

# What will autonomous cars mean for auto insurance?

## NEWER CARS ARE ALREADY SEMI-AUTONOMOUS

We're seeing safety technology that can be a set of eyes permanently affixed on the environment around us: sensors that can avoid front end collisions, sideswiping cars in the next lane, and even a safe swerve around oncoming objects. This is the more likely immediate future for the next cars average consumers buy. And it's a good thing.

## IMPACT ON INSURANCE RATES

As insurance companies see the impact of the semi-autonomous safety features of new cars, they will better be able to offer discounts for those customers. It won't happen overnight, but the impact on insurance rates could be significant as the number of cars on the road with new safety features increases. Unlike older features like airbags and anti lock breaks, new smart features could actively work to override the distracted driver, the obstructed view, or a slow reaction. This should reduce the likelihood of collision with another car or a pedestrian. The more cars that have this new safety tech, the safer the roads will be, and the lower the exposure will be for the insurers.

## PROBLEMS ARISE WITH "DRIVERLESS" CARS

Who is responsible when this car hits a pedestrian? What about another car? What if the other car is partially to blame? Does the automated car maintain a blackbox recording? The answers will impact the personal auto insurance marketplace.

First, we need to understand who will be liable for accidents when the car is driving completely independently. There's no driver override here, just a computer. The auto manufacturers won't want to accept that risk as product liability, but they may not have a choice. At least not until the insurers have the data to really understand the quality of this automated driver. It's unlikely that the liability for a fully driverless car would shift to your personal auto insurance policy. Sounds like you may have no need for personal auto insurance, right? Wrong. A fully driverless car will cost beaucoup bucks. In any situation, you'll need coverage for comprehensive damage.

Second, we won't wake up one morning to a world full of driverless cars. They'll phase in over time, and it may never get to the point where all cars are automated. Until that time, there will be the question of the other driver. You paid to relax in the back seat, but someone who didn't just got into an accident with you. Maybe it's your fault, maybe not. But either way you'll have the need for liability coverage for this car.