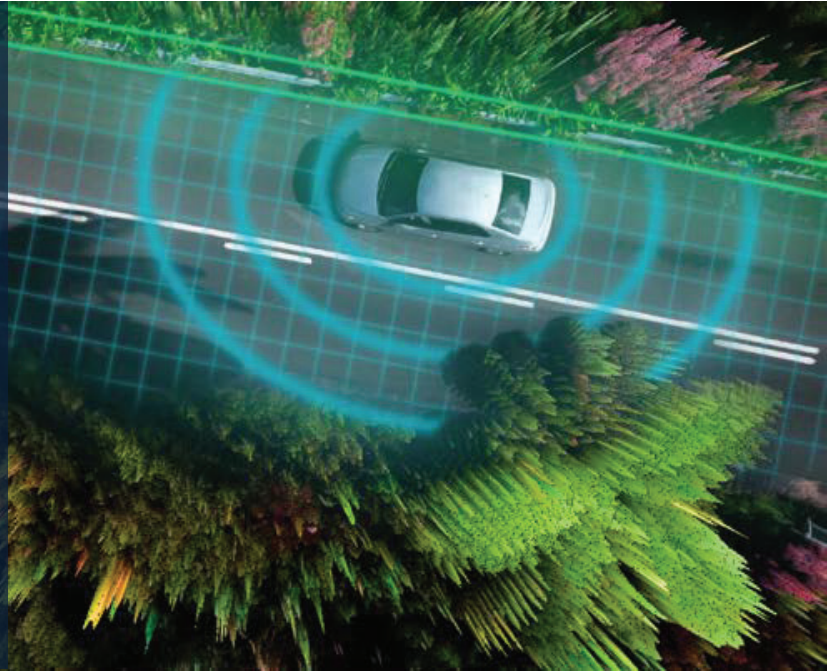




Insuring Autonomy: How auto insurance will lead through changing risks

JANUARY 2021



EXECUTIVE SUMMARY

Since the initial release of this position paper in July 2018, the autonomous vehicle – or “AV” – industry has grown significantly. To reflect these new realities and Travelers’ ongoing commitment to the issue, this 2021 update charts advancements made across the industry, and further expands on topics like insurer subrogation, distracted driving and Travelers’ participation in the AV insurance market. Importantly, our position on insurance for AVs remains unchanged, if not strengthened by our learnings over the last few years. Auto insurance as we know it today, can – and will – meet society’s needs in an AV world. This position paper makes the following key points:

OVERVIEW: The autonomous vehicle (AV) world today and tomorrow.

- It is important to address public policy questions and challenges in a comprehensive manner that increases public safety, provides peace of mind, protects drivers and pedestrians and spurs innovation.
- Travelers believes that the auto insurance industry should – and will – play a critical role, as lawmakers, regulators and society adapt to the newest mode of transportation.
- Travelers supports all measures that help ensure the safety of our roadways and the company believes AVs ultimately will benefit society by reducing the number of crashes, injuries and lives lost.
- There continue to be many unknowns associated with AVs. For example, how long will it take to transition to a fully autonomous fleet? How long will it take for the anticipated benefits of AVs to be realized? What unintended consequences and disruptions will arise during the transition?



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AUTO INSURANCE can – and will – meet society’s needs in an AV world.

- Travelers believes that leveraging the existing automobile insurance structure, both commercial and personal, is the best method for compensating crash victims quickly and efficiently – now and in the future.
- The current insurance structure is already designed to adapt to evolving risk environments and would minimize regulatory uncertainty, market disruptions and consumer confusion.
- Continuing to rely on auto insurance for coverage, regardless of vehicle type, will also help to ensure consistency during the period in which AVs and driver-operated vehicles share the road.
- Whether a vehicle is autonomous or driver operated, auto insurance offers vehicle owners the most peace of mind when it comes to other concerns such as weather damage or theft.

CRITICAL INSURANCE-related components for AV regulation.

- Any proposed legal and regulatory framework governing AVs must include provisions specifically related to auto insurance.
- Vehicle owners should be required to purchase and maintain adequate insurance for their AV, whether it is a personal, ride-hailing or company-owned vehicle. Coverage limits should be high enough to account for more expensive technology in AVs.
- The insurance industry should play a central role in AV policymaking and stakeholder discussions. Local, state and federal lawmakers and regulators must coordinate and seek input from all relevant constituents to ensure a consistent, rational regulatory framework that addresses all potential issues.
- Travelers would support the development of a model state law relating to AV insurance that builds on the current state-based regulatory and oversight structure for auto insurance.
- Travelers engages with coalitions that help educate the public and make recommendations on AV-related issues. Insurers have extensive consumer communication programs and can help educate key groups on AV safety.

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As a longtime leader and innovator in both commercial and personal auto insurance, Travelers is well positioned to contribute to this discussion, committed to being a part of the insurance solution for these risks and actively underwriting for risks in the commercial market. We are pleased to outline the company’s position here and look forward to continuing important dialogue across sectors in the years to come.

To learn more, visit travelersinstitute.org.

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