



GPSINSIGHT

Taking Control of Safety

Your guide to keeping fleet insurance costs in check

GPS TRACKING • FIELD SERVICE • SMART CAMERAS • COMPLIANCE

The cost of insurance is one of the key expenses in operating a fleet of commercial vehicles. Increases in the cost of premiums have gone up steadily, creating a major challenge for many businesses that rely on vehicles to generate revenue. This guide will provide you with ideas and tools to take the lead in keeping your insurance costs under control.

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If you manage commercial vehicles, you've definitely noticed the upward trajectory of insurance costs and it's become one of your top concerns.

Fleet managers nationwide are worried about the enormous spike in insurance costs over the past few years. They are also concerned about how safety impacts their insurance coverage and costs. Industry insiders estimate an accident rate of 20% for commercial vehicles – and fleets with too many accidents could easily lose coverage.

That's also a concern for insurance companies. They don't want to insure fleets that come with high-risk baggage like frequent accidents, lawsuits, and settlements.

The best way forward for both fleets and insurance companies is to make commercial drivers safer on the roads – and to have proof that they're safer.

That means reducing minor incidents decreases the odds of a large loss, like the “nuclear verdicts” that get so much media attention.

That's also a great place to start your effort to reduce your insurance premiums.

Frequency breeds severity, meaning a fleet that has lots of losses is bound to have a large loss.

Keith Maciejewski
Vice-President of Corporate Underwriting



How Insurance Companies Assess Your Risk

There are some big questions about insuring fleets: How do insurance companies rate fleets for their safety risk, and then how do they set a premium based on that information?

You might expect the industry to have a standard built on set criteria that insures some consistency. Consumers have their credit score, and many of them know their rating before they head to the car dealership to shop for a new vehicle or start browsing the internet for their next home.

Unlike the consistency of a consumer's credit score, fleet managers have no uniform insights into how insurance companies assess their risk. One agent described this as a "secret sauce" that many – not even agents – understand. It's all in the hands of the company rather than independent agents selling their policies.

Here's the insider knowledge:

There is no uniform standard to rating a commercial fleet's risk and determining its premium.

There is some good news, though: We do know some of the factors that insurance companies use to assess risk, even though there's not a value put to them or a sum that results in a risk assessment.

These are some of the data points insurance companies consider when they assess your fleet:

- Number of drivers
- Avg miles driven per day
- Industry
- Safety protocols & programs
 - Driver coaching
 - Use of safety devices
- Cost of vehicles in fleet
- Age of drivers
- Driver credit scores
- Moving violations



Many of the factors insurance companies look at are hard to control. Large organizations will have large fleets – and more vehicles and drivers mean more risk.

Certain industries by their nature will have more vehicles on the road at any given time, for more hours. Amazon is a perfect example. Their drivers are on the roads from dawn to dusk delivering packages and are constantly on the move.

A pool service company, on the other hand, will stay at each site for much longer. The technician might be on the job all day, but only on the road for an hour.

Safety protocols and programs are where businesses have the greatest opportunity to control their fate.

Three Safety Technologies You Can Deploy to Reign in Insurance Costs

Full visibility into your fleets' safety metrics and proof that you're improving are your greatest assets in slowing runaway insurance costs.

"Almost all insurance carriers have introduced predictive analytics to help them determine both risk desirability and available discretionary pricing flexibility," Maciejewski said.

"Risks with strong qualitative factors – such as telematics – or who have very low severity experience tend to get the most generous discretionary pricing considerations as they're usually performing the best in the book of business."

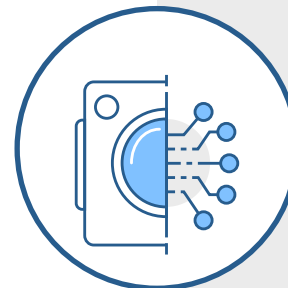
These are technologies you can use to make a powerful case for the carrier to use its discretion in your favor.



