



## TERMS OF REFERENCE

### ASTIN AND AIDA WORKING PARTY ON “AUTOMATED CARS AND INSURANCE “

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## Background

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The fourth industrial revolution (*Industry 4.0*) put the system of driving vehicles to the new stage in which the human factor is substantially reduced or maybe even eliminated.

Ways we direct, possess and are responsible for driving vehicles could be very different from those we are accustomed to. The types of risk and the liability for adverse events may change so dramatically that it will need a new legal regulation and appropriate ways of risk management, including insurance.

That is why this working party is intended as a cooperation of lawyers from AIDA<sup>1</sup> (International Insurance Law Association) and actuaries from ASTIN<sup>2</sup> (Non-life section of International Actuarial Association). This is the first such joint working party ever.

## Specific Aims

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The aims of the Working Party “Automated cars and insurance” are

- a. to identify the risk structure and role of all the players in order to identify what are the ways to address various kinds of risk of automated cars;
- b. to consider possible regulations of motor insurance market and its influence for the business environment, including passengers, human drivers (if any), owners of vehicle, insurance companies, car makers, third party and others; and

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<sup>1</sup> For more information on AIDA please visit: <http://www.aida.org.uk/>

<sup>2</sup> More information on ASTIN please visit:

[https://www.actuaries.org/iaa/IAA/Sections/ASTIN\\_NEW/IAA/Sections/ASTIN\\_NEW/ASTIN\\_HOME.aspx](https://www.actuaries.org/iaa/IAA/Sections/ASTIN_NEW/IAA/Sections/ASTIN_NEW/ASTIN_HOME.aspx)

- c. to consider possible changes in motor insurance contracts in term of: exclusion clauses, pricing, possibility to realize form of smart insurance contracts thanks to the data flow from vehicles to insurers.

The above can vary depending on different stages of popularity of self-driven vehicles, different various roles of human factor in the operation of directing a vehicle and in general, development of technology.

## Timeline / Milestones

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2018-10-19 to 2018-11-10	Recruit volunteers from ASTIN and AIDA
2018-11-11 to 2018-12-10	Work together to <ol style="list-style-type: none"> <li>1. gather the worldwide knowledge about the current state and possible future development of <ol style="list-style-type: none"> <li>1. technology,</li> <li>2. business practice,</li> <li>3. insurance (or in general, risk management) practice, and</li> <li>4. law</li> </ol> in regard of automated cars. </li> <li>2. Find out the current state of research.</li> <li>3. Identify the possible shift of risk and possible ways of management of different kinds of risk.</li> </ol>
2018-12-11 to 2019-01-15	<ol style="list-style-type: none"> <li>1. Propose the possible future solutions for risk management, including the development of an insurance market, and assess them.</li> <li>2. Develop an outline for report.</li> <li>3. Develop drafts of each section outlined section of report.</li> <li>4. Determine additional work steps to be performed.</li> </ol>
2019-01-16 to 2019-02-15	Assess work performed to-date and prioritize areas for further analysis.
2019-02-16 to 2019-03-15	Develop the final report with the end findings and pointing out of the possible further directions of research.

## ASTIN Working Party Members

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ASTIN Working Group Champions are Sara Landini, Kyriaki Nousia and Przemyslaw Klusik.

For more information, please contact them at [AutomatedCars@actuaries.org](mailto:AutomatedCars@actuaries.org).

**Volunteers willing for contribute** to any of the above tasks are kindly requested to send an email with a short resume at [AutomatedCars@actuaries.org](mailto:AutomatedCars@actuaries.org).