

FROST & SULLIVAN  
BEST PRACTICES



2026

NORTH AMERICA DRIVER  
BEHAVIOR ANALYTICS

**COMPANY OF THE YEAR**

**arity**<sup>®</sup>

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## Best Practices Criteria for World-class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each recognition category before determining the final recognition recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Arity excels in many of the criteria in the driver behavior analytics space.

RECOGNITION CRITERIA	
<i>Visionary Innovation &amp; Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Megatrends	Customer Purchase Experience
Leadership Focus	Customer Ownership Experience
Best Practices Implementation	Customer Service Experience
Financial Performance	Brand Equity

## The Transformation of the Driver Behavior Analytics Industry

The North American insurance market stands at a decision inflection point. Insurers increasingly rely on telematics, artificial intelligence, and large-scale behavioral analytics to evaluate how people realistically

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**- Kamalesh Mohanaragam,  
Associate Director**

drive rather than depend solely on statistical demographic proxies. Connected vehicle technologies and Internet of Things-enabled mobile ecosystems generate continuous streams of data on speed, braking, acceleration, and driving patterns. These inputs power usage-based insurance models that personalize premiums, refine risk segmentation, and strengthen fraud detection capabilities. Industry forecasts project sustained double-digit growth in insurance analytics over the coming decade, underscoring the accelerating shift toward data-driven underwriting and operational decision-making.

At the core of this transformation is a widening application layer built on driver behavior and risk scoring. Real-time behavioral data now informs

underwriting precision, portfolio risk modeling, and dynamic pricing strategies. Beyond underwriting, advanced analytics enable crash detection and claims optimization, reducing loss adjustment expense and

accelerating first notice of loss processes. Road safety analytics extend value beyond the insurer to municipalities and transportation authorities, while mobility trend analysis supports broader insights into traffic patterns, congestion, and emerging transportation behaviors. These capabilities increasingly inform smart city, transportation, and business planning initiatives, including retail location and operations decisions, positioning behavioral data as an infrastructure-level intelligence asset rather than solely an insurance input.

Driver behavior and risk scoring currently serve primarily as actuarial and pricing tools; however, the next evolutionary phase centers on behavioral influence. Gamification in automotive ecosystems applies structured incentive mechanisms (e.g., points, performance scores, levels, badges, challenges, and tangible rewards) to encourage safer driving practices. By transforming passive monitoring into interactive engagement, insurers and mobility platforms can shift from risk assessment to risk mitigation. As gamification becomes mainstream, safe driving transitions from a compliance expectation to a measurable, rewarded achievement, reinforcing loss reduction while improving customer experience and retention.

However, this transformation introduces structural challenges. Heightened privacy sensitivity and evolving regulatory frameworks require insurers to implement transparent governance and consent mechanisms to maintain consumer trust. At the same time, a surge of insurance technology entrants intensifies competition, compelling incumbents and challengers to innovate rapidly while preserving compliance discipline and financial sustainability.

Frost & Sullivan research finds that long-term leadership in this environment favors organizations that combine scalable data ecosystems, regulatory credibility, seamless integration, measurable customer feedback, and behavioral engagement design. One such company is Arity, a subsidiary of the Allstate Corporation.

Founded in 2016 and headquartered in Chicago, Illinois, Arity is a mobility data and analytics company and subsidiary within the Allstate family of companies. The company delivers driver behavior intelligence across the full value chain, integrating risk scoring, crash detection, claims optimization, road safety analytics, and mobility trend insights into territorial risk assessment and pricing, acquisition, underwriting, and service workflows. By aligning its data architecture, governance framework, and forward-looking gamification strategy with the industry's core growth drivers and constraints, Arity positions itself as a critical enabler in the evolution of behavioral insurance analytics and the broader convergence of insurance, mobility intelligence, and smart transportation ecosystems.

### **Embedding Real Driving Data into Risk Decisions**

Traditional telematics programs promise pricing precision, yet most insurers apply behavioral adjustment only after policy issuance, limiting impact at the point of risk selection. Arity addresses this structural gap by enabling insurers to incorporate verified driving behavior directly into the quote process through Arity IQ™, the company's pricing at new business product. This approach aligns underwriting accuracy with customer acquisition, allowing insurers to assess risk using real-time behavioral data rather than relying on static demographic proxies such as age, gender, or vehicle type. As a result, insurers can improve

pricing accuracy and decision confidence at the point of underwriting, rather than deferring risk correction to renewable cycles.

