

CEA position paper on the implementation of eCall

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The CEA welcomes the eCall as a system in so far as it could save lives and reduce the consequences of serious injuries.

For the insurance industry however the **main focus is the prevention of road traffic accidents**. The insurance industry is always looking for new ways to reduce the number and severity of collisions on the road, both as part of their commitment to social responsibility and of their efforts to lower claims rates. The CEA road safety compendium 2009¹ gives a snapshot of the current range and scope of road safety initiatives in the most common areas of concern.

Unclear effects on insurance

The business case for eCall has not yet been made and there remains an element of uncertainty about the eCall implementation. Not all Member States have signed the Memorandum of Understanding and the preparation of the implementation is at different stages in Member States. It will therefore take quite a long time until it can be considered a European wide system. At the same time it has to be born in mind that the eCall system will only be implemented optionally in new vehicles. As a result the vast majority of vehicles in circulation will not be equipped with an emergency call system. It will hence take a long time before the effects of the eCall systems can be properly assessed.

It is therefore at this stage impossible to assess the potential impact of eCall on insurance costs. It is therefore unclear whether other road safety technologies (e.g. electronical stability control) will not be a more effective way of reducing fatalities and severe injuries.

We like to draw the attention to long established risk assessment and pricing methods of the insurance industry. The pricing of premiums and non-binding premium recommendations can only be based on statistical evidence resulting from the claims history. The level of premium depends on each policyholder's individual risk profile and the type of vehicle is just one among several risk factors.

¹ http://www.cea.eu/uploads/DocumentsLibrary/documents/1237474647_road-safety-compendium.pdf

At the same time the insurance companies need to be able to attract enough policyholders for the risk to be as homogeneous as possible and well spread. From a motor insurer's and road safety perspective it should also be considered that the new vehicles, which are then equipped with eCall, share the road network with a significant number of other road users: pedestrians, cyclists and motor cyclists. Therefore the probability that the introduction of eCall systems will reduce the likelihood and the seriousness of claims is very low. Final conclusions can only be drawn once an insurance value/benefit is conducted after a statistically representative number of vehicles with an eCall system are in circulation.

Third Party Services

The insurance industry sees the involvement of Third Party Services (TPS) with great concern, because third parties would have access to sensitive personal data, which could potentially be used for different purposes than they were intended for. If numerous Third Parties would additionally be inserted in the chain of survival, the rescue time and the quick settlement of the claim will be endangered. It needs a great deal of experience to handle emergency calls and to forward the necessary information to the Public Safety Answering Point (PSAP). In actual fact only a very small number of the incoming eCalls to the TPS will have to be transmitted to the PSAPs; the majority of cases will be breakdowns without serious personal injury. If eCalls will be dealt with by a large number of private TPS in each Member State, routine will lack and delays are inevitable. It could in the end diminish the positive effects of the eCall system – if not reducing them to zero - by a time delay resulting from the communication chain.

About CEA

The CEA is the European insurance and reinsurance federation. Through its 33 member bodies, the national insurance associations, the CEA represents all types of insurance and reinsurance undertakings, e.g. pan-European companies, monoliners, mutuals and SMEs. The CEA represents undertakings that account for approximately 94% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers generate premium income of €1 110bn, employ over one million people and invest more than €7 200bn in the economy.

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