

IMPACT NOTE

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Driving Analytics: Ridesharing Drivers Are Safer Than Average American Drivers

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INTRODUCTION

Consumers often have anecdotes about how safe their shared rides are. But in aggregate, publicly available data on how ridesharing drivers truly fare versus average American drivers is limited. Even the U.S. insurance industry, which has responded well to ridesharing over the past 18 months by fostering state legislation and introducing endorsements to personal auto policies, continues to lack insights into ridesharing drivers' risk profile.

A few reasons stand out. Ridesharing companies are not generally willing to reveal much data to insurers with which they don't have business relationships. Additionally, most drivers don't inform their insurers about their participation in ridesharing, and when they do, insurers lack a telematics insurance offering that they could deploy to better track the drivers' risk profile.

In the following report, using data collected by driving analytics provider Zendrive, we reveal that ridesharing drivers tend to be better drivers than average drivers. The average consumers are safer catching a Uber or Lyft or entrusting their kids to a HopSkipDrive than they are getting behind the wheel themselves.

METHODOLOGY

Aite Group has partnered with Zendrive, a technology vendor on a mission to improve driving for everyone through better data and analytics using just the sensors in a smartphone, to compare the behaviors of ridesharing drivers and average U.S. drivers. To prepare this report, Aite Group interviewed seven major U.S. insurers to learn more about the data points they'd ideally need in order to better understand the risk of ridesharing drivers. Aite Group then worked with Zendrive to extract insights from its database of ridesharing and average drivers. Not all the questions insurers had on their wish list could be addressed at this time, but given Zendrive's rapidly growing database of ridesharing, taxi, limo, fleet, and average drivers, we believe it's a matter of time before more of the insurers' questions can be fully addressed.

Zendrive collects data through integration with other apps, such as ridesharing apps or navigation apps, as well as from drivers directly using its stand-alone app. As of March 2016, Zendrive has accumulated hundreds of millions of miles of driving data. For the purpose of this report, the analysis was performed on 1 million trips made by approximately 12,000 drivers over 15 million miles, extending from June to August 2015. The data is sampled from across the United States, with a large proportion of trips originating from major metropolitan areas. The data compares the two groups on a per-trip basis, as a ridesharing driver may drive many more miles than an average driver, and this may affect the likelihood of an accident.

THE BIG PICTURE

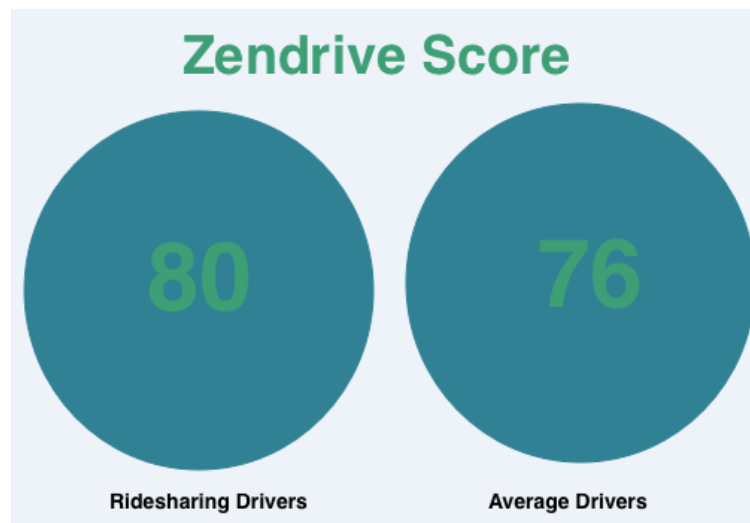
Zendrive tracks drivers' driving behavior using smartphones' GPS and sensors, and produces a score to allow drivers (and in a business context, their supervisors) to track their progress over time. Zendrive's Safety Score is composed of three elements: the Caution Score, Focus Score, and Control Score.

- The Caution Score reflects the driver's ability to follow the rules of the road and avoid creating dangerous or hazardous situations, such as those created by excessive speeding. The score includes speeding and phone use.
- The Focus Score captures the driver's attention level based on phone usage and other distracted behavior. The score includes phone use and hard braking.
- The Control Score measures the driver's style of driving and level of aggression. It indicates the tendency to accelerate, swerve, turn, or brake aggressively. It includes aggressive acceleration and hard braking.

Those three elements are combined to generate an overall Zendrive score. The higher the score, the better.

Zendrive data reveals that ridesharing drivers are less risky than average drivers. In the sample trips reviewed, ridesharing drivers receive an overall score of 80, while average drivers receive a score of 76. Given the way the score works, the difference is statistically significant per a Wilcoxon signed-rank test (Figure 1).