Adoption constraints historically limited the scalability of behavioral underwriting. Carrier-sponsored telematics programs typically depend on voluntary app participation, which restricts data coverage and introduces selection bias. Arity mitigates these limitations by aggregating driving data across a broad network of mobile publishers and connected vehicle ecosystems, expanding data scale and improving representativeness. The platform captures granular behavioral signals, including speeding, braking intensity, cornering patterns, and phone usage while driving, to construct detailed risk profiles. This scale and granularity support more differentiated pricing models, improve loss ratio performance, and enhance segmentation accuracy across portfolios.

Arity's differentiation further reflects the integration of behavioral data with longitudinal claims experience. Supported by more than 90 years of insurance claims data from The Allstate Corporation, Arity correlates observed driving behavior with actual loss outcomes to strengthen predicted validity and actual reliability. This linkage enables insurers to identify high-risk drivers earlier, validate pricing assumptions with empirical data loss, and refine portfolio management strategies. The result is a data ecosystem that combines real-time behavioral observation with historical claims performance, creating a measurable advantage in risk segmentation, rate adequacy, and underwriting precision.

Mobility data also raises legitimate privacy and operational concerns. Arity addresses privacy through an explicit consent framework in which drivers authorize the use of their driving behavioral data, reinforcing consumer control and reducing regulatory exposure for carrier partners. From an operational standpoint, the company's solutions integrate seamlessly with legacy carrier systems, enabling advanced analytics adoption without disruptive infrastructure overhauls. By delivering aggregated behavioral intelligence that enhances territorial risk assessment, rate filings, and acquisition workflows, Arity transforms behavioral data from a peripheral telematics feature into a core underwriting instrument that improves predictive precision and modernizes pricing architecture across the insurance value chain.

## Transparency as Infrastructure

Telematics continues to evolve beyond discount-driven insurance programs toward a broader mobility intelligence ecosystem shaped by real-time data, infrastructure integration, and predictive analytics. Arity positions itself at the center of this transition by architecting its platform for a multi-source future. The company ingests behavioral data from mobile apps, connected vehicle partnerships, and selective hardware integrations, ensuring that no single channel defines its operating model. This source-agnostic architecture anticipates fragmentation across original equipment manufacturer ecosystems and embedded vehicle technologies while preserving long-term flexibility in a rapidly shifting mobility environment.

Arity's mobility solutions extend its behavioral analytics foundation into transportation systems intelligence, translating nearly 3 trillion miles of aggregated driving data into structured, decision-grade insights. The platform delivers minute-by-minute speed and flow information that supports real-time congestion monitoring, infrastructure planning, and operational response. Safety enhancement represents a central application. By identifying historical behavioral risk clusters and geographic hotspots

associated with speeding, hard braking, rapid acceleration, and distracted driving, the company enables public agencies to prioritize targeted interventions before severe outcomes materialize. This proactive model shifts transportation management from reactive assessment to data-informed prevention.

Predictive capabilities further elevate the platform's strategic relevance. Machine learning models forecast congestion probability, traffic exposure shifts, and driver risk trends, equipping stakeholders with forward-looking insight rather than retrospective analysis. The Arity Annual Driving Behavior Report captures macro-level changes influenced by climate events, economic conditions, fuel price volatility, and hybrid work patterns, offering a longitudinal perspective on evolving mobility behavior. Integration with broader smart mobility ecosystems strengthens this impact by combining behavioral intelligence with infrastructure-based sensor networks and advanced traffic management systems.

Transparency reinforces adoption and governance alignment. Arity intends to strengthen the ownership lifecycle through the forthcoming Driver Score Center, designed to provide drivers with ongoing visibility into their driving score. Once introduced, the platform will enable individuals to review performance, understand contributing factors, and track changes over time. This transparency will promote behavioral awareness and reinforce accountability beyond policy issuance, repositioning telematics as a continuous feedback loop rather than a one-time enrollment decision. By combining architectural flexibility, predictive intelligence, cross-sector application, and governance transparency, the company builds not only for today's telematics programs but for the structural evolution of mobility data across insurance, infrastructure, and connected transportation networks.

### Scale, Discipline, and Durable Advantage

Sustained leadership in behavioral analytics requires structural scale, governance discipline, and financial durability. Arity operates one of the largest driving behavior datasets in the United States, spanning more than 50 million connected drivers and nearly 3 trillion miles of accumulated driving data. This longitudinal depth enables the company to identify macro-level travel patterns, behavioral shifts, and emerging roadway risks with statistical confidence. Continuous visibility across diverse geographies strengthens model reliability and creates a defensible barrier to entry that few competitors can replicate. In data-driven markets where predictive accuracy compounds with volume and duration, such scale reinforces authority rather than mere participation.

