



Society and underwriters must change attitudes towards driverless cars

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The rise of autonomous and semi-autonomous cars will change the nature of car ownership and challenge the motor insurance market to develop new business models, according to the Lloyd's Market Association.

Speaking at an LMA event at Lloyd's of London, David Powell, the LMA's non-marine manager, outlined how advances in vehicle technology will result in reduced private car ownership, major changes to the motor insurance market and a shift in the nature of vehicle accidents.

Mr Powell told an audience of Lloyd's underwriters and claims experts: "Autonomous and semi-autonomous cars will fundamentally alter the nature of driving and the insurance industry's business model. These vehicles mean fewer collisions, which will take place at lower speeds. Removing the driver removes eight-out-of-ten of the most common causes of vehicle accidents.

"Self-driving cars will trigger a decline in private car ownership while also creating new models of car ownership. Why own a car at all when you can simply command one to pick you up and drop you at your destination, with the efficiency and logistical benefits of self-driving cars meaning car travel will become much cheaper?"

"Two-car households could become one-car households. It's easy to imagine a scenario in which, after having dropped one partner at the train station, the car returns home on its own to be used by the other partner before returning to the station that evening to pick up the commuter."



Commenting on the liability implications, Mr Powell said: “The insurance issues are fairly straightforward. The law says if you are in control, you are liable for any injuries or property damage you cause. So, if a vehicle cannot be driven by its occupant – for example, it has no steering wheel or controls – then it becomes a product liability issue. The occupant has no need for motor insurance, rather like a passenger in a taxi.

“If the car can be driven, the driver will require insurance protection. Even if, at the moment of the crash, the occupant did not have his or her hands on the steering wh