Figure 1: Ridesharing Drivers Have Higher Safety Scores Overall

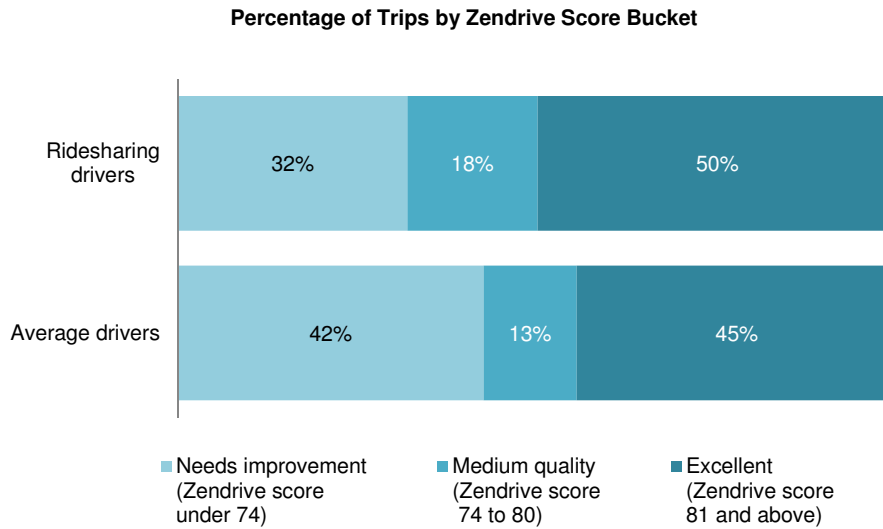


Source: Zendrive analysis of 15 million miles driven by 12,000 U.S. drivers, June to August 2015

In Zendrive's model, any score less than 74 reflects driving habits that could benefit from improvement. Scores from 74 to 80 reflect medium-quality driving habits. Scores equal or superior to 81 reflect excellent driving habits. The portion of average drivers' trips (42%)

associated with driving behaviors needing improvement is bigger than the portion of ridesharing drivers' trips associated with those behaviors (32%; Figure 2).

Figure 2: More Ridesharing Drivers Rank in Higher-Score Buckets

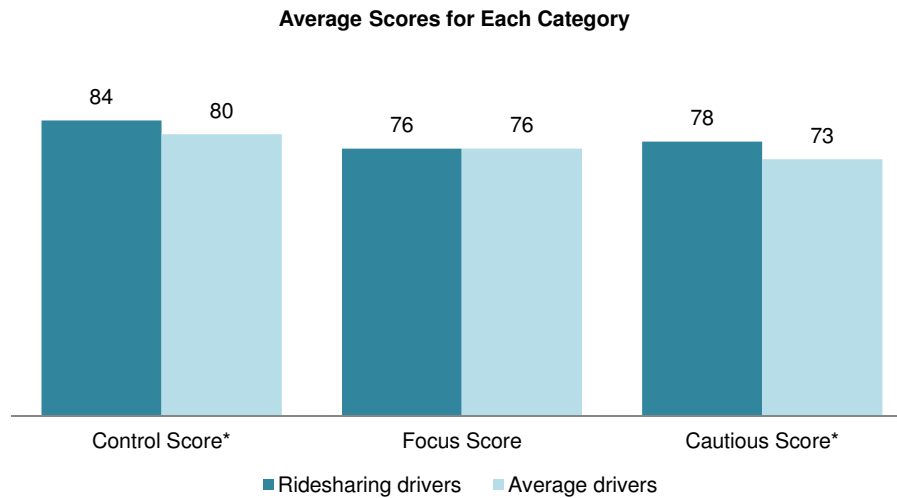


Source: Zendrive analysis of 15 million miles driven by 12,000 U.S. drivers, June to August 2015