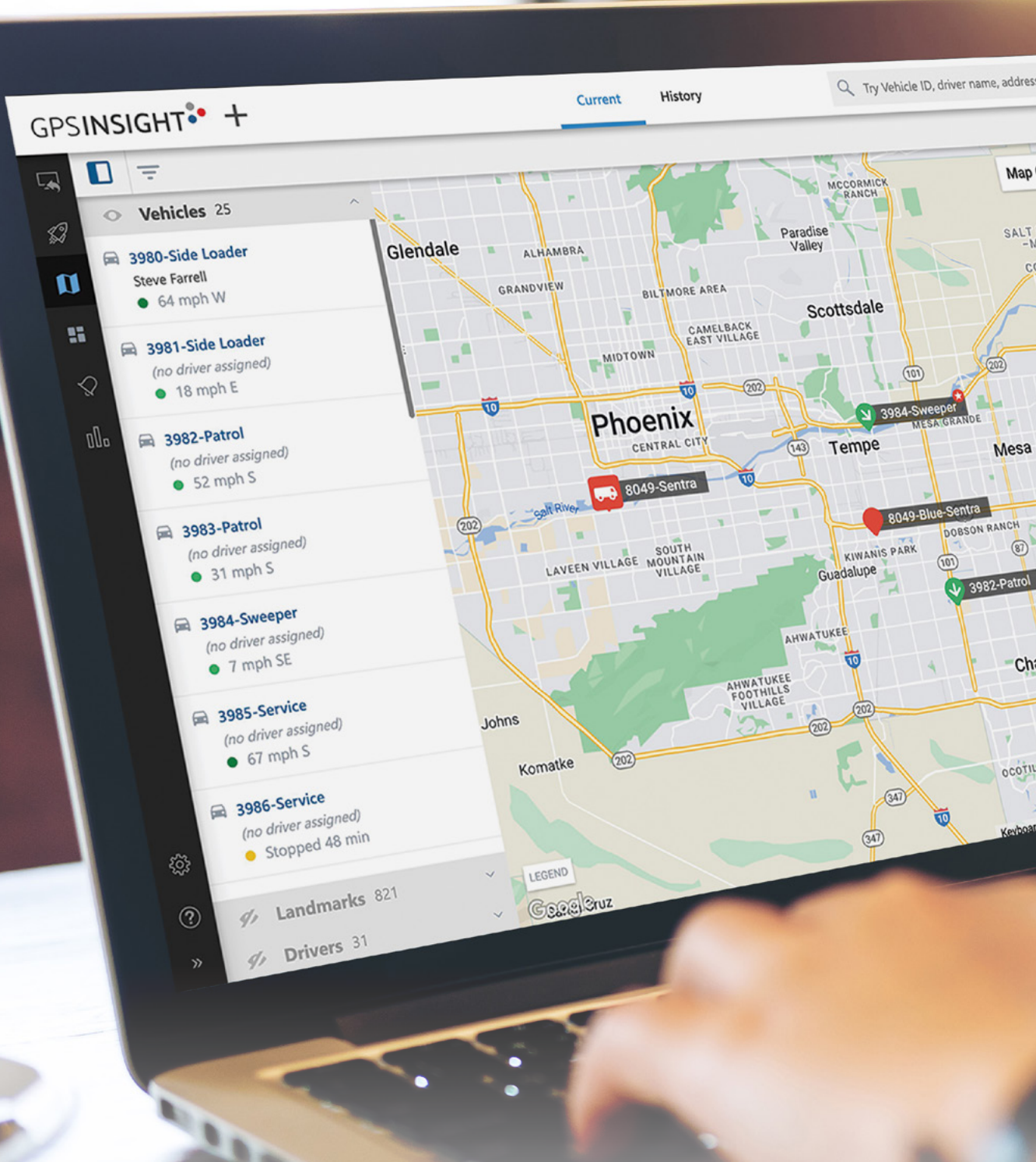
GPS Tracking



Dash Cams



Smart Cameras



GPS Tracking

Decals on commercial vehicles saying “Vehicle Tracked by GPS” are commonplace at this point – and for good reason. GPS tracking took the mystery out of what happens to fleet vehicles during the workday, allowing management to determine how to get more work out of their vehicles.

