

AUTONOMOUS VEHICLES: RISK MANAGEMENT ISSUES AND CONCERNS



Benefits of Autonomous Vehicles

- Fewer auto-related fatalities
- Reduction in oil consumption
- Reduced emissions



Potential Impact to Policy Ratings and Insurance Rates

Insurers may shift from rating based on driving records to rating based on location, vehicle replacement cost, and most traveled routes. These factors more directly affect the cost to replace a vehicle.



A Shift in Liability

The focus of auto insurance has been on the owner's liability. But what happens when the vehicle is self-driving?

Depending on the level of autonomy, the owner or driver has either limited or no control over circumstances that may lead to an accident. Auto manufacturers may experience expanded liability and product risks as autonomous vehicles are introduced.



What Could Go Wrong?

Auto cyber attacks are possible when systems are easily accessible for hackers. A hacker with criminal intent could disable an individual vehicle or a fleet of vehicles and hold them for ransom. The user would need to pay the hacker to regain the ability to control the vehicle.



Auto Policies of the Future

- Less liability for vehicle owners
- Increased physical damage coverage
- Cyber liability coverage component

NATIONAL HIGHWAY SAFETY ADMINISTRATION'S AUTONOMOUS VEHICLE LEVELS



LEVEL
0

No automation

Drivers are in control of all operations of the car. This is the most common type of vehicle.

LEVEL
1

Function-specific automation

The Level 1 vehicle has one or more automated features, such as stability control or braking automation, with a goal of avoiding or lessening the impact of collisions.

LEVEL
2

Combined function automation

A Level 2 vehicle has two or more primary control functions that are designed to work in unison to relieve the driver of control.

LEVEL
3

Limited self-driving automation

Very little monitoring by the driver is required when operating a Level 3 vehicle. The vehicle has full control of all safety-critical functions. If a hazardous condition arises, the driver will receive a warning so that he or she can retake control.

LEVEL
4

Full self-driving automation

A Level 4 vehicle is a true self-driving car. Once the driver provides destination or navigation input, the vehicle controls all driving and roadway-monitoring functions.



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