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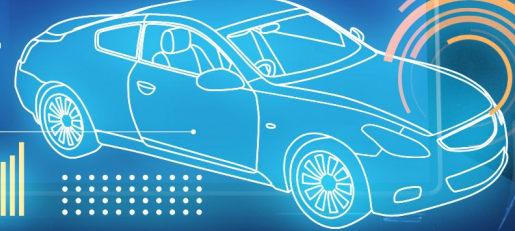
/ Navigation
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100m

48
mph



/ Autonomous
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Mobility of the Future

Exploring Mobility Trends and their Impact on the Insurance Business



Executive Summary

Deloitte conducted a survey that reveals how customer behaviour is changing in a dynamic mobility landscape and the impact on the insurance business

Mobility behaviour evolves, changing the car insurance business

The dynamics of mobility behaviour are undergoing a remarkable shift, significantly altering how individuals engage with different modes of transportation. This transformation encompasses diverse approaches to mobility and is directly influencing the insurance landscape.

The transformation is fuelled above all by three interconnected trends: shared mobility, autonomous driving, and the rise of mobility ecosystems.

To explore the impact of mobility trends on the insurance business, Deloitte conducted a proprietary survey of more than 1,000 Swiss residents. This study reveals insights into mobility trends and related opportunities – both for insurance customers and the insurance business.

Key insights from the survey on mobility behaviour and trends



Retail customers adopt to **Shared Mobility**

- Today 80% of respondents own a car in their household; but in the next decade this percentage is likely to decrease to 40%.
- Already today, 25% of respondents have a shared mobility membership.



Limited trust in **Autonomous Driving**

- Today, 36% of respondents would feel safe in and would use a self-driving vehicle, if available; 68% would still prefer to drive or be driven by a human being.
- 68% of respondents expect the manufacturer to be liable when driving with autonomous vehicles.



Mobility Ecosystems are already a reality

- 47% of respondents already prefer to use other modes of transportation to a car.
- Today, 55% of respondents frequently combine different modes of transportation.

What insurance companies need to consider to navigate the changing mobility landscape

- Watch market developments closely, as private motor insurance is an important business, but expect retail customer numbers to shrink.
- Adapt to the change in customer roles, as shared transportation shifts car ownership towards businesses.
- Contribute to developing regulations regarding liability in the context of autonomous driving vehicles.
- Integrate shared liability of the manufacturer and car owner or driver in insurance products and services for autonomous driving.
- Mitigate the risk of losing direct relationships with customers.
- Contribute to the seamless evolution of mobility journeys while defining positioning, products and value adding services.

Agenda

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Mobility evolves, with an impact on car insurance

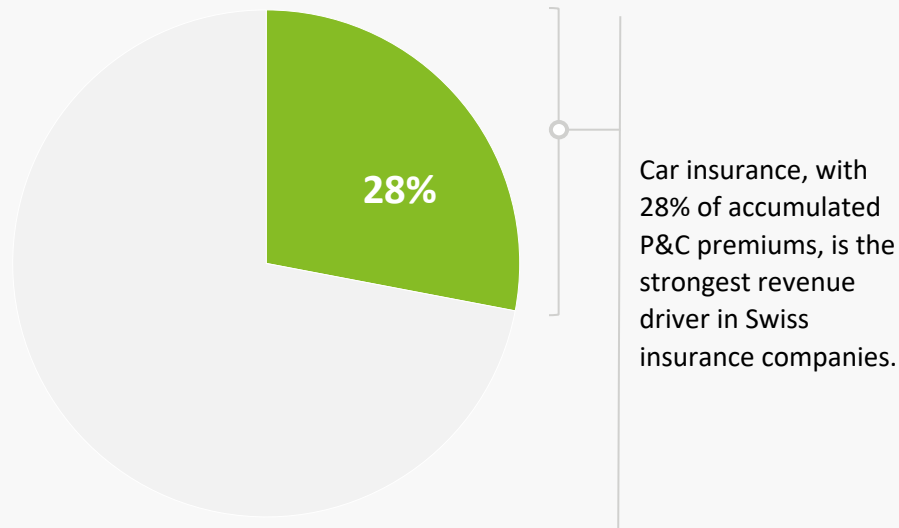
Customer behaviour in the dynamic mobility space is changing. Deloitte therefore conducted a survey to better understand the impact on the insurance business

Mobility change is affecting car insurance, the strongest revenue driver in the Swiss P&C insurance market

The dynamics of personal mobility are undergoing a remarkable shift, significantly altering how individuals engage with different modes of transportation. This transformation is directly influencing the insurance landscape.