GPS tracking also allowed fleets to recognize potentially dangerous driving habits like speeding, hard stops, sudden accelerations, and hard cornering. With the facts in hand, fleet managers could coach drivers to improve and track their progress over time.

But how much safer are fleets with GPS tracking?



An Insurance Company Puts GPS Tracking Under the Microscope

Insurance companies work on a simple premise: Clients should generate more in income via premiums than they cost in claims.

For the most part, that accurately describes the commercial fleet clients of Amerisure Mutual Insurance Company.

Amerisure had some problem fleets. They were getting in more accidents than other clients and costing Amerisure more in claims than they contributed in premiums.

In fact, they cost Amerisure 117% more to insure them than they generated through premiums.

Amerisure was in a position to drop them from coverage. Many of them would have to turn to surplus lines insurance in the secondary market because their accident history made them such a high risk.

Amerisure identified 26 fleets totaling more than 1,800 vehicles and included them in a two-year study. They used GPS Insight to install GPS tracking for the customized safety program.

Amerisure established two additional control groups that would be tracked throughout the duration. One of these groups had already deployed GPS tracking solutions of their own and would be allowed to continue using that solution. The last group would be added to the program and continue operating without the use of fleet tracking technology.

Over two years, actuaries analyzed quarterly reports that provided the total number of unsafe events and unsafe events per 100 miles driven for every vehicle. This data was collected quarterly throughout the program. This allowed Amerisure to determine if a reduction in the number of unsafe events per 100 miles driven would lead to improvements in these key loss KPIs.

- MVA (Motor Vehicle Accident) Claims Count
- Claims/\$100,000 in Premium
- Loss & ALAE % (Allocated Loss Adjustment Expense)

Key Terms:

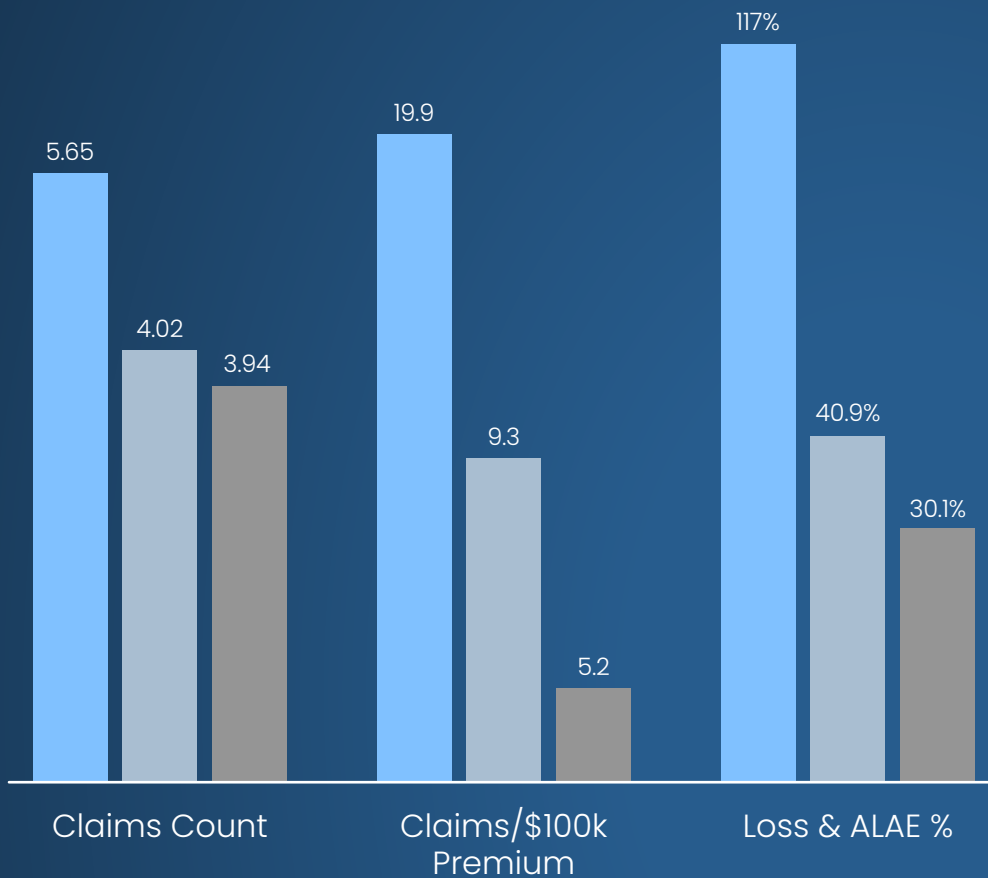
Allocated Loss Adjustment Expense (ALAE)