INFRACTIONS

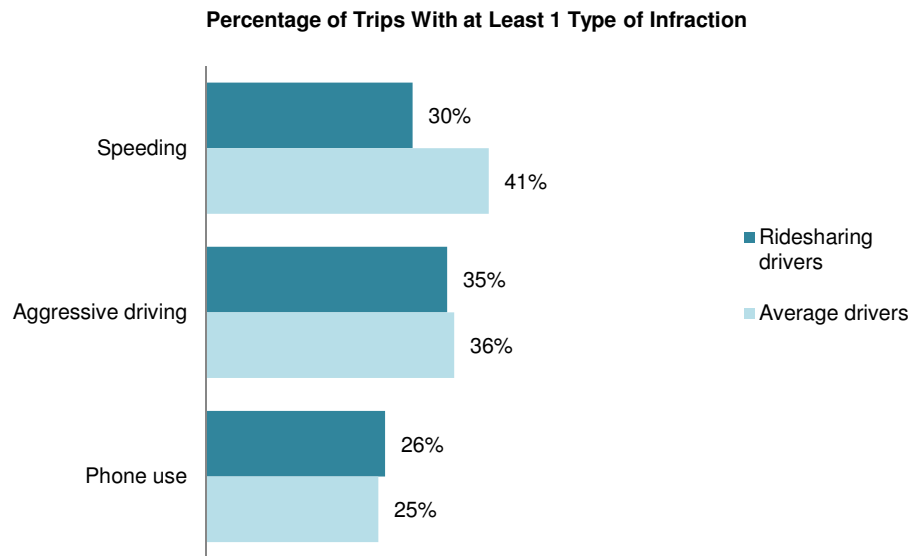
Ridesharing drivers have statistically better Control Scores and Cautious Scores compared with average drivers. They display similar behaviors in the Focus Score category (Figure 3).

Figure 3: Ridesharing Drivers Score Higher or the Same by Category



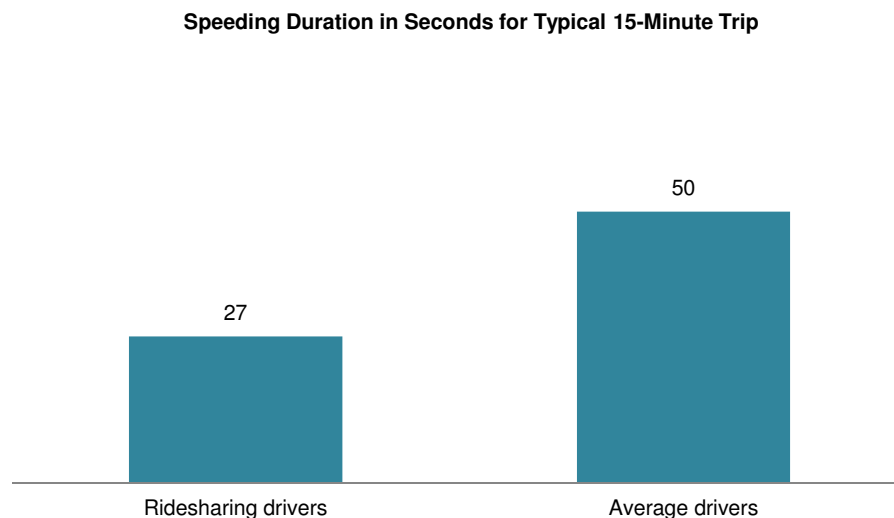
Source: Zendrive analysis of 15 million miles driven by 12,000 U.S. drivers, June to August 2015

Ridesharing drivers are less likely to commit speeding infractions than are average drivers. Only 30% of the trips taken by ridesharing drivers involved speeding, compared to 41% for average drivers (Figure 4).

Figure 4: Ridesharing Drivers See Less Speeding and Aggressive Driving Infractions

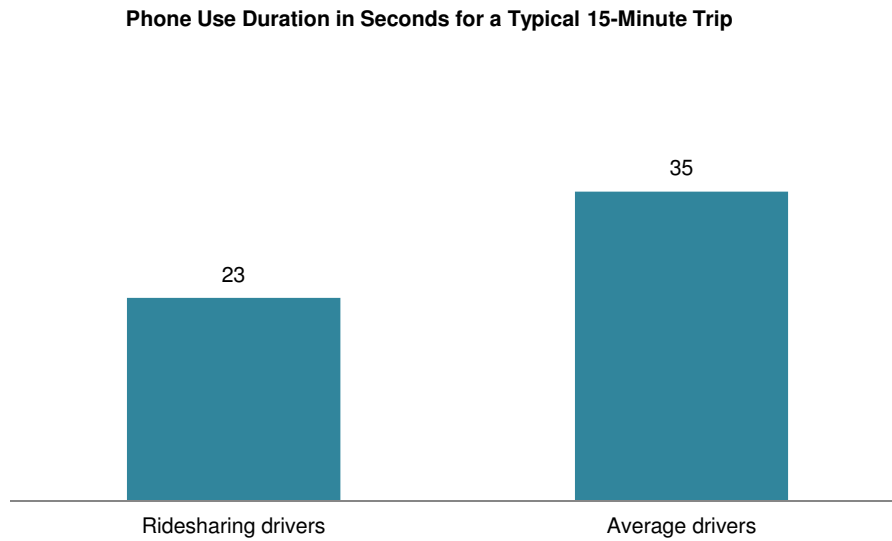
Source: Zendrive analysis of 15 million miles driven by 12,000 U.S. drivers, June to August 2015

In a typical 15-minute trip, ridesharing drivers tend to speed for a shorter duration (27 seconds) compared to average drivers (50 seconds; Figure 5).

