



Loss Prevention Strategies & Technology for Auto & Excess Auto Coverage

In response to eight years of combined loss ratios north of 100%, increased vehicle repair and healthcare costs, and an increasing number of multi-million dollar nuclear verdicts related to auto liability, commercial auto insurance and excess insurance rates have increased substantially. Underwriters are increasing retentions to improve accountability at the fleet operator level and make these lines of insurance profitable for insurers.

Crash rates are increasing, especially for those drivers commuting longer distances during congested rush-hours and for those driving late at night and into the early morning where fatigue is a factor. It is also known that devices and eating while driving continue to distract drivers and lead to crashes.



- + Fleet monitoring and telematics are advanced ways to manage your business's fleet through technology. There are many services and products at your disposal to help manage your fleet, reduce your risk and keep your drivers safe. From driver training programs to personalized reports for fleet managers, technology rapidly improves how fleets are handled. With fleet monitoring, you can easily identify your drivers' poor and risky behaviors and correct them before a loss occurs.

Three of the biggest personal auto insurers, Progressive, National, and Liberty Mutual, offer credits to the insureds if they allow the insurer to collect data and view their driving habits. Commercial and incidental fleet operators alike may want to pay attention to what companies these companies are doing to control fleet losses. Hard braking, acceleration, time of day when driving and miles driven are being used to develop auto insurance pricing based on utilization. Nationwide has recently partnered with Lytx to add video recording equipment into commercial vehicles and they are looking next at electronic logs from DOT class vehicles to quantify utilization.

For Progressive Insurance, these measures appear to be making an impact. Progressive reported recently combined loss ratios of 91% and underwriting profits of 9%. While the loss ratio remains high, it is a low threshold comparatively in its industry.

Basic Fleet Controls – Motor Vehicle Record (MVR) Reviews to Prevent Negligent Entrustment

The best "basic" loss prevention tool for an employer who entrusts employees to drive vehicles on company business is to review MVRs against criteria with their auto insurance carrier annually. Insurance companies are only looking at a 10% sample of MVRs, so employers will need to step up and review 100% of their drivers' MVRs at least annually. Most insurance companies like to see employers include verbiage in their employment policies that requires employees to notify their employer if a local authority asks them to surrender their driver's license.

Some employees do not equate a suspended license (which occurs when a driver refuses a road-side sobriety test) with a loss of driving privilege. To counter this situation, some fleet operators now use MVR monitoring tools that report activity in real-time or at least monthly. This allows the employer to intervene and remove an employee from a driving position before a larger accident can occur or while an employee waits to have their DUI case heard. A sampling of vendors who provide real-time monitoring of motor vehicle violations include:

- + iix.com from VeRisk (<http://iix.com/reports.htm>)
- + HireRight (<http://www.hireright.com/Motor-Vehicle-Record-Checks.aspx>)
- + E Supervision (www.esupervision.com)
- + Samba Fleet Monitoring (<https://sambasafety.com/monitoring/>)

Coaching Drivers and Creating a Defense – Fleet Telematics Matched with Fleet Video

Whether it is a device that you plug into your OBD port or a simple mobile phone app, using technology in vehicles to measure driving is becoming commonplace within the personal auto insurance market to underwrite and offer discounts on auto insurance. Deployment of fleet telematics within commercial autos and trucks has used similar technology to produce reports and scorecards and coach drivers to improve their defensive driving skills (e.g., Command GPS, Verizon, Cartasite).

The technology is often incorporated into GPS software and has been shown to improve efficiency through route planning, reducing collision risk by staying off major commuting routes during rush hour. These efforts often pay for themselves through savings in fuel consumption and reducing unnecessary idling time. Companies such as Derive and Rovr by Cartasite report a minimum of 5% efficiency improvements by addressing idling and upwards of 60% reduction in fuel consumption and CO2 emissions.

With an investment in technology and software subscription ranging from \$750- \$1,500 per year/vehicle (assuming a three-year accelerated depreciation on technology), a fleet of 50 vehicles could enjoy the protection of its \$150,000 retention and earn an annual 2:1 ROI.

A sample of vendors in the market include:

- + Lytx (www.lytx.com/en-us/fleet-management) was one of the first to provide video event recorders as dash cameras and continues to be a leader in the use of technology to coach drivers to improve. They are also integrating side view cameras and integrating with other fleet and DOT compliance software tools.
- + Samsara (<https://www.samsara.com/fleet/dash-cam>) provides dash and side cameras and asset tracking. They also have an algorithm that can alert fleet managers when the driver becomes distracted by a mobile phone while driving.
- + Waylens (<https://www.waylens.com/360>) provides a 360-degree view in a compact design.
- + FleetOptix (<https://fleetoptix.com/>) provides an easy entry with month-to-month billing.
- + Azuga (<https://www.azuga.com/>) offers a forward and rear-facing camera and integrates like others with daily inspections and Electronic logs.

What's next?

COLLISION AVOIDANCE

It is becoming the standard for modern passenger cars to be equipped with lane departure and collision avoidance functions but until the technology makes the migration to work trucks, sprinter vans, and semis, aftermarket (OEM) equipment has been shown to prevent certain types of collisions.

MobilEye 630 is one such vendor endorsed by Berkley Insurance and offers aftermarket collision avoidance equipment and a software platform to integrate traditional telematics and video capture¹.

MONETIZING YOUR INVESTMENT

If you are interested in any of these technology solutions, contact your Risk Control Advisor for more information or feel free to contact these vendors directly. Then tell IMA about your deployment so it can be updated with the underwriter and leverage your proactive investment for the best terms and conditions available on your renewal.



¹ <https://www.mobileye.com/our-technology/adas/>



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