The percentage of revenue generated from a client's premium versus its claims. A figure of more than 100% means that a client costs the insurance company more in claims than they generate in revenue.

Surplus Lines Insurance

Insurers willing to take on financial risks too great for regular insurance companies. Fleets can buy this form of insurance from insurers not based in their state. It's often more expensive and doesn't carry a guaranty fund from which to obtain a claim payment if the surplus line insurer goes bankrupt.

2-Year Study Results



After two years of data analysis, Amerisure determined that only the group using the GPS Insight Tracking software saw consistent positive improvements. These Amerisure customers saw a 30% reduction in the average number of claims per year, they reduced their claims per \$100,000 in premium from 19.9 to 5.2 (a 74% improvement) in just under 2 years.

Most importantly, Amerisure saw the loss ratio decrease from 117% to 30.1% by the end of year 2. What does an 85% ALAE reduction mean? For Amerisure, it wasn't just a win: It was overwhelming evidence that the right telematics safety program could dramatically reduce overall fleet exposures and the associated costs.

This is a great win for both Amerisure and their fleet clients.

By using telematics, you can make yourself a less-risky proposition for your insurance carrier. You'll get in fewer accidents and become a more-profitable proposition.

That's leverage for controlling your insurance costs.

Dash Cams

Adding Dash Cams to provide evidence and protect against fraudulent claims.

It's hard to imagine life without the GoPro. That little box was the first widely available and relatively affordable video camera that you could put just about everywhere.

While the GoPro has never been a safety tool, the early generations of dash cams operated in the same manner: Insert media card, record, sift through footage later. Just ask any early dash cam user how much time they spent sifting through irrelevant footage to find what they needed.

Still, fleet managers and drivers found that even those simple dash cams provided a layer of protection that wasn't possible with GPS tracking.

Think of the "crash for cash" scheme: A driver – who is sometimes working with others – targets a commercial vehicle and causes a minor accident. Without any sort of evidence to exonerate their employee, a company or government fleet will often settle quickly.

These schemes might cost the insurance industry \$20 billion per year.





Even the most-basic camera can provide evidence to debunk a fraudulent claim.

What the basic level of dash cams can't do, though, is provide a quick, effective way to coach drivers. Having someone sit around watching hours of video hoping to detect bad driving habits is not a good use of time.

There are unsafe driving habits that don't lead to a crash that fleet managers should still address as well. Unfortunately, basic dash cams simply can't identify and categorize these habits.

It's difficult to project how much an impact a basic dash cam can have on a fleet. They're essentially there to react to accidents. By the time there's an accident, of course, it's too late. You can only hope that your driver is exonerated by the footage.

There is also a wide range of dash cams in this category. There are some models that can:

- Automatically deliver video clips for review to employees via an app
- Evaluate every moment of driving
- Identify moderate and severe driving incidents and mark them for future review
- Provide management with safety scores at the individual and fleet levels



Smart Cameras

The latest smart cameras with artificial intelligence for fleets.

So far, we've established the results of using telematics to manage fleet safety. It makes a measurable difference.

It's also clear that a dash cam helps if there's an accident.

Now, what about a tool that can build on the telematics data by identifying trends in driver habits along with visual evidence so that you can prevent accidents from happening?

That's the ultimate level of safety, and it's possible through a new generation of cameras equipped with artificial intelligence.

It is important to recognize that there are multiple levels of AI-equipped cameras. At the lower level, they can recognize inertial data – harsh braking, accelerating, and turning – much like a traditional telematics solution. What sets it apart is the ability to show your driver the video and have a fact-based conversation to coach them. But that’s just scratching the surface of AI cameras.

