



Idelic First Annual

FLEET SAFETY CONFERENCE

Securing a Fair Rate: Marketing Your Fleet's Safety to Insurers

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Jeff Mercadante, Vice President of Safety, Pitt Ohio

Joe Peplinski, Vice President, Haylor, Freyer & Coon

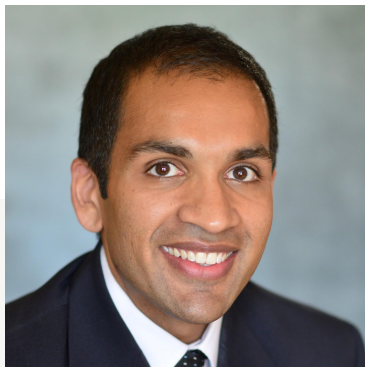
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SPEAKERS



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VP of Safety
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Joe Peplinski

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Data Insurers Use Today

Data Insurers Use Today

- Losses are a critical data point that underwriters look at, including:
 - Total losses
 - Types of losses
 - Normalized losses compared to outlier losses
- Every insurer has their own model for evaluating risk.
 - Insurers try to match data against **exposure risks**:
 - How many drivers are on the road, where they drive, how they drive, etc.
 - In the past 10 years, additional data sources are increasingly being used:
 - Credit scores for small fleets
 - Public data from the DOT
 - Onboard telematics data (days of the week, time of driving, etc.)

Data Insurers Use Today

- Haylor, Freyer, & Coon has three core metrics they look at, summarized by **the acronym “CDL”**:
 - **Compliance**
 - CSA scores
 - **Drivers**
 - Driver selection
 - Driver accountability for mistakes
 - Ongoing training
 - Driver turnover
 - **Loss history** over five years
 - Frequency of loss (more important in recent years)
 - Severity of loss
- Safe fleets want to share what they’re doing with their insurer.
 - Sharing your positive safety data can help you unlock a better rate than hiding your data.
 - Sharing your data can prove:
 - You’re in compliance.
 - You have a strong training program.
 - You have better than average turnover.
 - You have effective maintenance programs.



Data You're Collecting

That Can Improve Your Rate




Data You're Collecting That Can Improve Your Rate

- Insurers want to work with fleets that are open about sharing their data.
 - It's one thing to say you have effective safety policies, but insurers want to know that you're living up to them.
- Insurers want to help their fleets reduce accidents because it's in both parties' interest.
 - Insurers can share best practices that other fleets of theirs are using to help you.
- Fleets are sometimes fearful of transparency because they're worried about being penalized for their record.
 - **Insurers aren't interested in penalizing fleets for transparency.** If they think your safety program can be made to work, they're usually willing to help.


Organizing Fleet Data & Identifying Strengths

Organizing Fleet Data and Identifying Strengths

- Consolidating all your data under a single platform, like **Safety Suite®**, can help you identify your fleet's strengths.
- When using data, it's not enough to just understand it—**you have to use it**.
 - Pitt Ohio was a multiple-time President's Award winning fleet because they used their data, even before having Safety Suite.
 - If you don't change anything about how you use your data, you can't expect improved results.
 - Even before fleets had so much data, the safest fleets were able to improve their record by putting safety first.
- Data can be helpful for more than just safety.
 - Every department collects data, including hiring, compliance, risk, and operations.
 - Data from these departments can be used to target your improvement toward the areas that need it most.
 - Improving these departments can also improve your safety, which can lower your insurance costs.
 - **Example:** Hiring better drivers leads to less crashes, which in turn leads to fewer claims.
- To unlock a fair rate, **you have to tell your story**.
 - Getting a better rate comes down to making an insurer confident in your operations and safety.
 - You could be the safest fleet in the country, but if you can't communicate that, then you won't get a fair rate.
 - Data and technology can help you tell and prove your story.