Regulatory infrastructure further solidifies this position. Arity structures their Arity IQ offering as a Fair Credit Reporting Act-regulated entity, aligning its scoring framework with governance standards comparable to credit reporting oversight. Sustaining this designation requires disciplined compliance and operational investment, transforming regulatory alignment into strategic advantage. In a sector that has experienced consolidation and capital pressure, this institutional rigor signals stability and long-term commitment.

Financial performance reflects maturity and diversification. The company reports approximately \$266 million in revenue in 2025, supported by adoption across insurers, mobile app partners, advertisers, and public-sector entities. Monetization spans subscription-based telematics services, per-transaction quote-stage scoring, recurring licensing of aggregated data, and performance-based advertising. The Arity Marketing Platform expands commercial reach beyond underwriting by converting anonymized driving

behavior into privacy-compliant audience segments that enable behavior-based targeting for lead management and customer acquisition. Strategic partnerships across insurance, automotive, and retail

sectors translate mobility intelligence into actionable engagement strategies.

*“Insurers increasingly demand underwriting precision that extends beyond demographic proxies and historical averages. Arity advances this shift by embedding verified driving behavior directly into risk assessment, replacing inferred assumptions with observed performance. By capturing granular behavioral signals such as braking intensity, acceleration frequency, speed variability, and distraction indicators, the platform enables insurers to differentiate risk profiles with greater specificity and confidence.”*

**- Samantha Fisher**  
**Best Practices Research Analyst**

Real-time optimization further differentiates the platform. As mobility patterns shift, audience attributes update dynamically, allowing advertisers to refine campaigns based on current behavioral signals rather than static assumptions. This approach reduces wasted impressions, improves targeting precision, and strengthens measurable campaign performance. Backing from The Allstate Corporation provides additional capital stability and a long-term investment horizon. Scale, regulatory credibility, diversified monetization, and adaptive commercial activation collectively position Arity as a durable leader with the authority and financial capacity to shape the future of behavioral insurance analytics.

### Operationalizing Behavioral Intelligence

Leadership at scale requires disciplined execution anchored in resilient infrastructure and analytic precision. Real-time data collection forms the operational backbone of Arity’s analytics model, enabling continuous behavioral intelligence rather than episodic program measurement. The company leverages mobile devices as passive telematics sensors, transforming smartphones into high-fidelity data capture tools without requiring dedicated hardware installation. Through embedded motion sensors, GPS telemetry, and device-level signal processing, Arity collects granular behavioral indicators such as acceleration patterns, deceleration intensity, cornering force, trip duration, and mobile phone interaction while driving. This continuous stream of normalized, time-stamped data enables precise behavioral mapping across varied driving environments, capturing authentic conduct at scale.

Machine learning models interpret behavioral frequency, severity, and consistency to generate predictive risk scores that evolve as new data enters the system. The integration of multiple data sources further strengthens analytic depth. Arity synthesizes connected vehicle data, contextual trip information, and historical claims performance to create multidimensional driver profiles grounded in observed behavior and documented outcomes. By correlating behavioral signals with verified loss data, the platform sharpens segmentation accuracy and reinforces underwriting reliability.

Arity operationalizes this intelligence through a standardized integration framework built on application programming interfaces (API) and software development kits that allow insurers and partners to embed behavioral analytics directly into existing systems. This modular architecture reduces onboarding friction, supports repeatable deployments across carriers and verticals, and enables scalable expansion without bespoke engineering for each implementation.

Commercial structure reinforces this execution discipline. Arity aligns monetization with measurable usage through per-transaction pricing for quote-stage scoring and recurring licensing models for aggregated data products, ensuring revenue tracks realized value. Continuous crash detection algorithms operate across tens of millions of users, generating live event data that strengthens model validation and performance accuracy. Through disciplined ingestion, adaptive modeling, integrated deployment, and performance-aligned monetization, the company converts technical capability into consistent, repeatable operational excellence.

## Turning Driving Behavior into Measurable ROI

Insurers increasingly demand underwriting precision that extends beyond demographic proxies and historical averages. Arity advances this shift by embedding verified driving behavior directly into risk assessment, replacing inferred assumptions with observed performance. By capturing granular behavioral signals such as braking intensity, acceleration frequency, speed variability, and distraction indicators, the platform enables insurers to differentiate risk profiles with greater specificity and confidence. This transition strengthens actuarial integrity and supports proactive risk management grounded in real exposure rather than static classifications.

