



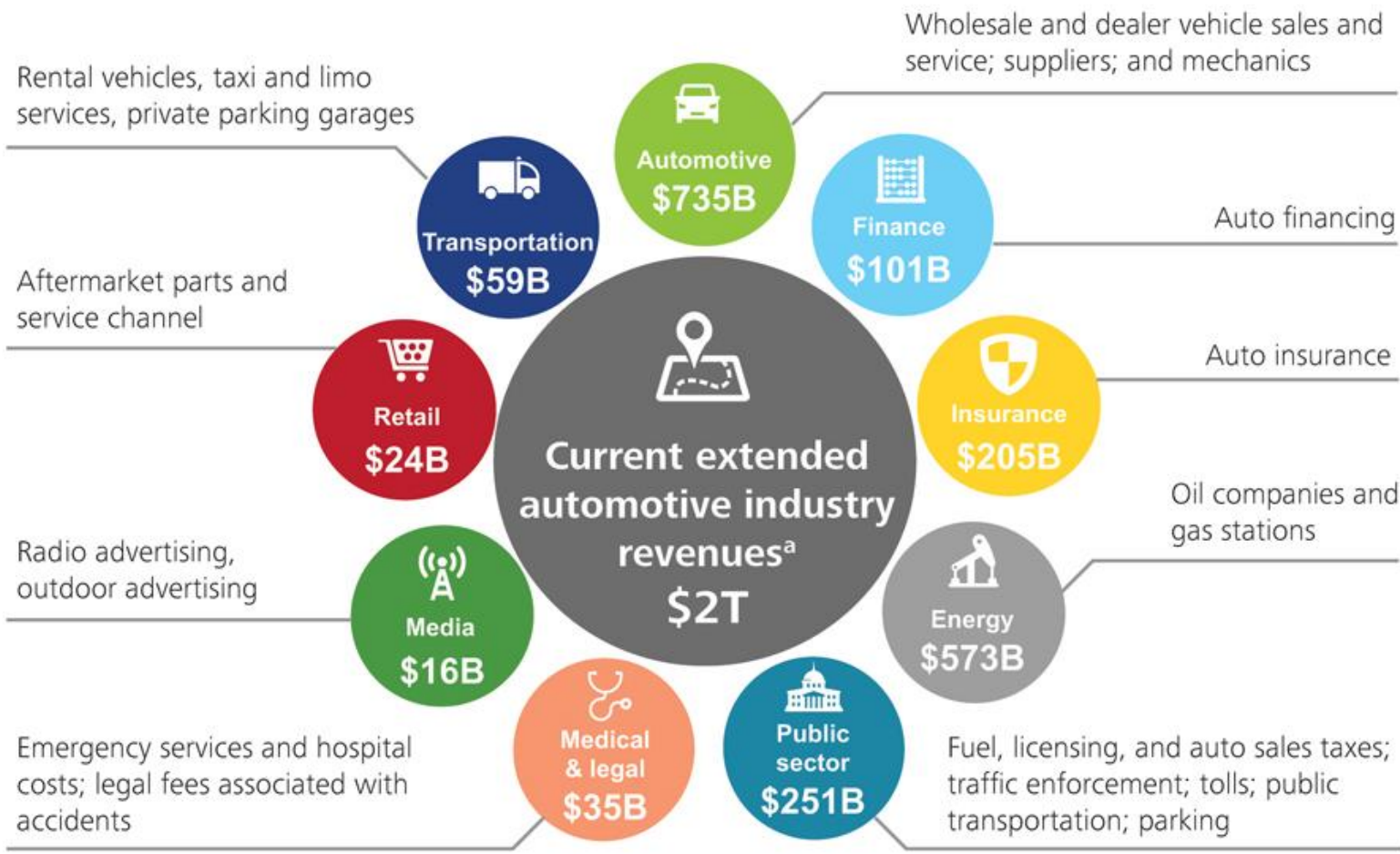
The Future of Vehicle Insurance: Implications of Emerging Vehicle Technologies and the Evolving Sharing Economy



April 2018



We are not debating whether there will be a huge impact, but rather when...



