



# Inaccurate mileage: A chronic problem with a hidden toll across a shifting landscape

## Two-thirds of policies underreport mileage<sup>1</sup>



Self-reported mileage estimates are notoriously inaccurate. A Verisk study found more than a quarter of drivers underreported by 6,000 miles or more.<sup>2</sup>

One-time events can also cause isolated mileage spikes, while changes in residency, employment, or covered vehicles can invalidate previously reported mileage. Adding to competitive challenges, mileage is gaining heightened awareness as driving patterns recover in the new normal.

## Underreported mileage costs more than \$5 billion in premium leakage<sup>3</sup>

The price tag for missing on mileage is steep. Ineffective strategies include:

- excluding mileage altogether from rating plans,
- using a classification system such as “commuting, pleasure, and business” in place of actual mileage
- using mileage bands that aren’t segmented enough to adequately distinguish between low- and high-mileage drivers.

Inaccurate mileage can also lead to adverse selection as insurers lose profitable low-mileage business to competitors that use this data point effectively in their rating plans or offer pay-per-mile programs.

## Solving the mileage conundrum

While annual mileage is a proven predictor of loss cost, it has always been among the most difficult rating variables to confirm accurately and maintain throughout the life of a policy. Now—with MileageConfirm™—new technology, data sources, and analytics are changing the insurance landscape when it comes to accurately assessing risk.

### Count on Verisk for innovative mileage solutions

- ✓ Overcome the challenges of self-reported mileage
- ✓ Harness comprehensive data sources and analytics
- ✓ Better align price to risk
- ✓ Avoid the cost of a traditional UBI model
- ✓ Leverage ISO Personal Auto verified-mileage factors
- ✓ Implement separately or with LightSpeed® Auto
- ✓ Pursue missing premium via RISK:check Renewal
- ✓ Boost competitiveness and avoid adverse selection

# MileageConfirm offers a comprehensive solution to the mileage problem

## All lanes are open for accurate mileage

Leverage Verisk's unique data assets and analytics at both point of sale and renewal.



### Connected-car data

Consenting owners of connected cars in the Verisk Data Exchange can have mileage estimated with direct odometer data.



### Odometer readings from third-party data sources

Odometer readings are captured from sources such as state inspections, auto maintenance service providers, and dealers.



### Predictive mileage model

A validated model produces highly accurate estimates for new vehicles and those for which there is not enough odometer data.

## Answer these important questions:

- 1 Are you using mileage as part of your rating plan today? If not, why?
- 2 Are you confident in the accuracy of the mileage reported on your policies?
- 3 Do you believe your mileage rating bands are segmented enough to keep low-mileage drivers from leaving for lower rates?

If you answered no to any of these questions, contact Verisk to find out how our solutions could help.



<sup>1</sup> Verisk 2018 Verified Mileage Study

<sup>2</sup> Ibid.

<sup>3</sup> Verisk Innovation Paper: *The Challenge of Auto Insurance Premium Leakage*

Explore even more ways to get a handle on mileage across your book of business:



1-855-859-8775



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