Being Transparent



Turning Weaknesses into Wins

Being Transparent: Turning Weaknesses into Wins

- If you're not being transparent with an insurer, you'll be quoted a higher rate, because information asymmetries introduce risk.
 - If you're transparent with them instead, you can use your data to tell a story about how you're fixing your weaknesses.
- Even if an insurer won't take you up on your current renewal, they can tell you what's holding them back, which you can use to target your process improvement.
 - It's important to have the mindset of owning your weaknesses, understanding their root causes, and trying to improve on them.
- Pitt Ohio shares their entire safety program with their insurer and actively asks for areas of improvement.
 - Feedback is important, but **if you don't act on feedback, you're never going to unlock a better rate.**

How to Present Your Data to Insurers

How to Present Your Data to Insurers

- The fleets that radiate safety and risk management regardless of the renewal cycle present the strongest.
 - An insurer will feel comfortable when they think that safety culture infects every aspect of your organization.
- Highlighting how you've adopted technology isn't enough to secure a better rate.
 - For a time, fleets saw insurance rates fall across the board because everyone believed technology alone would automatically improve safety, but then safety didn't improve. Now rates are climbing again.
 - **You have to use the technology you implement to drive improvement.** Technology alone won't change anything.
- The point of technology should be to defend your drivers.
 - By keeping your drivers' data on hand, and knowing their history at any given time, you can defend them when someone falsely claims they are at fault.
- **Audience question:** I've had defense attorneys recommend that I turn off my data collection devices if I can't properly use them. Is this good advice?
 - No, this is bad advice. Plaintiff's attorneys will have a field day in court if you do this. This can be used as evidence that your fleet didn't run a proper safety program.

Finding the Right Insurance Provider

Finding the Right Insurance Provider

- What Pitt Ohio looks for in an insurance provider:
 - Can offer you services to improve your fleet.
 - Lets you handle your claims in-house.
 - Lets you use your preferred counsel in court.
- From an insurance provider's perspective, the best insurance providers:
 - Actively offer to help fleets improve their safety.
 - Understand trucking claims intimately, as they are very unique in the insurance world.
 - Usually have not seen rapid growth in recent years.
 - Rapid growth can signal that they'll take on any fleet, which is a risky business practice.
- From a broker's perspective, the best brokers:
 - Provide knowledgeable counsel. They are able to tell you when a policy is right for you.
 - Are advocates for your fleet. They stick up for their partners during renewals and ensure they're getting the best deal possible.
 - Empower their fleet. They share best practices with their fleet and help them improve their safety.

Q&A

Q&A

- “I had forward-facing cameras, but I would not put driver-facing cameras in because it could cause a Nuclear Verdict even if my other driver data was all in order. Why would I give more evidence to the other attorney?”
 - Vikas Shah, DMC Insurance:
 - Inward facing cameras work for some fleets, and they don't work for others. I can't make a comment on which one of those will be more advantageous for your fleet. I think everyone gets on some level what the advantage is of inward facing cameras: you can detect certain eye movements and ideally intervene in the moment to tell your driver they need to get off the road because you've detected a pattern of drowsy behavior. But obviously that's a level of sophistication that not every fleet is willing to bear. It's unique to each fleet and vendor.
 - Joe Peplinski, Haylor, Freye, & Coon
 - Knowledge is power. When you know your driver is at fault and leverage it, it gives you direction to know how to proceed with a claim. You know you're not going to court, you know you're going to have to settle that claim. I think that there's two sides to that argument. There's so much strength in being able to change driver behavior and avoid those accidents before they happen. So I'm a firm believer in rear facing cameras. Having knowledge of whether your driver was negligent, and knowing how to proceed with that claim, I think there's power in that.

Q&A

- “We want a more holistic view of our fleet’s safety data but we’re pretty stretched thin. What’s your recommendation as to what data we should be looking at to assess first? Between compliance, driver qualities, and loss history?”
 - Vikas Shah, DMC Insurance:
 - Obviously, with compliance, to the extent that you’re not compliant, that's gonna affect your operating authority. To the extent that you’re able to budget for the longer term: driver qualities. Everyone knows that drivers are your #1 asset as a fleet. Make sure that you protect them—as Jeff talked about—how he protects his. From a loss history standpoint, one thing I would comment is: having a robust ability to actually look at your loss history—meaning connecting it to your driver database, meaning connecting it to all the specific facts of that specific accident/occurrence/whatever it is is immensely helpful. It’s not an easy expenditure because you’re changing culturally what data you collect and who collects it, but it does arm you with a lot of information that once you get your analytic resources going you can really start to drill down and say what caused everything.
 - Jeff
 - It’s just about defending your drivers. So you need to know your driver history at any given time. If there is an event, even if it’s not your fault, and it’s a serious event, they’re gonna want to see that driver’s history. If that driver has a poor history, that’s gonna come back to you. You just never know when a event can happen on the highway, so you’ve always got to be able to back your driver up, support your driver, and most of all defend your driver, so you don't have exposure.