

## THE SAFETY AND ECONOMIC BENEFITS OF TELEMATICS

Telematics is the term for technologies that remotely monitor vehicle information from the engine control computer, GPS location tracking, and—in some systems—cameras. Commercial truck fleets tend to use systems with cameras, such as those from San Diego-based Lytx (formerly DriveCam), Orion Fleet Intelligence (Conshohocken, Pa.), and 3rd Eye (Katy, Texas). With the information telematics can provide, operators can better control their capital and human assets for better cost and safety outcomes.

What does telematics have to do with insurance? Commercial auto insurance has underperformed lately, losing the industry hundreds of millions of dollars in the last seven years. In response, carriers have been more conservative in their risk selection, contracted their writings, and increased their prices, and some have largely exited that business line altogether. With insurers and policyholders both feeling the pain, they are looking for ways to reduce loss costs and thus reduce premiums. As telematics technologies have become more prevalent, more sophisticated, and less expensive, they're showing great promise in their ability to improve industry results. This is leading insurance companies to encourage adoption of the technology. Insurers are more likely to cover commercial fleets that use telematics and more likely to provide that coverage at a better price, terms, and conditions than they offer to fleets without these systems.

### EVIDENCE OF EFFECTIVENESS

The Federal Motor Carrier Safety Administration studied the impact of telematics on a fleet of 46 truck tractors divided into test and control groups. In its April 2014 report, the research team demonstrated that the use of telematics plus driver intervention can improve both driving behavior and fuel economy. In the study, the technology monitored activity including sudden accelerations, hard braking, speeding, engine revolutions per minute, and fuel economy. Drivers in the test group received feedback, coaching, and rewards based on the data the system collected.

At the end of the study, day drivers exhibited nearly 50 percent fewer unsafe events (such as sudden acceleration, hard braking, and lane changes); the distances they drove at speeds

greater than 65 mph fell more than 33 percent; and their fuel economy improved 9 percent.

Several ISRI member companies with large truck fleets have installed accident-avoidance camera systems and seen improvement in their on-road safety performance and driver behavior, according to Commodor Hall, ISRI's transportation safety director. The firms that sell these systems say they reduce claims frequency by as much as 50 percent. They reduce the total claims costs up to 80 percent, they say, because claims you don't avoid are often less severe. These systems also can help you defend claims against your drivers by providing authorities with evidence of vehicle speed and location and often a video recording of the event.

As the FMCSA study indicates, these systems are most effective when you fully and properly implement them with management support and follow-through, such as providing regular feedback to drivers and correcting poor driving behavior in real time.

### RETURN ON INVESTMENT

If you're balking at the cost of a telematics system, keep in mind that, when implemented properly, savings in fuel, insurance, maintenance, and compliance expenses could offset some or all of that cost. RecycleGuard, the ISRI-sponsored insurance provider, offers policyholders a free three-month discovery period with one telematics provider, Orion Fleet Intelligence, after which time they can purchase the system at a discount.

Telematics technologies have a proven and substantial impact on driver behavior and safety, and the savings that can result can more than pay for the costs. I urge you to explore telematics' benefits for your truck fleet by contacting ISRI Safety, your risk manager, insurance broker or carrier, or any of the telematics solution providers on the market today. ■

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*Dan Curran is senior vice president and underwriting officer for AmWINS Program Underwriters (Portsmouth, N.H.), which underwrites RecycleGuard®, the ISRI-sponsored insurance program. Reach him at 603/334-3027 or daniel.curran@amwins.com. This article is for informational purposes only. It is not intended to provide legal advice. Readers should not rely on this document or act upon any of the information it contains without first consulting competent legal counsel.*



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