The framework translates directly into pricing agility. Premiums adjust to actual driving conduct, allowing carriers to move beyond fixed rating variables and align rates with measurable performance. Real-time behavioral visibility empowers insurers to recalibrate risk tiers as patterns evolve, creating adaptive pricing structures that reward improvement and reflect emerging exposure trends. Lower-risk drivers receive competitively aligned premiums that reinforce retention through transparent fairness, while higher-risk drivers gain a clear pathway to earn improved rates through demonstrable behavioral change.

Embedding behavioral scoring into the quote stage amplifies economic impact. Insurers assess risk before policy binding, enhancing segmentation and strengthening new business quality from the outset. Aligning price with verified conduct improves portfolio composition without requiring prolonged monitoring before adjustments occur. Operational gains further reinforce financial performance. Real-time crash detection accelerates first notice of loss workflows, allowing insurers to initiate claims handling earlier and reduce administrative lag. Together, pricing precision, acquisition-stage intelligence, and operational acceleration create a cohesive behavioral framework that enhances underwriting discipline, sharpens claims forecasting, and optimizes portfolio performance across the insurance lifecycle.

## Personalized Pricing Without Delay

Insurance purchasing often involves uncertainty, particularly when telematics programs defer pricing adjustments until months after enrollment. Arity removes that ambiguity by embedding behavioral scoring directly into the quote journey. When consumers authorize the use of their driving data, insurers can reflect personalized risk assessments immediately within the presented premium. This immediacy replaces provisional discounts with data-informed pricing and provides clarity at the moment of decision.

Transparency governs the interaction. The company structures the process around explicit consent, requiring drivers to approve the use of their data specifically for quote evaluation. This clear sequencing establishes trust during a critical transaction point. Rather than positioning behavioral analytics as a background process, Arity brings it into the forefront of the purchase conversation.

Flexibility further shapes the experience. Drivers can access safety features such as crash detection without automatically committing to pricing adjustments. This optional participation model lowers psychological barriers and reduces the perception of telematics as an all-or-nothing proposition. By allowing engagement at different levels, insurers can accommodate varying comfort thresholds while maintaining data integrity.

Behind the scenes, standardized APIs integrate behavioral scoring into carrier workflows without disrupting existing digital interfaces. The customer encounters a streamlined journey, while insurers maintain operational consistency. By combining immediate personalization, transparent consent, and participation flexibility, Arity strengthens confidence and clarity at the point of purchase.

## Continuous Engagement, Proactive Protection

Long-term value in behavioral analytics depends on the ability to influence driver behavior over time, not just measure it. Arity's planned Driver Score Center introduces a mechanism for continuous behavioral reinforcement by providing drivers with ongoing performance visibility. This model shifts telematics from passive data collection to active behavior modification, increasing program effectiveness and strengthening alignment between driver incentives and insurer risk outcomes.

Safety oversight operates alongside visibility. Crash detection capabilities monitor potential incidents across participating apps and connected ecosystems, providing persistent protection regardless of whether a driver elects to use behavioral data for pricing. By separating safety benefits from discount incentives, Arity positions protection as a core feature of the ownership experience rather than a conditional reward. Participation flexibility allows drivers to engage with insights and services at levels aligned with their preferences, while structured consent controls ensure continued authority over how data is used.

Service performance becomes most critical during an incident. Automated crash detection identifies potential collisions in real time and can trigger rapid notifications that support emergency response coordination. Early awareness enables insurers to initiate first notice of loss processes sooner, improving claims throughput and reducing reliance on delayed reporting. Operating at scale across tens of millions of users, the detection infrastructure benefits from continuous live validation, strengthening reliability across varied driving conditions. Real-time alerts provide clarity during high-stress moments, transforming service from reactive administration into proactive support.

## Governance-Driven Credibility

Trust functions as a defining asset in mobility data markets. Behavioral analytics operate at the intersection of personal data, insurance pricing, and regulatory scrutiny. Arity reinforces credibility by structuring its data practices around explicit consent and transparency rather than opacity. Survey findings referenced during executive discussions indicate that more than 80% of respondents have a positive opinion of telematics apps when there are clear benefits, with the most requested value-add services being rewards for safe driving, emergency assistance such as crash detection, and anti-theft

features.<sup>1</sup> This level of stated willingness signals a brand position grounded in trust rather than compliance baselines.

Institutional affiliation strengthens that perception. As a subsidiary of The Allstate Corporation, Arity operates within a highly regulated insurance ecosystem that demands governance discipline and financial stability. This alignment anchors the company's brand within established industry credibility rather than purely speculative technology positioning. For insurers and partners, the association reduces counterparty risk and reinforces confidence in long-term continuity.

