Reduce Insurance Costs:

Using Fleet Data to Prove Your Safety to Insurers

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Why Insurance Costs Are on the Rise

- From the mid-80’s until 2010, insurance rates had actually been falling because the frequency of crashes decreased.
- Why did insurance rates increase post-2010? **There are a few factors:**
  - Verdicts have significantly jumped in cost as Nuclear Verdicts have grown more common. Excess layers that were traditionally never in play are now seeing major cost increases.
  - New distractions on the road, such as cell phones, have brought new liability upon fleets and increased the frequency of claims made.
  - Many insurance carriers have left the market because of volatile conditions, which only serves to further compound the rising costs of excess coverage.
- The insurance industry’s average combined ratio has been **over 100% for almost a decade straight**.
  - What does this mean? In short, if an insurance carrier has a combined ratio of 108%, then for every $100 they gain from premiums, they pay out $108 in claims. **A combined ratio over 100% means an insurer was not profitable for that year**.

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What Good Data Tells Insurers

- The best data for a fleet is **the data they can make actionable**.
    - If a fleet has data, but isn't using it, they could be worse off than if they didn't have the data at all.
    - Not only do insurance carriers want to see a fleet's data, they also want to see how they're using it. **How a fleet uses data can be just as telling as the data itself**.
- Generally speaking, insurance carriers want to see:
    - The data you have on-hand
    - Your explanation for trends within it
    - What actions you have taken based on that data
    - The results of those actions
- Insurance carriers highly recommend dash cameras for fleets.
    - Generally, when it's unclear who caused a crash, **people are likely to default to blaming the truck driver**. Insurers like dash cameras because they provide a source of truth.
- How do insurance carriers distinguish between the signal and the noise in fleet data?
    - For small fleets, insurers tend to be very model-focused. They take the data provided by the fleet and other public sources and apply it to their standard risk models.
    - For larger fleets, insurance carriers use significantly more data and a combination of models and subjective thinking to assess a fleet's risk.

Preparing and Analyzing the Right Data

- The first step to properly analyzing data is to **organize it**.
    - If a fleet's data is disorganized, it will be impossible to analyze that data for trends and present it to insurers.
- The second step to analyzing data is to identify **what data is actionable**.
    - Some data serves as a signal of a trend and other data is just noise. Fleets have to determine what data *they can turn into action*.
    - Technology can be a huge benefit here. Some technology systems are able to identify the most relevant data points within driver risk.
- Some fleets can be hesitant to share their data, but they shouldn't be.
    - If a fleet comes to an insurer with an organized set of data, explains the trends within it, and details their action plan to address risk, that will only ever help them.
- How are insurers building trust with fleets to encourage data sharing?
    - Some newer insurance carriers are "data-forward," and will give fleets a better rate in exchange for their data.
    - Technology vendors are more and more moving into the insurance space and trying to give fleets improved rates by using the data within their systems.

Marketing Your Fleet's Safety to Insurance Carriers

- A complete submission of a fleet's data can dispose insurers toward seeing your fleet as responsible.
  - **What is a "complete submission?"**
    - Instead of simply submitting a spreadsheet of driver data, fleets should analyze their data on their own, prepare an action plan to address any negative trends, and then include this information into their submission to insurers.
- Find a quality broker.
  - A quality broker is not simply someone who has connections with insurers; they're someone who can help a fleet improve upon their best attributes. Finding a broker who is quantitatively-focused and cares about your success can go a long way.
- Fleets should do everything they can to avoid a non-renewal.
  - Even if a fleet's rates go up after a renewal, they are generally related to their previous baseline. If a fleet experiences a non-renewal, they can expect their rates to skyrocket.

Steps You Can Take Today

- **Self-awareness is key**. Fleets need to understand their shortcomings and devise an action plan to address them.
  - Insurance carriers are generally good at telling when a fleet doesn't have a plan to fix any shortcomings.
- **Insurers and brokers want to see you succeed**, so ask them for help.
  - Brokers and insurers share a mutual interest with fleets in wanting to avoid crashes. Insurers often have resources they can provide fleets with to help them improve.
- Improve your data-driven storytelling skills.
  - Numbers alone don't always provide the full picture of a fleet's safety. Craft a narrative regarding the path your fleet is on, why it takes safety seriously, and give relevant anecdotes that demonstrate trends in your data.