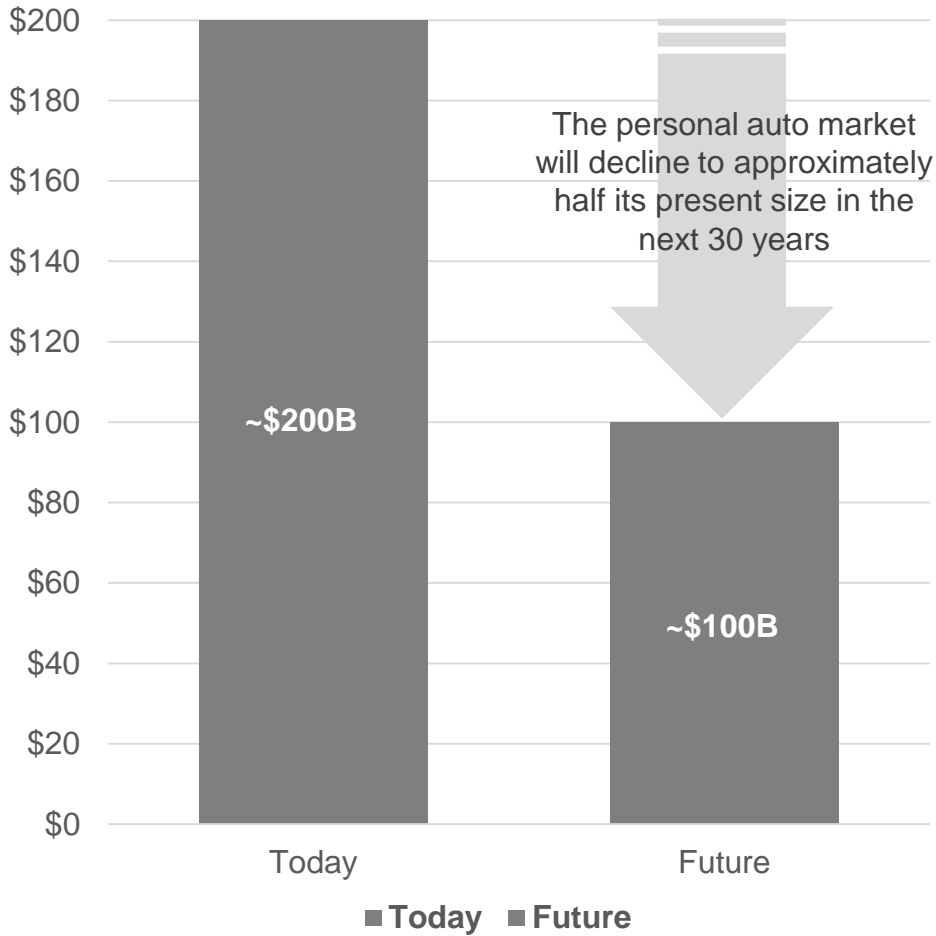
Source: Deloitte analysis based on IBISWorld Industry Reports, IHS, DOT, US Census, EIA, Auto News, TechCrunch. Current revenue represents 2014 figures (or earlier if 2014 data not available) in the United States.

^aTotal revenue is \$1.99T.

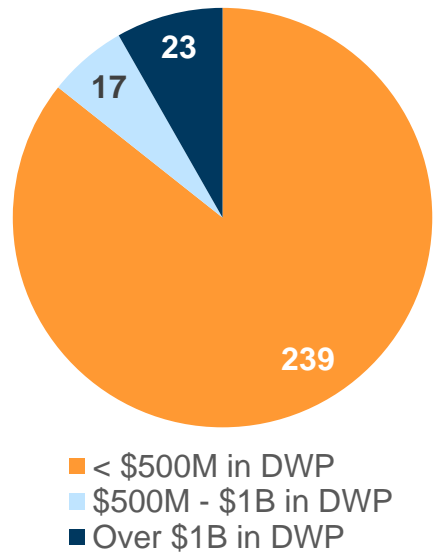


Personal Auto Growth through Acquisition of Struggling Carriers and Distributors

Personal Auto Market, in billions



Auto Insurance Companies, 2015



The 239 auto insurance companies with revenues under \$500M are likely candidates for consolidation.