The company's resilience amid industry consolidation further enhances reputational strength. Several telematics entrants have exited or merged in recent years, yet Arity sustains scale growth and diversified revenue streams. Market durability carries reputational weight in infrastructure-intensive sectors where integration decisions often span multiple years. By aligning governance, institutional backing, and operational longevity, Arity cultivates brand equity rooted in credibility, accountability, and sustained market presence.

## Conclusion

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Arity redefines the role of behavioral analytics in insurance by embedding verified driving intelligence directly into acquisition, underwriting, and service workflows. Instead of treating telematics as a peripheral discount mechanism, the company places behavioral data at the structural core of pricing and risk assessment. It supports this strategy with a network of more than 50 million connected drivers and trillions of miles of driving data, a scale that few competitors can approach. Scale alone, however, does not establish leadership. Arity reinforces its footprint with regulatory discipline, operational rigor, and a consent-driven transparency model that builds trust in a privacy-sensitive market.

Strategic coherence shapes the company's trajectory. A flexible, multi-source architecture prepares Arity for an evolving mobility ecosystem, while disciplined monetization ensures financial durability. Real-time crash detection, quote-stage personalization, and sustained driver engagement translate technical capability into measurable business and customer impact. These capabilities reinforce one another, creating momentum that extends beyond incremental improvement and shapes the broader market direction.

With its strong overall performance, Arity earns Frost & Sullivan's 2026 North American Company of the Year Recognition in the driver behavior analytics industry.

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<sup>1</sup> Frost & Sullivan Discussion With Arity

## What You Need to Know about the Company of the Year Recognition

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Frost & Sullivan's Company of the Year Recognition is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

### Best Practices Recognition Analysis

For the Company of the Year Recognition, Frost & Sullivan analysts independently evaluated the criteria listed below.

#### Visionary Innovation & Performance

**Addressing Unmet Needs:** Customers' unmet or under-served needs are unearthed and addressed to create growth opportunities across the entire value chain

**Visionary Scenarios Through Megatrends:** Long-range scenarios are incorporated into the innovation strategy by leveraging mega trends and cutting-edge technologies, thereby accelerating the transformational growth journey

**Leadership Focus:** The company focuses on building a leadership position in core markets to create stiff barriers to entry for new competitors and enhance its future growth potential

**Best Practices Implementation:** Best-in-class implementation is characterized by processes, tools, or activities that generate consistent, repeatable, and scalable success

**Financial Performance:** Strong overall business performance is achieved by striking the optimal balance between investing in revenue growth and maximizing operating margin

#### Customer Impact

**Price/Performance Value:** Products or services offer the best ROI and superior value compared to similar market offerings

**Customer Purchase Experience:** Purchase experience with minimal friction and high transparency assures customers that they are buying the optimal solution to address both their needs and constraints

**Customer Ownership Excellence:** Products and solutions evolve continuously in sync with the customers' own growth journeys, engendering pride of ownership and enhanced customer experience

**Customer Service Experience:** Customer service is readily accessible and stress-free, and delivered with high quality, high availability, and fast response time

**Brand Equity:** Customers perceive the brand positively and exhibit high brand loyalty, which is regularly measured and confirmed through a high Net Promoter Score®

## Best Practices Recognition Analytics Methodology

### Inspire the World to Support True Leaders

This long-term process spans 12 months, beginning with the prioritization of the sector. It involves a rigorous approach that includes comprehensive scanning and analytics to identify key best practice trends. A dedicated team of analysts, advisors, coaches, and experts collaborates closely, ensuring thorough review and input. The goal is to maximize the company’s long-term value by leveraging unique perspectives to support each Best Practice Recognition and identify meaningful transformation and impact.

STEP		VALUE IMPACT	
		WHAT	WHY
1	<b>Opportunity Universe</b>	Identify Sectors with the Greatest Impact on the Global Economy	Value to Economic Development
2	<b>Transformational Model</b>	Analyze Strategic Imperatives That Drive Transformation	Understand and Create a Winning Strategy
3	<b>Ecosystem</b>	Map Critical Value Chains	Comprehensive Community that Shapes the Sector
4	<b>Growth Generator</b>	Data Foundation That Provides Decision Support System	Spark Opportunities and Accelerate Decision-making
5	<b>Growth Opportunities</b>	Identify Opportunities Generated by Companies	Drive the Transformation of the Industry
6	<b>Frost Radar</b>	Benchmark Companies on Future Growth Potential	Identify Most Powerful Companies to Action
7	<b>Best Practices</b>	Identify Companies Achieving Best Practices in All Critical Perspectives	Inspire the World
8	<b>Companies to Action</b>	Tell Your Story to the World (BICEP*)	Ecosystem Community Supporting Future Success

\*Board of Directors, Investors, Customers, Employees, Partners

