

How Greater Than is revolutionising motor insurance pricing

Founded in 2014, Greater Than is an AI data analytics firm that predicts crash probability and CO2 impact per driver in real-time. The company's pattern-based AI provides insurers, mobility providers and fleets with real-time risk and CO2 insights to help price smarter for more profitable companies.



According to Sten Forseke – founder of Greater Than - the inspiration for the creation of the company came from a very visible gap in the market that he identified in a previous role. He said, "I have spent my whole professional life in the automotive tech segment developing and providing technology to the global automotive industry in Europe, South America, Asia and the US."

In his previous business, the company he ran was developing and supplying telematics systems for the automotive industry. Forseke claims he realised quite early that the perceived way of how to define safe driving was wrong.

He explained, "This path is still prevailing among many telematics providers. You're measuring harsh brakings, accelerations, cornering, over speeding to speed limits. Unfortunately, these metrics don't correlate to car crashes. So, I decided to spend a bit of cash in creating a company that could actually develop technology that should understand the driver's impact on crash probability.

Greater Than has developed an AI that is looking for and finds micropatterns in people's behaviour. This, Forseke claims, leads to that AI making what he calls a 'driver DNA' for each trip. He added, "To give you some substance to that, if you look at event-based profiling, which is still the prevailing way of measuring harsh braking, they may analyse 700 seconds from an hour of driving. With our micropatterned profiling, we analyse each hour of driving 1.6 billion times. Today, we have a database of 7 billion unique ways of driving car, each trained with real crashes, so each of those driver DNAs in our database has a crash probability attached to it. From these micro patterns of people's behaviour, we find certain patterns have a higher inclination and probability of being involved in crashes than others."

AI and pricing

Across a wide range of industries worldwide, AI is proving itself to be a huge change agent in how companies conduct business. In the area of motor insurance pricing, how is AI changing the game?

Forseke said, "From guessing to facts, today, insurance carriers are still very much guessing. However, if you drive with our AI, you can start working on facts. We are changing the industry and enable the industry to look upon customers like individuals rather than as a group. This then allows them to treat and price customers more individually."

Forseke gave the example of Amazon, who he describes as the 'lead star' in profiling individual customers. He added, "If Amazon would go to adopt insurance methodologies, they would say 'Women living in Stockholm between 30-35 have a dog and all read the same book'. What we do is change motor insurance to make it become more individualised. More individualised offerings, pricing and customer management on an individualised basis rather than a biased group level. The time of 'one size fits all' is over – offerings will be more individualised, flexible, and actionable."

Is the impact that AI is having on precision pricing beneficial? Forseke believes that it is so, stating, "The bottom line in all businesses is that pricing is everything. The better you can price a product, the more profitable you'll become. When

pricing risk, it's highly delicate, so the better that you can price this risk, if you are able to improve your pricing, if you can move the needle a millimetre then that has a huge impact on the bottom line.

"So, with our AI, the benefit is that the pricing will then reflect the real risk that is faced and become much more fair and much more transparent.

Changes and trends

The wider insurance industry – like many other industries – has witnessed changing trends since the pandemic has begun to lessen in global impact. With more people conducting their insurance business behind a screen compared to pre-pandemic, the industry has had to readjust, with the changing trends being a reflection of that. Of those that are dominating currently, AI is one of those way out in front.

How will AI change the wider insurance industry? In the area of motor insurance specifically, Forseke hopes that his company will be a contributor to ensure less dangerous and more efficient energy use of vehicles.

He added, "If you look at the industry, look at the mobility of transportation every year, 50 million people get severely injured on the roads at the cost of \$1.2bn a day. So, AI will help with individualised pricing and an individual's pricing will reduce that number by at least 10%. This is how I think AI will help move the industry to become a large contributor to more efficient energy usage and less crashes on the road.

With the sands of insurance shifting with help from AI, the trends that permeate the industry are also shifting. According to Forseke, one trend that appears to be standing out and dominant in the industry is that the wider market is eager for new solutions that strongly have the customer in mind.

He said, "They're asking questions like how can they contribute to the climate fight? How can they be a contributor? On the other side of the coin, now that customers have insurance, they are demanding flexible, transparent and actionable solutions that are suitable to them rather than for a wider group. We can see that, particularly after the pandemic, and the change is coming quite rapidly to the market and hitting the carriers."

The pandemic has upended a lot over the past three years – many businesses who went into the pandemic may not have arisen out of it. At the same time, companies that previously did not spot a gap in the market have now had the ability to find their own. How has Covid-19 changed insurance?

A particular area that the pandemic has shone a light on in motor insurance is that of insurance premiums. Forseke said, "Since car usage has changed quite dramatically during this period – private cars sat on the curb side and in the garage much more than before the pandemic – and people still had to pay the same \$1,000 a year insurance

premium. "On the other end of the scale, last-mile delivery has increased enormously due to the pandemic, and yet they still pay the same premiums, but they run maybe three times as much mileage every year. So this has highlighted the unfairness and counter-productiveness of insurance premiums. That is a clear sign that we see the pandemic has helped the industry to actually realise a problem to address."

What constitutes the next great leap forward in insurance? In this area, Forseke deeply stakes his belief in the power of AI.



"If you look forward 10 years, AI will change the way how industry price varies dramatically. Our vision really is currently that our AI can see four seconds into the future."

"If we can make our technology see ten seconds into the future, we could literally have an avatar driving ten seconds ahead to clear the road for you – that is maybe something we can see happening in the next ten to fifteen years. But you can imagine what impact that would have on insurers on how to price and how to offer to the motor industry."

Plans for 2022 and beyond

As the pandemic continues to fade slightly from view, many companies across a vast plethora of industries are now looking ahead to fresh opportunities and new possibilities. What has Greater Than been up to this year?

Forseke remarked, "We have expanded our team quite dramatically and have focused on hiring big talents – so we have a very highly qualified team across the world. We have opened offices in Tokyo, the US and UK. With the first, we have signed a deal with a large carrier in Japan – and this carrier is one of the first I have seen that is going from talking to actions on providing eco-friendly insurance solutions and is using our technology to provide them.

Beyond 2022, Greater Than will be focused on continuing to build in capacity to meet its vision of having 50 million cars on its platform. In addition, Forseke highlighted that the company is 'relentlessly' training its AI technology to not only determine crash probability but also determine what kind of crash and at what cost ●