Source: Nationwide's EVT Task Force



Commercial Growth through Aggressive Pursuit of Emerging Risk Categories

As a Fortune 68 multi-line carrier, Nationwide is positioned to quickly prepare for a shift from personal to commercial risk. Being at the forefront of product evolution will allow us to capitalize on emerging risk markets. The first entrants will be hard to dislodge.

Mobility Services



The first autonomous vehicles are likely to appear within mobility services fleets operating in select southern and western urban areas.

Our modeling predicts that by 2050, mobility services will create an unprecedented \$109 billion opportunity for insurance companies.

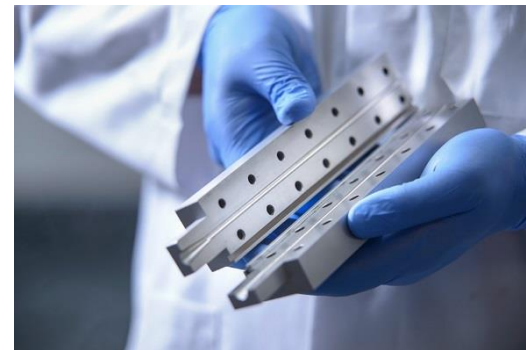
Cyber Security



Autonomous and connected vehicles bring with them the threat of hacking and the potential for hijacking of vehicle controls, unauthorized vehicle entry, identity theft, and privacy invasion.

Cyber insurance will quickly become a booming opportunity, with estimates of \$12 billion in revenue for insurers by 2025¹.

Product and General Liability



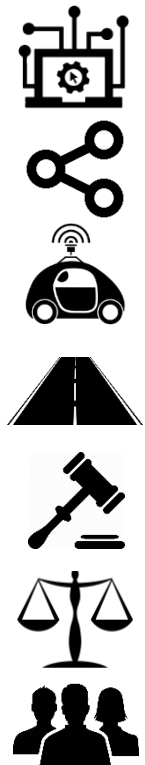
Insurance will shift over time from a negligence model (driver/owner responsibility) to a product and general liability (manufacturer/supply chain responsibility) model, creating a multitude of opportunities for insurers.

Revenue from product and general liability could replace \$2.5 billion of the lost auto revenue by 2025¹.



Nationwide's View on Timing of Impact

The consensus of Nationwide's task force is that wide scale adoption (new sales largely autonomous) will occur in the 2030's, and that in the 2040's, most vehicles on the road will be autonomous.



Technology Evolution
 Data Management
 Availability and Affordability
 Transportation Infrastructure
 Regulatory Permission
 Legal Responsibility
 Consumer Behaviors

	2010's	2020's	2030's	2040's	2050's
Technology Evolution	2010's	2020's	2030's	2040's	2050's
Data Management	2010's	2020's	2030's	2040's	2050's
Availability and Affordability	2010's	2020's	2030's	2040's	2050's
Transportation Infrastructure	2010's	2020's	2030's	2040's	2050's
Regulatory Permission	2010's	2020's	2030's	2040's	2050's
Legal Responsibility	2010's	2020's	2030's	2040's	2050's
Consumer Behaviors	2010's	2020's	2030's	2040's	2050's

Wide Scale Adoption (new sales are largely autonomous)
Wide Scale Use (most vehicles on the road are autonomous)