At the highest level, these cameras can go beyond even the higher end of simpler dash cams.



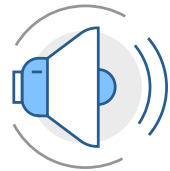
Categorizing Driving Habits

(moderate, severe, and safe)



Detecting Red Light and Stop Sign Violations

(alerted in real-time)



In-Cab Audio Alerts

(triggers in real-time)



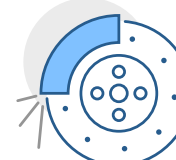
Less Manual Review, More Actionable Insights

(fleet trends and safety goals)



Driver Policy Compliance

(usage of cell phones, seatbelt, mask, etc)



Context for Inertia Events

(harsh stops, fast accel, hard turns, etc)



Virtual Driver Coaching

(via mobile app)



GPS Insight clients Trio Forest Products and True MHS provide meaningful data

Trio Forest Products installed Driveri cameras on its fleet of 15 Class 8 vehicles. Management recognized where technology was taking the industry, and they wanted to be ahead of the technology curve.

Management benchmarked the drivers for one week before arranging one-on-one, face-to-face meetings between the safety manager and the drivers. Together, they discussed their problematic driving habits.

During the benchmarking period, the drivers logged 102 safety events. The drivers scored in the 600s out of a possible 1,000 points.

By the end of the next week, the fleetwide average shot up into the 900s. Even better, the improvement lasted. In a random week selected a few months after implementation, the fleet logged 9 unsafe driving events. **That's a 91% improvement.**

The Major Risks of Minor Bad Habits

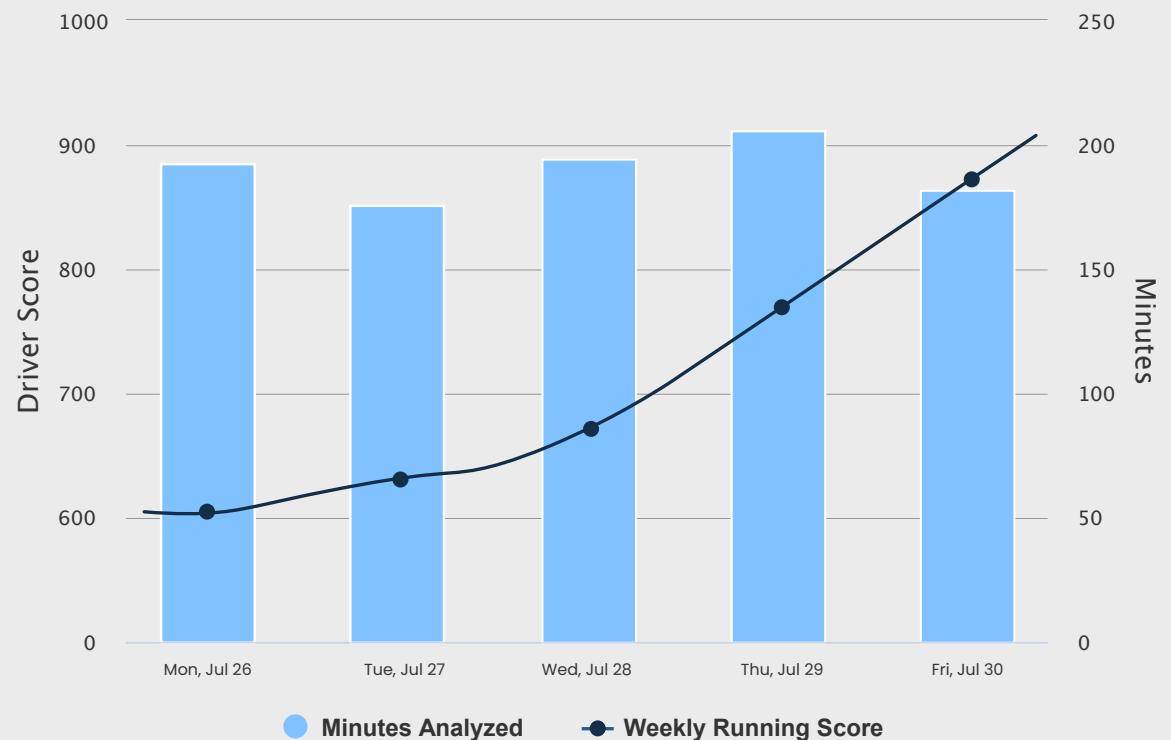
Let's be honest: Nearly every driver rolls through stop signs or red lights, follows others vehicles too closely, and takes the occasional glance at their phone while driving.

