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U.S.10 Yr 3/32 Yield 2.885% A DJIA 24682.31 -0.18% ▼ Nasdaq 7345.29 -0.26% ▼ Crude Oil 65.49 3.07% A

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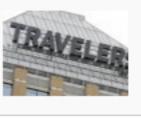
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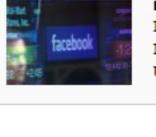
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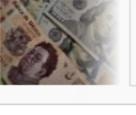


Insurers Race to Develop Coverage for Driverless Cars



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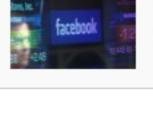
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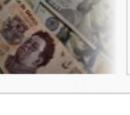


MARKETS





User Trust





Insurers Race to Develop Coverage for Driverless Cars Damage liability may shift from the driver to a wider list of providers as control of cars shifts from humans to computers



32 COMMENTS By Leslie Scism Updated March 21, 2018 5:42 a.m. ET

involved in an accident earlier this week. PHOTO: UBER HANDOUT/EPA

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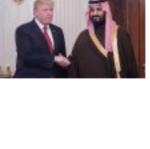
Crowded Agenda

'Free'









## America's car insurers are watching closely.

/SHUTTERSTOCK

As federal investigators begin to examine a pedestrian fatality

involving a self-driving Uber Technologies Inc. car this week,

of that intake could evaporate in coming decades, say some consultants, assuming crucial breakthroughs in driverless technology that would eliminate the many wrecks caused by human error. The potential hit to their bottom lines has property-casualty insurers

in an arms race to figure out how they can design policies and price

Alphabet Inc., GOOGL -0.16% ▼ are seeking to deploy in huge numbers,

the risk of the vehicles that technology firms, such as Uber and

according to industry brokers, executives and trade groups.

Car insurers haul in roughly \$230 billion of premiums a year, but much

It isn't clear that the death this week in Arizona would be an example of how liability would shake out for the industry. A person familiar with Uber said the firm's test vehicles are insured through a commercial-insurance policy for a maximum of \$5 million per

accident. The insurer or insurers couldn't immediately be learned.

The Uber accident highlights a likely broader trend to come in

instead assume a bigger share—via product-liability coverage,

driverless cars. Under the current arrangement, individual car owners must buy liability policies to help cover damage in wrecks they cause. But in a possible metamorphosis, individuals would bear less financial responsibility. Instead, the makers of the vehicles and their many complex parts will

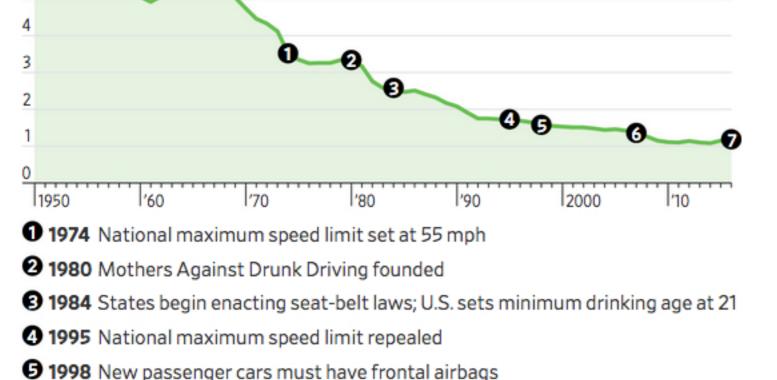
**Human Error** The rate of U.S. auto fatalities has declined since 1950, as new laws, steady technological improvement and campaigns to change behavior reduced many

#### Annual motor-vehicle crash deaths per 100 million vehicle-miles traveled 8 deaths

leading causes of wrecks.

consultants say.

6 5



"They are competitors, so understandably they often don't talk

said Jim Whittle, associate general counsel for the American

publicly about this, but we do know insurance companies are engaged

with developers, trying to help them reduce their liability exposure,"

2016 An improving economy, lower gas prices and more cellphone use lead to

**6 2007** NHTSA requires electronic stability control

Source: National Highway Transportation Safety Administration

increase in accidents

Insurance Association, a lobbying group representing some of the nation's biggest property-casualty insurers. Those possibly at fault for accidents: vehicle owners, manufacturers, suppliers, service providers and even data providers. The shift from personal liability is also an opportunity for many of the

"While insurance coverage for (autonomous vehicles) is not mainstream, there are companies that will provide policies," said Maureen Brown, a vice president with Munich Reinsurance America Inc.

Munich Re does insure some "entities that are researching, testing, or

developing hardware or software designed to move autonomous

vehicle technology forward," according to the firm.

As control of vehicles gradually moves from people to computers, exactly how the liability will shift remains to be determined, insurance brokers say. Uncertainties abound as to how autonomous vehicles will perform on roads with manually operated vehicles, among other things.

responsibility laws that obligate all car owners to carry insurance. States require the coverage so that money is available to pay damage to victims of car accidents. In Arizona, the minimum is RELATED COVERAGE

To test vehicles in any state, Uber and its rivals must meet financial-

#### Toyota to Temporarily Halt Driverless-Car Testing in U.S.

greater sums.

Rules

Uber's New CEO Confronts His First

Crisis With Driverless-Car Death

Accident Complicates Push to Ease

below what many people actually carry, set low partly to help encourage insurance

purchases. When it comes

Those minimums are far

\$15,000 per person and

\$30,000 per accident.

to deep-pocketed corporate owners of vehicles, victims could sue for Indeed, should autonomous cars proliferate and if their safety record isn't as great as many technology enthusiasts envision, car makers and the manufacturers of component parts can "expect to get to know their way around every courthouse in America," wrote Randy

Maniloff, an insurance lawyer with White and Williams LLP in Philadelphia, in an insurance-coverage newsletter. Uber itself has made insurance a high priority in its driverless-car

push. The manager of its insurance programs, Gus Fuldner, is highly regarded in the profession of risk management. He won a "Risk Manager of the Year" award in 2016 from an insurance trade

publication for innovations in managing the company's risks as a ride-sharing company. "He was the driving force that brought insurers, regulators and transportation network companies together in the U.S. to set a uniform standard for ride-sharing automobile liability insurance, a shift that has transformed the insurance industry," an executive at a

unit of brokerage and professional-services firm Aon PLC said in a

Write to Leslie Scism at leslie.scism@wsj.com

public comment at the time of the award.

# nation's biggest insurers eager to get in on the action of insuring autonomous vehicles.