Traditionally personal vehicle ownership has been the norm, with individuals relying on their car for transportation. As car insurance remains the strongest revenue driver in the Swiss Property & Casualty (P&C) market, insurance companies must adapt to this change. As more people opt for new transport solutions, insurance offerings need to evolve to cover new scenarios. Navigating these changes requires insurers to grasp the trends and impacts and define strategies to align with the shifting dynamics of how people approach different modes of transport.

Accumulated P&C premiums of Swiss insurance companies¹



To explore the **impact of mobility trends on the insurance business**, Deloitte conducted a **proprietary survey of more than 1,000 people living in Switzerland** across different age groups, language areas, and income categories.²

This study reveals **insights into mobility trends and related opportunities**.

¹ Analysis of annual reports of AXA Versicherungen AG, Allianz Suisse Versicherungs-Gesellschaft AG, Schweizerische Mobiliar Versicherungsgesellschaft AG, Zürich Versicherungs-Gesellschaft AG, Helvetia Schweizerische Versicherungsgesellschaft AG in Switzerland

² See more details p. 15

Key trends shaping mobility

The transformation is mainly fuelled by three interconnected trends: shared mobility, autonomous driving, and the rise of mobility ecosystems

These three trends are not only altering traditional concepts of mobility but are also influencing the interaction of stakeholders in the mobility landscape.

Navigating this evolving landscape requires a deep understanding of these trends and implications. With our study we want to shine some light on the status of mobility trends and their implications.

1

Shared Mobility

Shared mobility has paved the way for collaborative consumption, allowing individuals to access vehicles as needed without the burden of ownership. This shift has also sparked the growth of innovative services like ride-hailing and car-sharing platforms.

Shared mobility services allow multiple users to share a vehicle or ride, often on a short-term or on-demand basis.

2

Autonomous Driving

The advent of autonomous driving introduces a new dimension, promising enhanced safety, convenience and accessibility. As self-driving technology continues to advance, it has the potential to reshape how we perceive driving.

Autonomous vehicles or self-driving cars refer to vehicles equipped with advanced sensors and technology that enables them to navigate and operate without direct human intervention.

3

Mobility Ecosystems

The emergence of new mobility ecosystems underscores the interconnectedness of various transportation modes and services. This holistic approach aims to provide seamless, end-to-end transportation experiences.

Mobility ecosystems refer to the interconnected network of mobility modes, services, technologies and infrastructures that, combined, provide seamless mobility.

Declining demand for private vehicle ownership

The survey reveals the enduring popularity of privately owned vehicles yet forecasts a shrinking target group in the future

The importance of private motor insurance is underscored by the 80% of respondents who own a car in their household at present.

Private car owners are significant for P&C insurance companies. According to our survey, 80% of respondents own a car in their household. The target group therefore still offers the potential for a strong car insurance business.

Moreover, private cars are still the most popular transport option as 51% of respondents report a preference for their own car as their most used means of transportation.

Share of respondents who currently own a car in their household (in %)

80%



Share of respondents who expect to own a car in their household in the next ten years (in %)

40%



Looking forward, the target group for private car insurance will shrink as only 40% of respondents assume they will continue to own a car in their household.

Thus, half the respondents who currently own a car in their household expect that they will no longer own one in the next ten years.

Customers are adapting and expect to be able to replace their car with new mobility options.

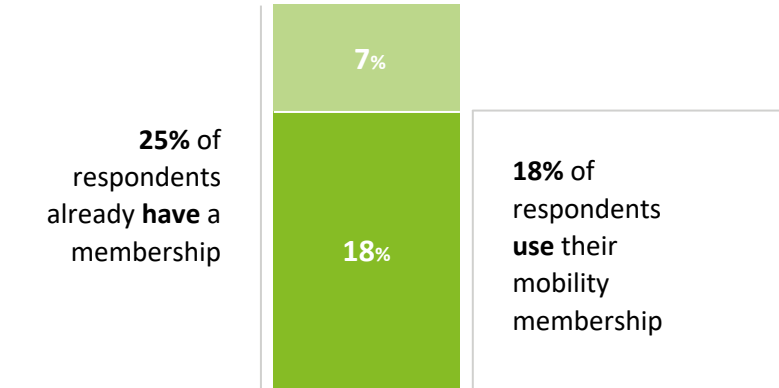
Customers are already adapting to shared mobility

Respondents demonstrate a readiness to embrace shared mobility solutions by maintaining mobility subscriptions and exploring diverse transportation options

25% of respondents already own a mobility membership³, while 18% use it.