Even if these habits haven't caused you to have an accident yet, they've probably resulted in some near misses. And near misses are no joke.

"For every 600 near misses, there's one major injury or fatality," said Michael Kuroos, DOT Manager for East Coast Risk Management.

Commercial drivers spend more time on the road than other drivers, meaning that they're more exposed to risk. Taking steps to reduce minor bad habits makes it less-likely that your employees will be at fault if they are in a crash.

Gary Walker's Driver Score Chart



Example Driver Score Report from Driveri Smart Camera Solution



At-Fault Accidents a Pressing Concern

True MHS, a mental health service, faced a more dire situation. The previous year, the company's 130 vehicles were involved in 30 at-fault crashes.

Tanner Ambs, the safety and fleet manager at True MHS, was on a first-name basis with insurance adjusters, and that's never a good sign.

One thing he didn't want was to add too much to his workload – in addition to the fleet, he oversees IT for True MHS. He didn't want to spend all his time reviewing video to catch transgressions.

His preferred solution allows Ambs to review selected video clips as needed. He finds that a friendly word to the wise corrects most behaviors – especially tailgating, cellphone use, and rolling through stop signs – without the need for formal disciplinary action.

Tanner Ambs approach combined with the capabilities of his preferred camera solution resulted in an 81% decline in at-fault crashes that year.

The solution also exonerated a driver: He received a call from an employee to report rear-ending another vehicle. Ambs was sure that his driver was at fault, but his contact at the insurance agency asked to review the Driveri smart camera footage.

The verdict came quickly. The other driver cut in front of the True MHS employee and slammed on their brakes. The insurance company decided to seek damages from the other driver's insurance company.



Take Control of the Insurance Conversation

Let's take this full circle: We mentioned the factors that insurance companies use to evaluate your risk. Some you simply can't control.

But your safety policies and programs? You absolutely can influence your insurance costs by prioritizing safety.

Using telematics is a well-established fleet management practice. As you can see from the results of the Amerisure study, clients that use the right telematics solution are more profitable for insurance companies. You'll file fewer claims and keep their ALAE down.

Because telematics solutions are so widely used, you might not have a dramatic "before and after" story to tell about your improvement. Still, it's never too late to benchmark your fleet and chart improvements in key metrics over time.

If you want to take your insurance negotiations to the highest level, the right AI-equipped dash cam is your best asset. You'll be able to identify problematic

behavior and coach drivers to improve – without pouring over hours and hours of video.

If accidents are currently a problem, the reduction in dangerous habits and at-fault accidents from Trio Forest Products and True MHS provide evidence that you will get meaningful results. If you generate data that powerful, you will make a persuasive case to insurers that you're the type of client they want.

When it's time to renew your insurance policy, speak their language. Present your safety data and show your improvement. Make the case that other insurers would be glad to have you as a client – and that your fleet will go where you find the best deal.

Ultimately, you'll be in a far better position than organizations that are not taking an active role in making their fleets safer.

Schedule a FREE demo today

About GPS Insight

GPS Insight helps fleet and field service businesses by delivering innovative solutions and actionable insights. Organizations across the globe turn to GPS Insight when they have high operating costs, are worried about safety on the roads, and struggle with fleet and field inefficiencies that waste valuable time and money. GPS Insight offers best-of-breed technology for organizations with drivers and technicians in the field, fleets of vehicles, trailers, and other mobile assets. GPS Insight provides many solutions that include vehicle and asset tracking, fleet management, AI-enabled smart cameras, field service management, and regulatory compliance solutions.

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