Figure 5: Average Drivers' Speeding Periods Last Almost Twice as Long

Source: Zendrive analysis of 15 million miles driven by 12,000 U.S. drivers, June to August 2015

Although ridesharing drivers are very dependent on their smartphones for their work, they tend to be safer phone users while driving than are average drivers. Ridesharing drivers are recorded fumbling with their phone for 23 seconds during a typical 15-minute trip, compared to 35 seconds for average drivers (Figure 6).

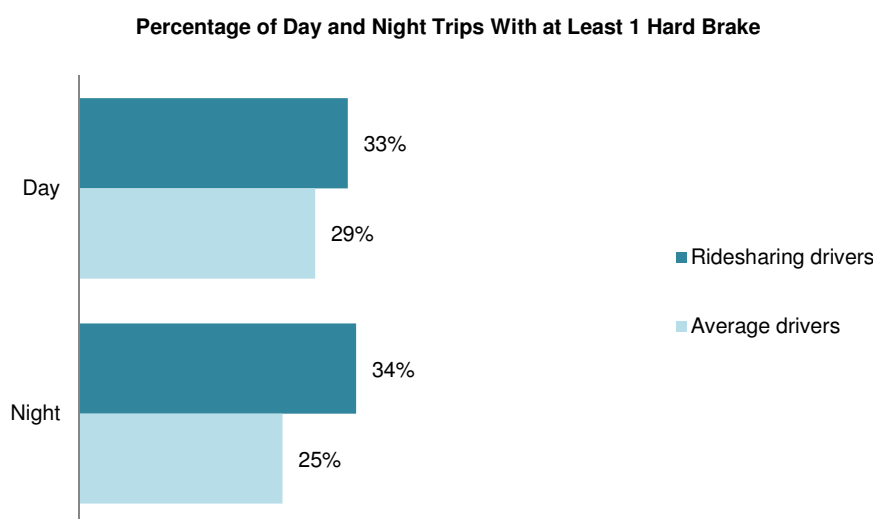
Figure 6: Average Drivers Use Phone While Driving 1.5 Times More

Source: Zendrive analysis of 15 million miles driven by 12,000 U.S. drivers, June to August 2015

YOU CAN'T WIN THEM ALL

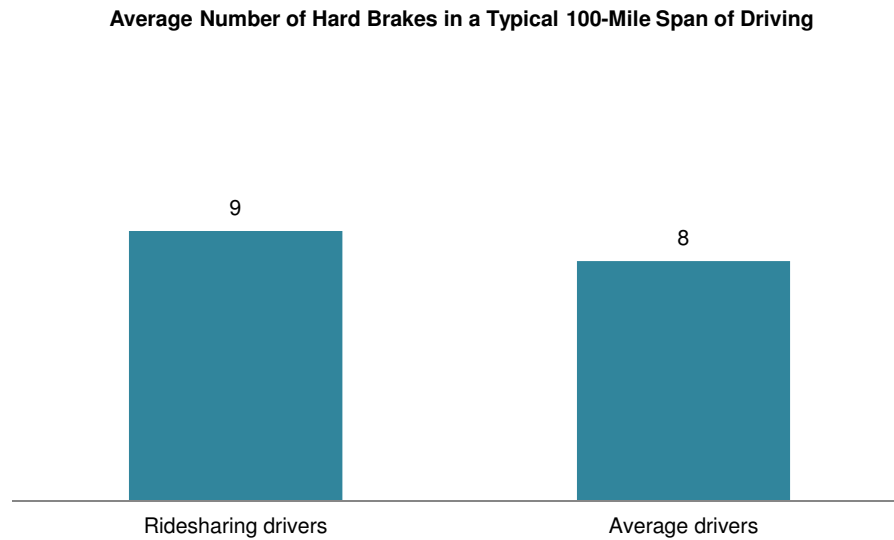
One area where ridesharing drivers don't shine as much is with braking. Ridesharing drivers have a slightly higher propensity to pounce on the brakes than do average drivers. Of ridesharing drivers' trips during the day, 33% involve at least one hard brake, compared to 29% for average drivers. The gap is wider at night, with 34% of ridesharing drivers' trips involving at least one hard brake, compared with 25% for average drivers. Our assumption is that ridesharing drivers tend to be more stressed about potential collisions and are therefore hit the brakes at the first sign of danger (Figure 7).