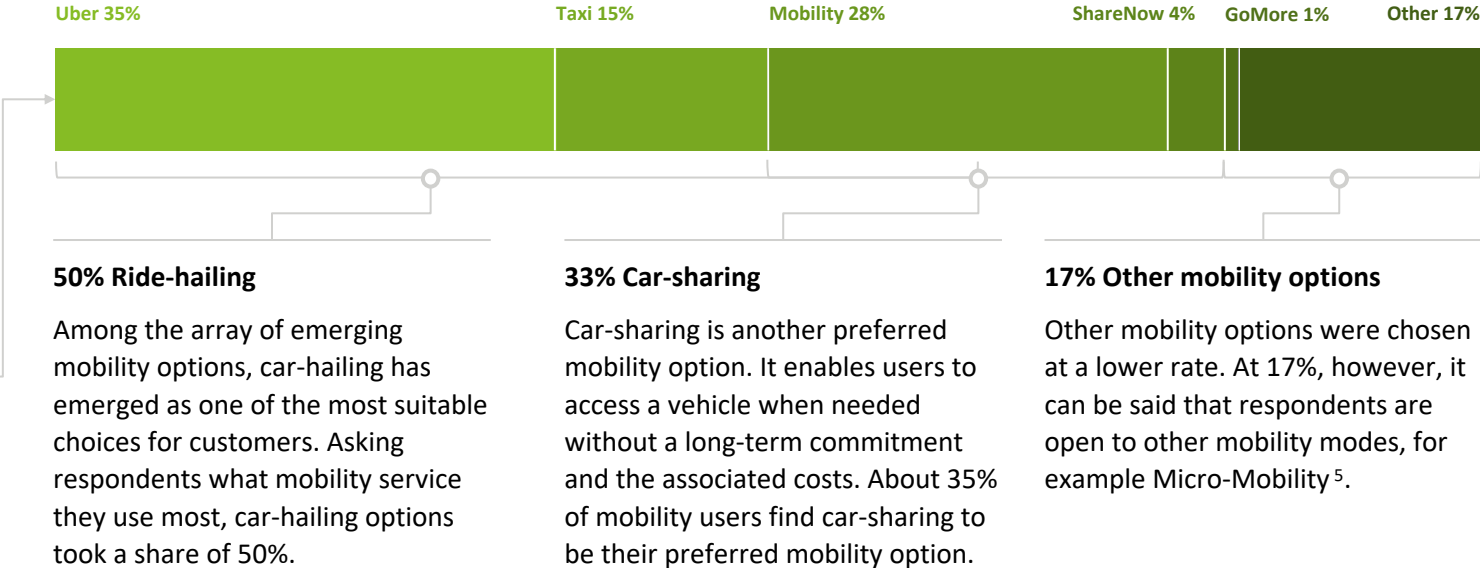
One pivotal trend driving the evolution of new mobility options is the rise of shared mobility. This innovative approach to transportation has gained remarkable traction in recent years. It aims to provide cost-effective alternatives to traditional transportation. This is reflected in our survey. 25% of participants already own a mobility membership. Among the younger respondents (18 – 34 years) 30% already have and use a mobility subscription.

Participants with shared mobility membership (in %)



Half the people who own and use a mobility subscription use ride-hailing and one third use car-sharing services.⁴

Share of usage of mobility services (in %)



³ Mobility Subscription or Mobility Membership is a membership-based arrangement offered by a shared mobility service provider, where users pay usage-based or a recurring fee to access a variety of transportation options.
⁴ Shared mobility services refer to transportation solutions that allow multiple users to access and utilise the same vehicle or mode of transportation, often on a short-term or on-demand basis. Examples include the ride-hailing platform Uber, which connects passengers with independent drivers, and car-sharing services like Mobility or Sharenow, which enable users to rent vehicles for short periods, typically by the hour or day.
⁵ Micro-Mobility refers to short-term rental of lightweight vehicles such as bicycles or scooters.