2030's
2040's

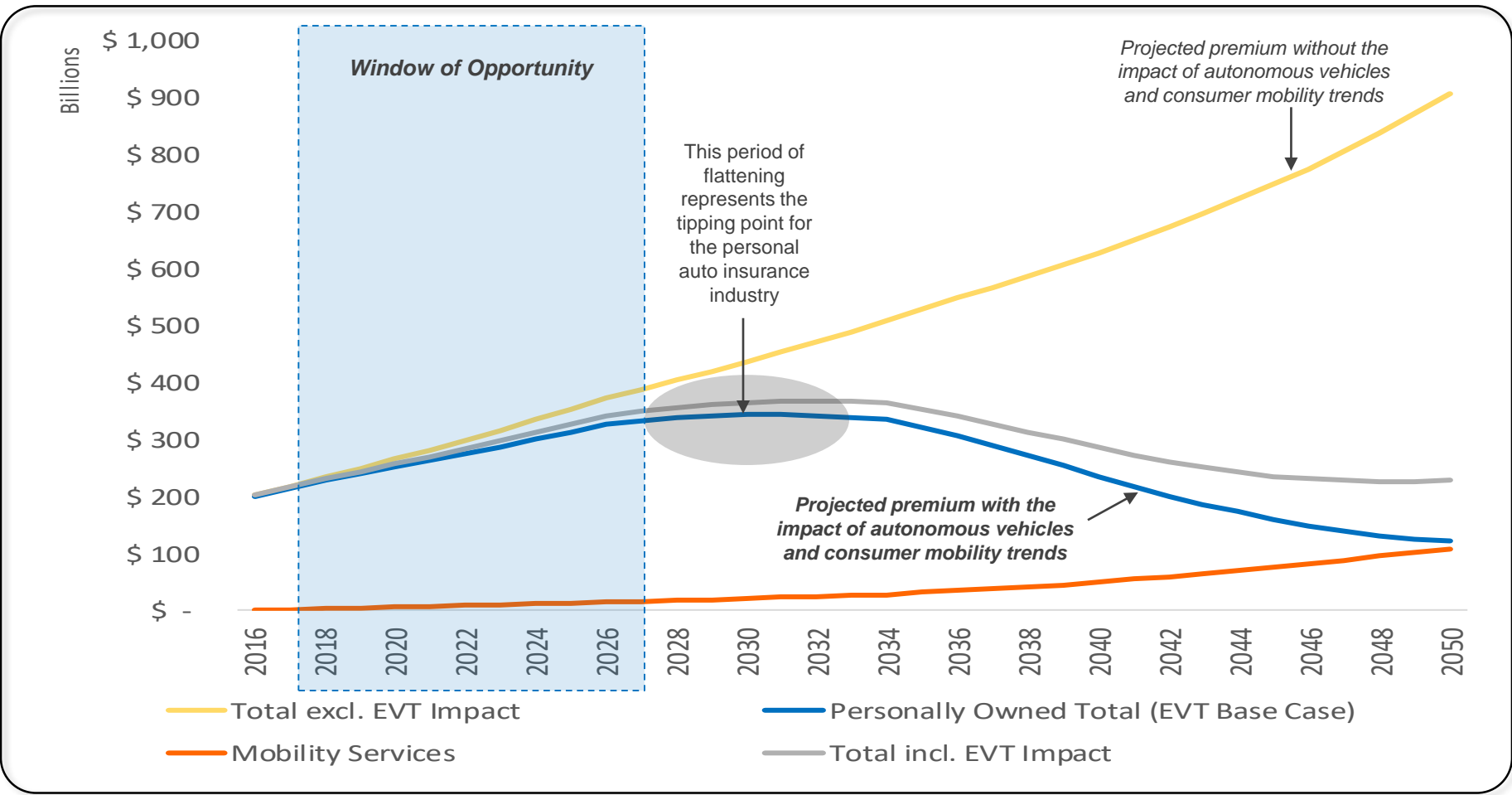
Source: Nationwide's EVT Task Force



Window of Opportunity

If we are late to the game, or if we do nothing but focus on the traditional auto coverages we have today, our modeling predicts dire implications to our auto books.

Industry DWP – Personal Auto



Source: Nationwide's EVT Task Force



Strategic Actions

Nationwide will respond with three strategic actions designed to capitalize on the opportunity that the mobility transformation presents.

- **Auto Insurance Consolidation**
- **Products for Emerging Vehicle Technology and Mobility Risks**
- **Business to Business Partnerships**