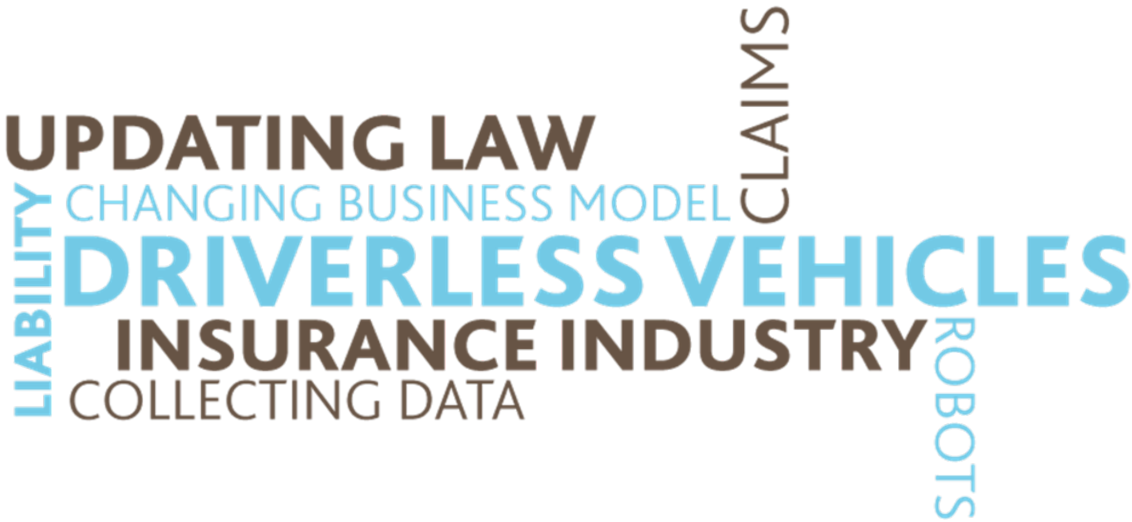

Driverless cars likely to impact traditional capital structures of motor insurers

March 3rd, 2016 - Last week, the US Department of Transportation's National Highway Traffic Safety Administration (NHTSA), wrote to Google, saying that it will now consider the computer and software in a self-driving car as the "driver".

This very significant determination by the US Government will almost certainly have implications in Europe. More importantly these developments are becoming less and less science fiction, and more relevant to the current operations of all motor insurers.

The hugely altered risk profile of “self-drive” cars clearly effects capital requirements and structures. Insurers may find themselves needing to actively manage capital structures as their risk profiles undergo seismic shifts.

As motor insurers have and continue to raise long term capital to meet their solvency requirements, they should consider fostering lasting relationships with their capital providers of both debt and equity to ensure flexible solutions should their capital and risk management needs change.

At Maiden IRC we work with motor insurers as long term capital partners, helping them achieve and maintain target SCRs even as risk profiles undergo tremendous change due to the advent of new technology. Flexible capital solutions comprising of sub debt and reinsurance allows maximum responsiveness to changing conditions.

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