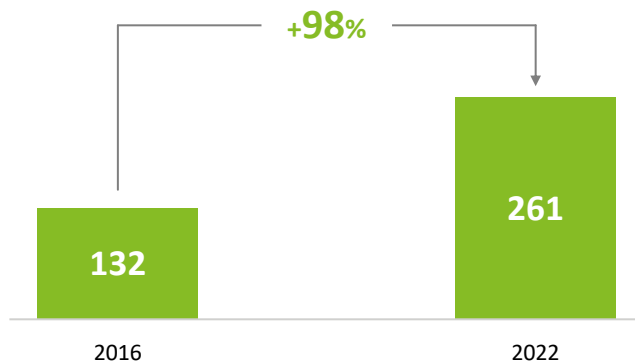
Impact of shared mobility on the insurance business and customer engagement

Car ownership dynamics are being reshaped, favouring businesses and altering the role of the insurance customer

A change in the customer role

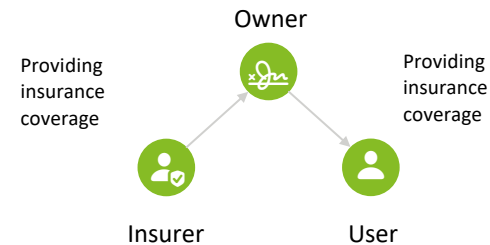
Shared mobility means cars are increasingly being owned by businesses, not private individuals. Thus, a change in the role of the customer and insurance relationship is expected. Insurance companies should seize this opportunity. For example, Mobility, a major car-sharing provider in Switzerland, has increased its membership by 83% over the last 5 years.

Number of memberships of Mobility in 2016 and 2022 (in `000 customers)⁶

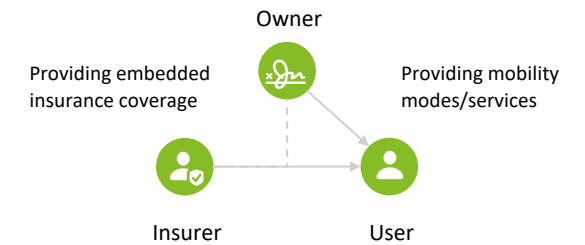


⁶ Source: Mobility, Annual Reports 2014 – 2022, Geschäftsberichte (mobility.ch)

Owner of the means of transportation is an insurance customer



User of the means of transportation is an insurance customer



Customer role

The mobility provider (or OEM) is the owner of the means of transportation and the insurance customer while mobility users are the insured party while using the vehicle (e.g. drivers)

User can still become an insurance customer through embedded and/or add-on insurance coverage or services that can be offered on demand

Product

Fleet motor insurance (B2B)

Embedded Motor and Liability Insurance Product (B2B2C)

Customer interaction (Channel)

Only B2B interaction with limited target group compared to private customers due to fleet consolidation

B2B2C interaction, while customer interaction is steered by the mobility provider. Limited potential for a customer relationship and customer development

The uptake of autonomous driving

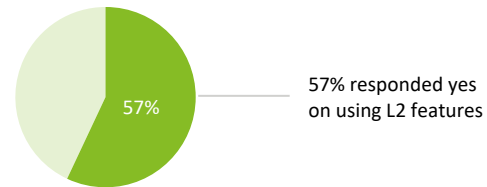
Autonomous vehicles are on the rise, yet people still feel insecure about fully autonomous driving

Respondents are already starting to adopt autonomous driving features – such as L2.⁷

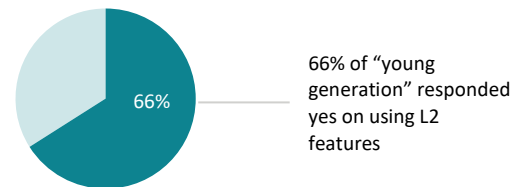
Autonomous driving is emerging as a transformative mobility trend. With advanced sensors and software, self-driving vehicles can navigate without human intervention. It is expected that self-driving cars will be available to retail customers. Mobility providers offering self-driving cars are also expected to enter the market.

Respondents are already adapting to simple self-driving L2 features, such as parking assistance and proximity control.