Figure 7: Day and Night Driving



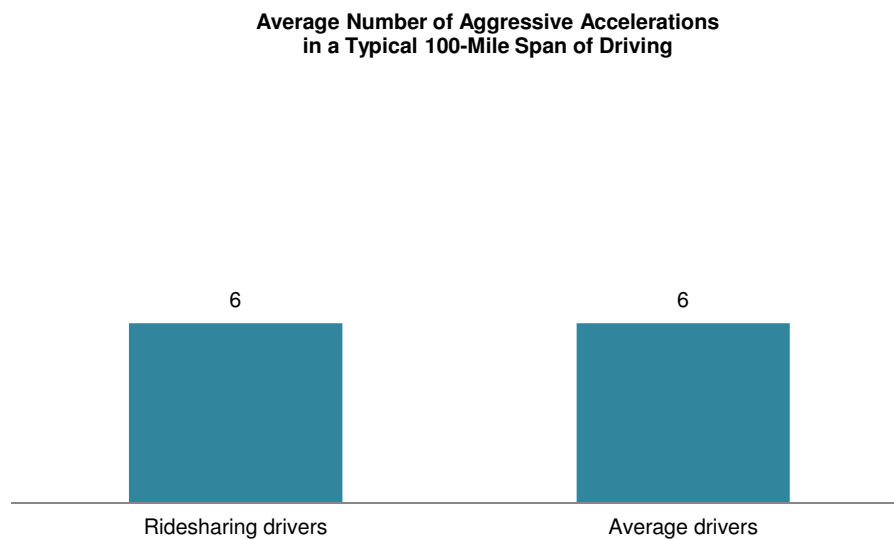
Source: Zendrive analysis of 15 million miles driven by 12,000 U.S. drivers, June to August 2015

When looking at the average number of hard brakes in a typical 100-mile span of driving, the difference is thin: Ridesharing drivers average nine hard brakes versus eight for average drivers (Figure 8).

Figure 8: Hard Braking

Source: Zendrive analysis of 15 million miles driven by 12,000 U.S. drivers, June to August 2015

As for acceleration, ridesharing and average drivers display the same behaviors, with an average of six aggressive accelerations per 100 miles driven (Figure 9).

Figure 9: Aggressive Acceleration

Source: Zendrive analysis of 15 million miles driven by 12,000 U.S. drivers, June to August 2015

CONCLUSION

- Ridesharing drivers, based on multiple attributes, drive more safely than do average drivers:
 - Ridesharing drivers have a vested interest in being good citizens on the road. The fact that their riders rate them is most certainly a factor in shaping their behaviors.
 - We suspect they are more attuned to the need to stay out of trouble even when driving without passengers, since this includes protecting their car, a direct source of income and not just a means of transportation.
 - We also suspect that ridesharing drivers are acquiring knowledge that average drivers may not be attuned to—traffic patterns, other drivers' behaviors, and more—which contributes to better driving.
- A small fraction of drivers who work full time may accumulate considerable mileage, increasing the odds of an accident, and this should remain a concern to insurers that are in the dark regarding their customers' ridesharing participation.
- Based on the findings of this study, we recommend the following to insurers:
 - Insurers that are sitting out the telematics trend should get on board, and partner with driving analytics providers. They are missing out on the opportunity to provide fair and transparent underwriting, and better segment their customers.
 - Insurers should reach out to ridesharing drivers with special education on how to protect themselves, with tips on safety and more, making it clear that insurers are in their camp and that they appreciate that ridesharing drivers—more than average drivers—take safe driving seriously.
 - Insurers with a negative bias toward ridesharing may actually reconsider and favor policyholders that engage in ridesharing to the extent that participating in such activity may contribute to making them better drivers. For instance, insurers could incent young drivers to engage in ridesharing as a way to accelerate their growing up into savvy drivers.

RELATED AITE GROUP RESEARCH

Ridesharing and On-Demand Delivery Drivers: Insurance Attitudes and Behaviors, January 2016.

Ridesharing: Opportunities for Insurers, November 2015.

The Shared Economy and P&C Insurance: Mind the Gap, November 2014.

ABOUT AITE GROUP

Aite Group is an independent research and advisory firm focused on business, technology, and regulatory issues and their impact on the financial services industry. With expertise in banking, payments, securities & investments, and insurance, Aite Group's analysts deliver comprehensive, actionable advice to key market participants in financial services. Headquartered in Boston with a presence in Chicago, New York, San Francisco, London, and Milan, Aite Group works with its clients as a partner, advisor, and catalyst, challenging their basic assumptions and ensuring they remain at the forefront of industry trends.

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