

ProText
by Dan Reith

Is Big Brother Watching... or Working Improving Your Auto Insurance Premium?

There are those in our society who share the opinion that there is already too much intervention, in our lives, by government and other agencies that collect and hold our personal information. At the same time, there are many consumers, and watchdog advocate groups, who argue that auto insurance premiums are too high and that insurance companies, while in the business of making profit, should offer this product, if not for free, certainly for a much lesser charge than what they currently offer. Taking these two schools of thought together, what would you say to an opportunity to be a part of a study which, for some, may ultimately bring down their auto insurance rates to levels that may be more palatable? Before you jump at the chance you should know there is a downside. The result may significantly raise rates for others, yourself included, even though you are a driver who is confident you never do anything wrong. Take this one step further and you might get a sense that "Big Brother" has arrived because, in order to participate in this study, you will have to allow an insurance company to effectively "watch" your every move and every driving habit while they measure everything you do behind the wheel and how often you really drive.

If it secures you cheaper insurance is it such a bad thing?

Canada's second largest insurer thinks not. Aviva Canada is testing this unique program in Ontario. The program: *AUTOGRAPH*. It is the first of its kind in Canada and it offers drivers the opportunity to lower their auto insurance premiums through proving safe driving behaviours.

Autograph technology allows drivers to be accurately tracked and their driving patterns and habits followed as well as the habits and patterns of their family members who drive their vehicles. If they choose, the data is submitted for premium discounts.

Eligible drivers will be given the opportunity to move their auto insurance to the *Autograph* program. Those who do will receive an *Autograph* data collection device, a USB cable and complete instructions on how to install and use the *Autograph* device.

The program operates on both Windows 2000 and XP platforms and the device plugs into most cars built in 1996 and later. The aim of the program is to promote safe driving habits and then rewards drivers with insurance premium discounts of up to 25% off the base premium. It rewards those drivers who choose to drive at slower speeds, lower total annual kilometers, and those who drive at safer times of day. These are the drivers who are statistically less likely to be involved in accidents.

After 14 weeks of driving with the *Autograph* system the driver will be asked to review their data and have the option of uploading it to Aviva for consideration for premium reduction. Discounts will be applied based on the number of kilometers driven, average speeds driven and the like. In fact, once an *Autograph* member, the driver will receive a 5% premium reduction just for submitting the data. If one chooses not to submit, there will be no penalty but there will be no reduction from the base premium charged at the outset.

The principal benefit of participating in this program, besides lower premiums, is that premiums charged are better reflective of how a vehicle is actually driven. Thus, drivers have a choice to pay, or pay less. The driver is in control. The driver has the choice to participate and have a choice to share their data with the insurer. The insurer will never see data the driver has not first reviewed. If a driver chooses not to submit their data to *Autograph*, the program will provide important information on the driver(s) overall driving habits for self consideration. For some, this may be more than we want to really know.

At this time, Aviva is seeking 5,000 participants to test this new program. Interested consumers can register their interest by logging onto www.pilot.ca or www.avivacanada.com and clicking the *Autograph* link, or by making direct to a Pilot or Aviva broker for more information.

It is the expectation of Aviva that, once sufficient data is collected, it can be used to establish a new mechanism to price auto insurance for consumers. As consumers, are we ready to be honest with our insurance company about how we really drive and are we ready to have Big Brother watching our every move? For some, if the price is right, it might be worth giving up just a little bit more privacy and, if it results in safer roads, fewer accidents and lower insurance premiums, is sacrificing a little privacy such a bad thing? You be the judge.

This column appears regularly in Business Beat and has been submitted by Dan Reith BA (Hons) CAIB, a principal of Reith and Associates Insurance and Financial Services, 462 Talbot Street, St. Thomas. Dan is also a Member of the Chamber's Board of Directors. Questions and comments on this column are welcomed by the writer and 631-3862 or via e-mail: info@reithandassociates.com