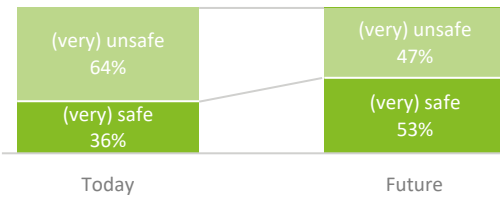
Share of respondents using L2 features of all participants (in %)



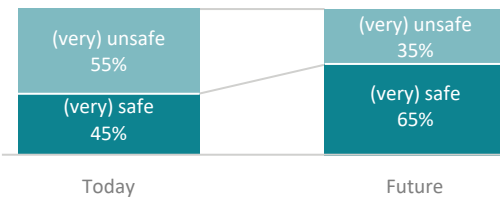
Share of respondents using L2 features, among young participants, 18-35 years (in %)



Share of respondents feeling "(very) safe" or "(very) unsafe" using autonomous vehicles (L5) today vs. in future (in %)



Share of young people feeling "(very) safe" or "(very) unsafe" using autonomous vehicles (L5) today vs. in future (in %)



Currently 64% of respondents feel (very) unsafe using autonomous vehicles (L5).⁷

When asked about how safe they would feel with autonomous vehicles, 64% of respondents feel (very) unsafe today. Thus, driving autonomously is still only at the beginning of its evolution. The young generation (18 – 34 years) shows a higher level of acceptance, with 45% of respondents feeling (very) safe today.

In the future survey respondents for the most part expect to feel (very) safe in autonomous vehicles, with 53% indicating they would feel (very) safe. Still, with 47% expecting to feel (very) unsafe, a substantial number of people remain sceptical about autonomous vehicles.

⁷ Autonomous driving systems are typically categorised into levels indicating the extent of automation and human involvement in the driving process (Level 0-5). L0: No automation, human driver is responsible for driving. L1: Driver assistance, involves systems that can assist the driver with either steering or acceleration/deceleration. L2: Partial automation can control both steering and acceleration/deceleration simultaneously driver remains engaged. L3: Conditional automation, the vehicle can manage most aspects of driving. L4: High automation, vehicles can perform most driving tasks without human intervention. L5: Fully autonomous vehicles are fully autonomous. Source: bmw.com/en/automotive-life/autonomous-driving.html

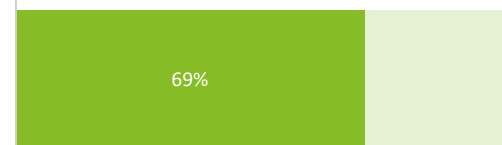
The question of liability

While human-driven preference endures, manufacturers are expected to assume liability for autonomous features, paving the way for innovative hybrid insurance products that cover shared liability

Respondents prefer driving themselves or being driven by humans, regardless of whether they feel safe about autonomous driving.

Respondents would rather drive themselves or be driven by a taxi driver than be driven autonomously by the vehicle.

Share of respondents that feel safe with autonomous vehicles (L5) yet prefer driving themselves (in %)



Share of respondents that feel safe with autonomous vehicles (L5) yet prefer to be driven by a taxi driver (in %)

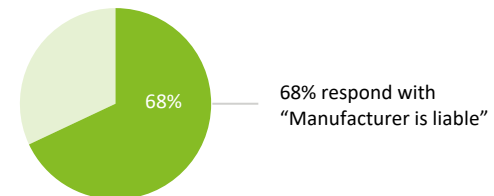


68% of respondents expect the manufacturer to be liable for autonomous vehicles (L5).

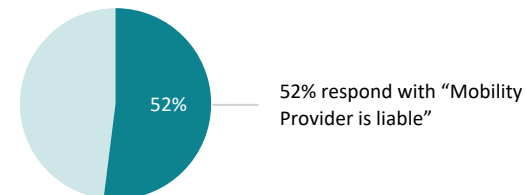
When asked about liability, people expect the manufacturer to be liable when offering autonomous features, specifically when they own the car.

When using a provider offering self-driving cars, they expect the provider to be liable.

Share of respondents who view the manufacturer as liable for their own autonomous vehicles (L5) (in %)



Share of respondents who view the shared mobility service company as liable when providing autonomous vehicles (L5) (in %)



Our study shows that customers prefer driving themselves. Thus, **insurance products for retail customers remain relevant** in the context of autonomous driving.

