

# Carrier Management

Critical Information for P/C Carrier Executives

## CEO Interview: Metromile Shaking Up the Auto Insurance Industry With a Lifestyle Product

April 17, 2019

by Maryanne Sherman

Metromile is one of the early InsurTech companies. It is also one of only a few InsurTechs that is really transforming the insurance business. Most InsurTechs focus on operating efficiencies in policy management or speed in quoting and binding. In 2011, Metromile created a new pay-per-mile car insurance model that allowed California low-mileage drivers—those who drive fewer than 10,000 miles per year—to save more than \$600 on auto insurance annually.

Metromile is one of the only car insurers to have 100 percent telematics across the entire customer base. A combination of in-car telematics and mobile phone tech are the main differentiators in Metromile's launch of pay-as-you-go insurance products. The company charges a low monthly base rate. Then, the monthly bill is calculated using the base rate and how many actual miles the insured drove multiplied by the per-mile rate.

How does the company know how many miles are driven? Metromile uses technology in the form of the Metromile Pulse and a phone-based app. The Pulse (a device that plugs into the car's on-board diagnostic port) counts the miles and tracks car health. The car's on-board diagnostic port is the same one a mechanic uses to diagnose problems with the car. Metromile's Pulse sends data to Metromile that can be accessed on the app or online, including mileage, information about the health of the vehicle and the vehicle's location. Metromile's phone app is also used for value-added features like mileage and fuel trackers, route planner and more.

### Insurance as a Lifestyle Product?

Interestingly, insurance is mentioned sparingly on the Metromile website. Instead, according to *The Digital Insurer* writer Andrew Dart, Metromile has turned insurance into a lifestyle product.

Dan Preston, CEO of Metromile, concurs: "We set out to build Metromile into more than just an insurance business. We wanted to help our customers manage the cost of running a car, including everything from maintenance and regular servicing to parking and speeding tickets. We took publicly available data in the San Francisco area and laid that over our customers' movements. As a result, we are able to direct customers to parking areas that do not risk parking tickets. Some customers reported that the savings in parking fees more than paid for the cost of our insurance."

At Metromile, the customer/insured gets value from digital engagement with a lifestyle product and the tangible benefits of auto insurance, avoidance of parking fees and updates on vehicle health. "We've exploited technology to enable this digital engagement. Ultimately, it became a data collection exercise for us when we expanded into other states. In many



Dan Preston

areas of the country, the data we needed is in PDF format, so we found ways to extract the data and still provide the features in the app," said Preston.

## Hitting a Speed Bump

Eight years on, Metromile has proven that its unique customer experience works. It has fine-tuned its products and is expanding into new states. Preston noted that the company has built a loyal community of drivers who came for the savings and stayed for the experience. Almost 57 percent of endorsements such as changing a vehicle and removing or adding a driver are done online through the phone app or dashboard.

Fundamentally, there are typically three interactions any insurer has with its customers: when the insured buys a policy, when the policy is renewed and when a claim is made. After fixing the first two interactions, the claims situation became a stumbling block for Metromile. "We started to get negative reviews about our claims handling experience. Customers didn't like the process. They wanted Metromile to take the same approach to claims handling as we had with pricing and selling the products online," Preston said.

Metromile took on the challenge of changing the claims experience by automating the claims experience with AVA, its artificial intelligence claims system. Today, nearly 98 percent of Metromile customers opt-in to using Pulse data for claims and more than 25 percent of all claims are handled by AVA—and growing every month.

At the time of an accident or incident, data is captured by the Metromile Pulse plug-in device. Acting as a virtual witness, this data is then used to settle a vast amount of the claims, many automatically and instantly. There's no need for a claims adjuster to physically come out and look at the car to support the claim. Metromile's Pulse provides data about the intensity of the crash and its severity. In most cases, Preston said Metromile is able to verify and validate the claim without human intervention. "There's no reason to not pay the claim instantly."

## What Keeps Dan Preston Awake at Night?

Metromile is in transformational mode. The company has successfully launched a new auto insurance model, expanded the business into eight states and changed the auto claims experience for customers. "It's time to stand on our own two feet and challenge the big auto insurers," said Preston. "The plan is to bring our concept of pay-as-you-go insurance to all 50 states. We started out marketing to millennials who don't drive that much and learned along the way that the concept is appealing to those who work at home, the elderly and suburban drivers, as well as city dwellers. I also realized that it was time to launch Phase Three of the business. To do that I would need to reach out to talented professionals in three critical areas: financial, technology and our insurance core. I couldn't do it all myself."

In recruiting new hires, Preston mentioned that Metromile is headquartered in a city of many InsurTech companies (San Francisco) and also has growing offices in Tempe, Ariz. and Boston, Mass. All of them are competing for the best talent in the area.

He thinks that millennials have the same wishes and desires as other professionals. They want to work at a company with talented people, a clear mission and that offers the opportunity to solve problems and/or challenges. To that end, Metromile recently announced the addition of five new hires with extensive experience to help the company grow.

"We recruited some really heavy-hitters, people with a lot of experience in running successful businesses. Our first chief insurance officer, Jeff Briglia, for example, has over two decades of experience at large insurers such as Progressive, Allstate and Mercury. Our chief marketing officer, Bhanu Pulella, comes from Wells Fargo and the financial services sector. Jason Altieri will be our general counsel. He's experienced in IPOs and comes from the fintech sector. Debra Jack, formerly of Sofi and Edelman, is VP of Communications. She's a seasoned public relations and communications professional with experience in InsurTech and financial services. And we added a chief technology officer, Paw Andersen, who most recently served as a senior engineering exec at Uber."

Now that the people are in place, what keeps Preston awake at night? He said he spends a lot of his time thinking about how to build a company and team for the future. "I want to find the right talent for our company, build a collaborative and exciting culture where people can connect and enjoy working together on the challenges that will be coming at us down the road. I want to make this an exciting journey for all of us—Metromile employees and our customers." Auto insurers face a challenging future. Who knows, maybe Metromile will become a household word in the future. Although Preston said he wants to do it the old-fashioned way, by word-of-mouth and customer satisfaction.