3 with both my parents as additional drivers. I had just turned 19 at the time of taking the insurance out so £1,080 was quite a low price compared to other providers.

Over the course of the year I have enjoyed receiving my driving feedback as it is interesting to know what kind of driver I am. I have had a couple of slip ups, sometimes for harsh braking or cornering, but when these flash up on my driving feedback it warned and encouraged me to take the feedback on board and make a conscious effort to improve this for next time. I also found it helpful with each feedback that I was told how many miles I had driven since my last feedback. I have also received around £80 back over the course of the year for my good driving feedback. This is a good incentive to be a safe driver.

I know when I first insured my car I was slightly worried about having the 'black box' fitted because I had just passed my driving test, so I wasn't the world's best driver, however as the year has gone on I have found that the box has actually improved my driving a lot and taught me some important driving skills. I also find it very reassuring that the black box also acts as a tracker if my car was ever stolen.

Thankfully, I haven't been involved in any kind of crash in my car so I haven't had to make a claim - so I can't comment on that part!

As the year since I first insured my car is almost up, I recently received my renewal premium. I was worrying about receiving it as I thought it might still be expensive however it has almost halved! I am amazed (and relieved). So I will definitely be renewing my insurance with ingenie."

Lauren Easton, 20

24 September 2014

Insurance Premium Tax relief



The following calculations outline the IPT relief taken from the Road Safety Foundation 'Making Road Safety Pay' report commissioned by Ageas UK – November 2014

Treasury revenue forgone

If we assume:

1. the current volume of telematics policies is at 300,000 (of approximately 20m motor insurance policies in the UK market)
2. approximately 250,000 (20% of segment) of these policyholders are under 25 years old (of a total under-25s market of 1.25m)
3. there will be a natural market growth of 40,000 telematics policies per annum
4. the VAT exemption will encourage marketing activity based on the tax relief and societal approval, which will induce an annual growth of 35,000 additional under-25 telematics policies per annum
5. there is an average telematics insurance premium of £1,000

Then the outcome of the 6% IPT exemption will be:

- a gross cost to Treasury in lost IPT in the first year of $£1000 \times .06 \times (250,000 + 75,000) = £19.5m$ lost
- an expected 245,000 additional policies in place induced by the tax relief and associated marketing after the 7th year
- a rise in lost IPT to £46.5m in the 7th year with

775,000 under-25s policies in place (broadly two thirds of under-25s (62% penetration))

Expected total lost in IPT over 7 years: £231m

Reduction in road crashes

If we assume:

1. there will be a serious crash reduction of 30% for telematics policy holders
2. under-25s account for 22% of 20,000 serious crashes annually
3. an additional 35,000 policyholders in year 1 and 245,000 in total by year 7

Then the outcome of the 6% IPT exemption will be:

- an expected reduction of 37 serious crashes in year 1 ($20,000 \times .22 \times .3 \times 35,000 / 1,250,000$)
- an expected reduction of 259 serious crashes by year 7 ($20,000 \times .22 \times .3 \times 245,000 / 1,250,000$)
- an expected reduction of 2,590 personal injury crashes and 25,900 damage crashes per annum by year 7

Expected annual reduction in road crashes by year 7: 28,749



Insurance Premium Tax relief

Cost savings

If we assume:

1. £0.4m as the average cost of a serious crash causing death or serious injury (this assumes that serious crashes involving young people are no more than expensive than the average notwithstanding long term care costs)
2. all slight injury and damage crash costs equal to serious crash costs

Then the outcome of the 6% IPT exemption will be:

- an expected economic cost saving of £30m in year 1 (37 x 0.4 x 2)
- an expected economic cost saving of £207m in year 7

Total cost saved over 7 years: £829m

Year	Total Policies	Lost IPT	Policies Induced	KSI saving	Benefit	PVC	PVB
1	325,000	19.5	35,000	37	30	19	29
2	400,000	24	70,000	74	59	22	55
3	475,000	28.5	105,000	111	89	26	80
4	550,000	33	140,000	148	118	29	103
5	625,000	37.5	175,000	185	148	32	125
6	700,000	42	210,000	222	178	34	144
7	775,000	46.5	245,000	259	207	37	163
Total		231			829	199	699

Net present value based on Treasury discount rate of 3.5%

- Present value of costs: £199m
- Present value of benefits: £699m
- Saving to economy: £500m
- Benefit cost ratio: above 3

Calculation for 28,749 crashes

Crashes saved per year by year 7:

259 crashes causing death or serious injury

2590 crashes causing personal injury

25,900 crashes causing property damage only

i.e. in total 28,749 crashes avoided in year 7.



RoadSafe's support of the ingenie Young Driver Report



RoadSafe is acknowledged as a leading forum for promoting and devising solutions to road safety problems.

Its mission is to reduce road deaths and injuries by supporting and encouraging partnerships between the private sector and road safety professionals, to promote the safe design and use of vehicles and roads by sharing knowledge and encouraging innovation.

RoadSafe fully supports the Safe System approach to road safety management which sees the road user as the weakest link in the transport chain, unpredictable and capable of error, education and information efforts notwithstanding.

RoadSafe is urging a fresh approach to preparing young drivers using a holistic and structured plan of education and training that addresses all goals of driver education, along with the development of a new type of instructor. The approach should be to educate potential drivers to cope with the risks they face, rather than simply to enable them to pilot a vehicle along roads.

Telematics can achieve much of this, and RoadSafe has been pleased to collaborate with ingenie in the preparation of this important report.

Adrian Walsh
RoadSafe director

www.roadsafe.com



About ingenie

ingenie is an innovative young driver insurer that uses telematics technology to reward safe driving by lowering premiums. We build a picture of a driver's individual style, awareness and safety on the road, rewarding those who drive well with cheaper insurance premiums and helping those who need improvement become safer.

ingenie was awarded the prestigious Prince Michael International Road Safety Award in 2013 in recognition of its work to help make young drivers safer on the road, and received the Insurance Start-up Award at the 2014 British Insurance Awards.

ingenie is owned by Quindell plc, a provider of sector-leading expertise in software, consultancy and technology, with key markets including insurance and telecommunications.

Since launching in 2011, ingenie has been lucky to have Gary Lineker, BBC sports presenter, as our ambassador.

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