When using autonomous vehicles (L5), customers expect not to be liable; manufacturers are expected to take over liability.

Thus, **insurance companies need to think about integration of shared liability** for the **manufacturer and car owner or driver**. This not only affects insurance business models but also opens the door to integrating services along the whole value chain.

Mobility continues to develop as an ecosystem

Respondents are embracing a combination of multimodal transportation options to seamlessly integrate their journeys, accelerating the emergence of mobility ecosystems

Respondents' mobility behaviour involves multimodal transportation.

Modern mobility is no longer confined to a single mode of transportation. Instead, customers are increasingly adopting a wide range of mobility options. According to the survey, respondents mainly prefer the self-owned car as their means of transportation. However, other mobility options, including public transport, are also popular.

Share of most used transportation mode (in %)



47% of respondents use other modes of transportation versus a car preferably

55% of respondents combine different modes of transportation frequently.

In this context the participants potentially aim at seamlessly integrating these modes of transportation into their journeys. Respondents indicated that they use different mobility options in combination. The majority, 55%, use a combination of different means of transportation at least once per month.⁸

Share of how often means of transportation are used in combination (in %)



55% of respondents combine different transportation modes at least once per month

Mobility ecosystems mostly involve tight orchestration by a provider or platform.

The combination of different modes of transportation has given rise to the evolution of new mobility ecosystems.

Ecosystems can be classified based on complexity and orchestration. In mobility ecosystems the prevalent pattern is that of tight orchestration. Operating as a pivotal platform, this orchestrator interconnects a variety of mobility services seamlessly. This places the orchestrator in a position of authority, enabling them to establish rules, closely monitor the functioning of the ecosystem, and steer services and the customer experience. This orchestration-centric approach underscores the power and essential role of the orchestrator.

For example, SBB combines different means of transportation connecting the customer to shared mobility providers, such as Mobility, Enterprise Go or Publibike.

In Munich MVGO is connecting local public transport with shared mobility services. Besides booking tickets for public transport, you can directly book further mobility options to engage in a seamless customer experience.

⁸ Question asked in the survey: "How often do you combine different means of transportation for one trip (e.g. bus and bike, train and scooter, etc.)? Please do not consider travelling by walking" Answer options for single choice: "Daily", "Once per week", "Once per month", "Less than once per month", "Never"

Implications of mobility ecosystems for insurers

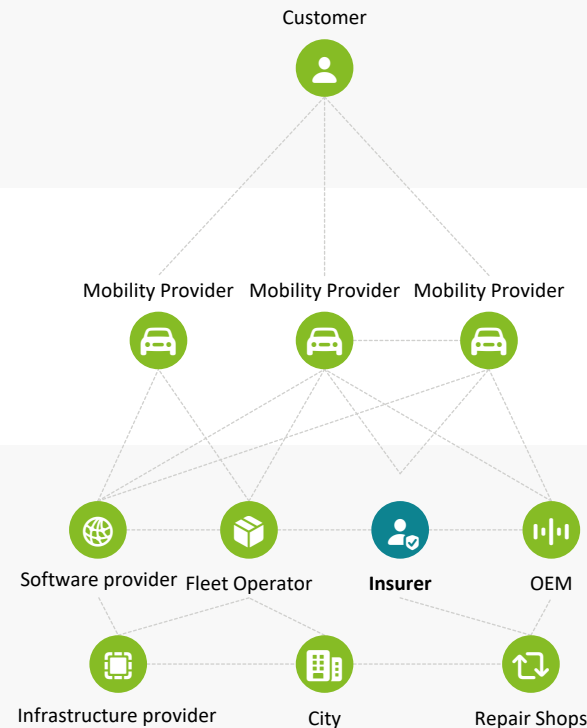
As insurance companies lose customer touchpoints, they must assert their role as key stakeholder within the ecosystems

The mobility behaviour of respondents involves multimodal transportation and customers expect a seamless, interconnected mobility experience.

Customers are embracing a new approach by combining diverse mobility options to craft personalised journeys. This shift is facilitated by a seamless and interconnected experience. As they access ecosystems, people demand efficient, integrated and individual mobility.

Mobility ecosystems are mostly provided and guided by an orchestrator, typically a mobility provider, which interacts with customers and holds ownership of the customer touchpoint. Note that mobility providers can also be connected to provide combined services.

