

QUESTIONNAIRE FOR AIDA WORLD CONGRESS, RIO, 2018

New Technologies

(Autonomous Vehicles and Robots- Cyber Risks- New Technologies and Insurance Process)

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I. DRIVERLESS/AUTONOMOUS VEHICLES AND VESSELS

1 Are there any specific laws already adopted in your jurisdiction, or proposals for laws, relating to liability in tort for injuries inflicted by the use of such vehicles or vessels? If so, please provide a short explanation.

Comment: answers may include the liability of drivers, producers of vehicles and the suppliers of satellite technology.

No. There is no liability in tort for personal injury in New Zealand because of the Accident Compensation Corporation (“ACC”). ACC is a state-owned scheme that provides compensation for personal injury. The scheme has a “no fault” approach to liability for persons who cause personal injury, and a statutory bar on tort claims for personal injury.

2. Are there any specific laws already adopted in your jurisdiction, or proposals for laws, relating to compulsory insurance coverage for injuries inflicted by the use of such vehicles or vessels? If so, please provide a short explanation.

Comment: answers may relate to motor vehicle insurance and product liability insurance.

See the answer to question 1 above.

3. How do you envisage the future of personal lines in motor vehicle insurance in the next 5-10 years in your jurisdiction?

Comment: you may wish to comment on the future of motor vehicle insurance and the plans being made by the industry for new products

We do not expect dramatic change over this time period.

While autonomous vehicles will be part of the market, they will still be a minority of the vehicle fleet and some form of human control will likely still be required. Insurance will remain firm because even though the incidents of vehicle accidents may decline, the sophistication of the vehicles and the cost of relatively minor damage from other sources will still demand cover. New risks are also likely to emerge which Q4 identifies.

Once autonomous vehicles enter the market we expect insurers will provide cyber liability coverage for those vehicles.

4. Driverless cars and autonomous vehicles apart, how do you assess the following technological developments

that are expected to not only reshape the auto sector but also the insurance industry around it?

- (a) connected cars (i.e., Internet enabled vehicles, (IEV));
- (b) automated driver assistance systems (ADAS);
- (c) car/ride sharing;
- (d) alternative fuel vehicles.

Comment: answers may include identifying the legal and regulatory regime and provisions in your jurisdiction.

Ride sharing arrangements will increase and just as insurers have responded to Uber arrangements because of permissive legislation, we would expect this to become a prevalent means of transport in and around urban areas. Two insurers in New Zealand currently underwrite insurance for ride-sharing platforms.

ADAS will make vehicles safer and less accident prone. ADAS systems are making repairs to modern cars expensive. The cost of parts and specialised equipment needed to reset the systems therefore increase claims costs.

IEVs will enable more sophisticated, consumer-centric offerings to be provided by insurers and others. These added value services will enrich the engagement between insurer and consumer.

We would also expect electric vehicles to become far more prevalent over the next decade if the dominant form of transport – again this may introduce new risks that insurance can cover. Other alternative fuel vehicles pose risks which insurers will need to factor for. – lithium powered marine vessels for example pose a special fire hazard which will need to be assessed.

II. CYBER RISKS

5. Identify the concerns have emerged in your jurisdiction as a result of cyber risks. Is there any legislation in place or under consideration that might affect such risks?

Comment: possible matters include cyber-terrorism, hacking, computer or software failure and financial fraud.

The major global hacks have raised concerns for government and business in New Zealand. We have established a CERT (Cyber Event Response Team) to support responsiveness to these threats. Compulsory reporting of cyber-attacks through a data breach notification regime in our privacy law, and additional protections for the privacy of consumers are likely to be introduced.

6. How has the insurance industry responded to cyber risks? In particular:

- (a) do property policies cover losses from cyber risks, or is special insurance required?
- (b) is insurance and reinsurance readily available?
- (c) are there any special restrictions imposed on cyber risks, e.g. event limits or deductibles?

Some traditional property insurance policies may provide cover for cyber risks, though this is not widely publicised or acknowledged. Bespoke cyber insurance policies are available in the market and generally cover technical support and restoration, legal costs and reputational damage. As with all insurance policies limits and deductibles apply, but unfortunately we do not have comparative information between insurers on special restrictions they may impose in respect of their insureds. ICNZ is collecting statistics from ICNZ members on GWP, loss ratios and claims numbers to understand the size and growth of the market. Those statistics indicate a steady GWP and volatile loss ratios quarter to quarter, which we expect will reflect the experience of many other jurisdictions until claims experience allows more accurate prediction of cyber event costs and smooths the cost of the product.

III. NEW TECHNOLOGIES AND THE INSURANCE PROCESS

7. To what extent have the availability of new technologies affected the way in which insurance policies are placed? In particular:

- (a) has there been any effect on the traditional use of agents and brokers?
- (b) has the underwriting process been affected by the availability of information, particularly big data, from sources other than the applicant for insurance?
- (c) has the means of providing information to policyholders changed significantly, e.g. are written documents provided or are policyholders directed to websites?

It is too early to observe any effects on agents and brokers. New product is coming on the market e.g. on-demand insurance, the larger insurance are investing in insurtech labs to develop product, and there is a growing use of data analytics to inform underwriting. Policyholders are increasingly using the web. However, overall, there is no significant shift that has changed the insurance landscape yet. There is, however, a steady year to year increase in the number of insureds purchasing travel insurance online. We expect this because travel insurance is a more commoditised personal lines product purchased for short holidays.

8. To what extent is genetic testing regarded as important by life and accident insurers? Is there any legislation in place or in contemplation restricting requests for genetic information, and are there any relevant rules on privacy that preclude its disclosure?

N/A – ICNZ members are general insurers and reinsurers.

9. Has the assessment of claims been affected by the availability of data. In particular, are there any industry-wide arrangements in place whereby insurers can share information on fraud?

Yes, there is an Insurance Claims Register that is a tool for sharing claims data to prevent and identify fraud.

10. Are there any other ways in which the new technologies have affected the insurance process in your jurisdiction?

Yes, drone technology is assisting loss adjusting, meta data drawing on several data sources is informing rebuild costs for homes, and as mentioned mobile phones can be used to purchase, make and settle claims including for on-demand insurance cover. Robo-advice is also becoming available. Some insurers are using telematics and allowing insureds to voluntarily switch an app in their phone on to report their driving behaviours, with an effect on the motor vehicle premium they pay.

IV. OTHER NEW TECHNOLOGY RISKS

11. Are there any other particular risks from new the new technologies that have been identified in your jurisdiction? If so, is there any legislation in place or under consideration to regulate them?

It is early days, but the collection, use and ownership of data raises ethical and legal issues that the current regulatory framework only partially addresses.