Ecosystem participants collaborate to deliver value-added services to customers. Through seamless connections, various stakeholders contribute their expertise, resources and offerings, resulting in an enriched and holistic customer experience.



What insurance companies need to consider to navigate the changing mobility ecosystem.

The emergence of new risks arising from evolving mobility patterns makes it necessary for insurers to **develop new insurance products**, like e.g. mobility insurance (covering person-related insurance independent of means of transportation). Also, there is a notable **uptick in B2B** insurance coverage, encompassing the providers and owners of the means of transportation, while customers, as “drivers”, are the insured persons.




However, a potential threat is that as **insurers lose control of customer touchpoints**, they also risk losing the chance to cultivate direct relationships with customers. This could undermine opportunities for both up- and cross-selling. Therefore, **new embedded insurance and service products** must be placed at the right points and seamlessly integrate within the ecosystems to enhance accessibility and relevance for customers.

Insurance companies are compelled to **assert their role as valuable stakeholders** within mobility ecosystems. This involves **delivering established services** like e.g. efficient claims assessment and claim management, but also leveraging their extensive network, which encompasses partnerships with repair shops, fleet operators and OEMs. Moreover, they must **offer supplementary services** that enhance the customer experience and enrich the mobility journey. Insurance providers can thereby contribute to the seamless evolution of mobility journeys while defining their position in the ecosystem.

Our anticipation on the timeline – Three Horizons towards Mobility of the Future

How we expect the car ownership, mobility ecosystems and autonomous vehicles to evolve across three horizons and impact the insurance business models



 <p>Change in Ownership and Growth of Mobility Ecosystems</p>	<p>Characterised by individual car ownership, with shared mobility options like car-sharing services starting to gain popularity. However, personal car ownership remains the dominant model.</p>	<p>Shared mobility becomes more prevalent. Car-sharing, Ride-hailing and Micro-mobility services continue to grow, providing appealing alternatives to traditional ownership. This implies a shift to a hybrid model of personal and company ownership</p>	<p>Personal car ownership declines as people increasingly opt for on-demand transportation services and shared mobility. Fleet-based models where companies own and operate vehicles for shared use become common.</p>
 <p>Adoption of Autonomous Vehicles</p>	<p>Autonomous driving features are gradually introduced in vehicles, focusing on assistance and safety features. Fully autonomous cars are in development but are not yet widely available.</p>	<p>Increasing integration of autonomous capabilities in vehicles, with some early adopters experiencing Level 4 autonomy. Regulations and infrastructure developments play a crucial role in the gradual expansion of autonomous driving.</p>	<p>Fully autonomous vehicles become mainstream. Level 5 autonomy becomes prevalent, where cars can operate without human intervention. Shared autonomous mobility services dominate, with ownership of non-autonomous vehicles decreasing.</p>
 <p>Impact on Insurance Business Models</p>	<p>B2C model and traditional motor insurance remains predominant. Adoption of Business-to-Business-to-Consumer to also provide insurance for shared-mobility, focusing on embedded insurance products.</p>	<p>Shift towards B2B2C and B2B model, especially with the increased utilisation of shared mobility options. B2C model will remain; however a decline in the customer base is visible.</p>	<p>Progression to predominant B2B2C and B2B model, especially in the context of shared mobility and autonomous vehicles. Insurance structure around partnerships, while little market share is taken up by individuals.</p>

How insurance companies can prepare for the future

Navigating the evolving mobility landscape requires a forward-thinking approach that ensures insurance companies are well equipped to adapt and succeed



Define strategic positioning and value proposition

In a rapidly changing landscape insurance companies must establish clear **strategic positioning and a compelling value proposition**. This involves defining their role in ecosystems, **understanding the customer journey of mobility providers** and adapting to the rise of autonomous driving. Strategic positioning also requires insurers to **identify where they can add distinct value**. In this context, insurers' value propositions depend on delivering tailored solutions that address evolving mobility needs.



Define new products and services

Insurance providers must innovate by **crafting new products and services tailored to the new mobility options**. This entails revising **motor insurance offerings to align with new risks and liabilities** as well as developing mobility insurance policies that match changed customer behaviour. This could mean **embedded, on-demand coverage for shared mobility providers**. Again, insurers need to intertwine insurance with mobility packages, catering to the distinct needs of modern mobility customers.



Build trusted partnerships

Insurance companies must **form key partnerships with OEMs and mobility providers**. Collaborating with partners allows insurers to **provide fleet insurance products** as well as to seamlessly **embed insurance into mobility solutions**. This involves creating comprehensive packages that bundle insurance offerings with mobility offerings. Therefore, integration not only simplifies the customer experience, but also ensures holistic protection.



Rethink the operating model

Insurance companies must **re-evaluate their operational approach**. This involves tailoring their insurance services to bolster the **value chain and align with mobility services**. By understanding the impact on their operating model, insurers can make necessary adjustments. This involves, for example, **embracing digital platforms for streamlined experiences**, and focusing on **data-driven insights to accurately assess risks**.

Considering the ongoing evolution of mobility behaviour and the prevailing trends in this domain, it remains evident that motor insurance will continue to be a principal source of profitability for insurance companies. But the future promises substantial shifts in mobility behaviour. This underscores the need for insurance firms to proactively prepare by strategically defining their position in this changing landscape. Navigating the evolving mobility ecosystem requires a forward-thinking approach that ensures insurance companies are well equipped to adapt and succeed. By aligning insurance services with mobility demands, insurers can not only stay relevant but also capitalise on emerging opportunities in the changing market.

Methodology

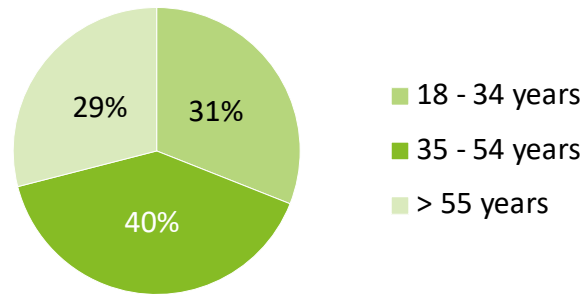
In May/June 2023 Deloitte commissioned a representative survey of 1,017 people living in Switzerland.

The diversified sample covers different age groups, income groups, gender and regions, as shown in the figures on the right.

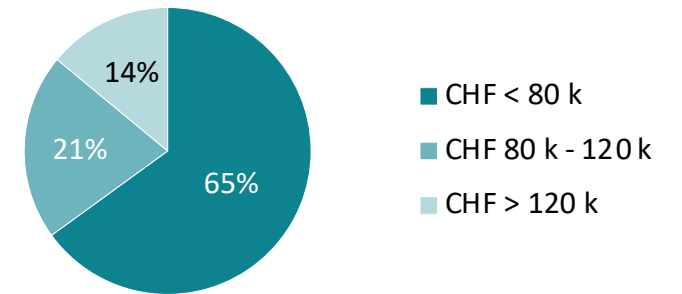
The survey respondents were asked 21 questions regarding mobility in an online survey which took approximately 20 minutes to complete.

To make proposals about changes to mobility behaviour and the consequent impact on the insurance business, the survey focuses mainly on how participants are adapting to three mobility trends. These trends are shared mobility, autonomous driving, and connecting mobility options in the form of mobility ecosystems.

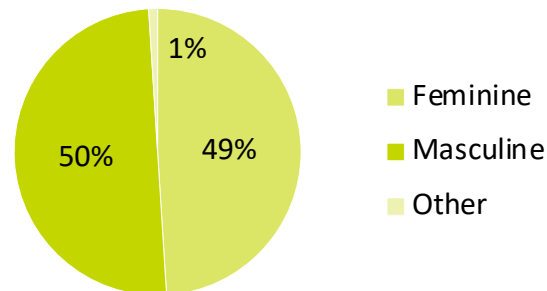
Age distribution of respondents



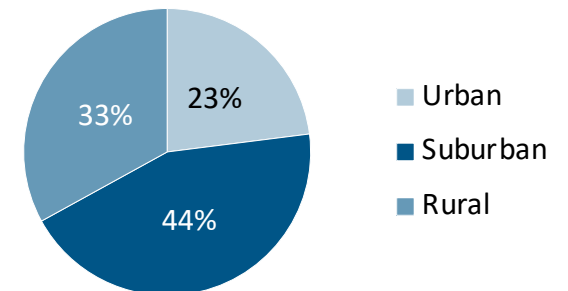
Income distribution of respondents



Gender distribution of respondents



Regional spread of respondents



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