



How Are Fleets Reducing Insurance Premiums with Safety?

Featuring Speakers:

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David Heller - VP of Government Affairs, TCA

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“ How can a culture of safety help fleets be more insurable and receive attractive rates?

Noticeable trends among the safest and most insurable fleets are:

1. High-performance safety culture companies have a **thorough understanding of compliance** throughout the entire organization.
2. From an insurance standpoint, it is important to **invest in incredibly smart, talented people** to manage safety and risk in a trucking fleet.
 - a. Safety teams should **use the right tools to manage and organize their data**. From there, Safety Managers should **be analysts of their data, not administrators of it**. Taking the data collected from each system and using it to take action and put preventative measures into place is key.
3. Safety culture isn't just within the Safety Department, **safety culture is top down**. Besides the Safety Team, the CEO, maintenance, operations, HR, drivers, and even the drivers' families should be involved in the company safety culture.

How can a culture of safety help fleets be more insurable and receive attractive rates?

What insurers are looking at first when they evaluate a fleet: **Turnover** and **Retention**

Why **Turnover** and **Retention**?

1. Turning over employees regularly leaves an organization with unfamiliar drivers to manage. New drivers are less familiar with the regular routes and safety culture, leaving them more vulnerable to a minor or major accident. The constant churn of drivers can make fleets unable to perform at their highest level due to a **lack of understanding of new driver's safety needs**.
2. When loss control comes to a fleet, they are looking at **driver retention bands**. How many drivers have been with the fleet for only 3 months, 6 months, or under a year? They want to know who has been there 1-3 years, 3-5 years, 5-10 years, and over 10 years.
3. Insurance companies are typically looking for **drivers that have been with a fleet for over a year**.
4. Turnover and retention are key. Insurers are looking for more drivers within tenured bands for a safer cohort, but also looking at how **costly it is for a fleet** to hire new drivers, with recruiting and training costs being an additional financial burden.

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What insurers are looking at first when they evaluate a fleet: **Turnover** and **Retention** (cont'd)...

Why **Turnover** and **Retention**?

5. **Long-tenured drivers are typically practicing safety the right way.** They are familiar with the operations of the fleet and are practicing the best safety practices that a fleet has implemented over time.
 - a. These are the drivers that have a **habit of safety** and have overcome driver-related factors in terms of accidents, such as: distracted driving, failure to yield right of way, impairment. They are wearing their seatbelt every day and following their fleet's safety policies.

*Example: At any given time, Fleet ABC has about 100 trucks on the road. If a truck carries a million dollar liability insurance (which is typically a minimum), in theory Fleet ABC has **\$100 million at risk every single day** in the hands of the drivers operating them. Ideally, those drivers should be experienced and trusted.*

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What insurers are looking at first when they evaluate a fleet: **CSA Scores**

Why **CSA Scores**?

1. A fleet with an alert status right now, depending on what the alert status is, **might not even qualify** to be looked at by an insurer.
 - a. A couple alerts may disqualify a fleet from half the industry. Three or **more alerts leaves a fleet with only one or two markets** that will consider insuring them.
 - b. There are insurance companies that will not look at a fleet for consideration if they don't have a **clean score across the board**.
 - c. For those that will consider a fleet with a lesser than clean score, a **much higher premium** can be associated.
2. CSA is a selection criteria at most insurance companies.



Technology to Strengthen Safety

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Benefits of Safety Technology

Insurance companies want to see **new safety technology implemented** in a fleet. In fact, some companies might quote a fleet, but mandate they implement new technology within the next 6-12 months, such as collision avoidance, cameras, data management, and other technologies.

Insurance companies understand that these technologies make a fleet safer and are proven solutions. Investing in a **certain technologies could make or break a deal** for a fleet with an insurance company.

Using Safety Technology

When an accident occurs, insurance companies evaluate how a fleet reacts to it, but also they investigate the data from the truck and other sources. Yes, they want to mitigate loss, but more importantly they are looking for how a fleet is **communicating what was learned from a crash to other drivers** to prevent a similar occurrence.

It's imperative to not only use the data to mitigate loss, but also **imperative to manage the data in order to analyze and understand the risk**. Fleets need to **manage their data in a way that makes it easy use and understandable**. The data collected can prevent accidents, and in order to start preventing accidents, fleets need to **be proactive, not reactive, with their data**.



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Managing the Data

Data management is particularly important to insurance companies. Loss control and liability visits are increasing and **requesting the data a fleet is collecting has become standard practice**. Public information is available on each and every fleet regarding safety, CSA, financials, inspections, violations, and more through a CAB report; so the insurance company has a lot of information to start with. Unfortunately, some of it may not all be true. The key is for fleets to **have data readily available and organized in order to tell their story with their own data**.

Being able to understand the data a fleet is collecting is vital to improving safety and impacting insurance premiums. The overload of data from each system can make this nearly impossible. It is situations like this that make systems, like the [Idelic Safety Suite](#), that take the data from all fleet sources and **put it into one single place, with a driver watch list to identify who needs attention**. These systems can be a drastic help to fleets in terms of **premium reduction and overall safety culture**.

Organization of the data is vital to insurance companies. A messy DQ file is enough to tell an insurer that a fleet isn't safe. Missing or misplaced documents could tell an insurer that a fleet isn't dotting their I's and crossing their T's, and that they're unlikely to be **acting proactively in regards to safety** let alone following all the proper policies put into place.





What does the future of insurance look like in transportation?

In the future, insurers are going to be looking into the following at fleets:

1. Properly staffed and trained safety department
 - a. How many people are in a safety department compared to the number of drivers?
 - b. Safety should be thoroughly staffed and trained to **analyze, not just organize the data.**
2. Effectively managed data
 - a. Is all the data being managed within the fleet?
 - b. **All of the data needs to be easily accessible**, and hopefully it is feeding into a driver watch list or scoring system. Once analyzed, the results should be relayed to individuals responsible for taking action, whether that is a terminal manager or the driver themselves.
3. Having and considering the next great technologies
 - a. What is left that your fleet doesn't have? Why don't you have it if it will make your fleet safer?
 - b. Since the technology is available, insurers will scrutinize companies that don't **take advantage of technological advances** to help improve the safety of their fleet.



What does the future of insurance look like in transportation?

Usage-Based Insurance

Having already begun testing, usage-based insurance is moving in a positive direction within the trucking industry. **Insurance companies want the data fleets are collecting** and eventually **rates will be based off of how data is being used**. Rates in the future will be determined on specific driver metrics (hard brakes, sudden starts, overspeed, HR infractions, etc). Insurance companies have already begun testing costing models based on this type of insurance policy.

Liability Results

With all of this new technology, designed specifically for safety, a future issue will be whether a fleet or a product provider is liable when a safety product fails and results in an accident. Is the fleet or the product responsible for the accident? This conversation will increase alongside the discussion of autonomous technology and autonomous vehicles.



How can a fleet start improving their rates today with safety?

Advice for Fleets

1. Network, network, network
 - a. **Having friends and knowing peers is vital** to understanding trends. Regarding new technology, a fleet isn't likely to be the first to try out a product. Having a network to understand what works and what doesn't before investing time and money into it is important. All fleets should belong to state or national trucking associations that offer group events, learning sessions, webinars, and advice forums... join them!
2. Understand your data and **be able to tell your story**
 - a. You have to be able to articulate what you're doing. If you're doing things that represent a strong safety culture and your care for your drivers, tell (show) that story!
 - b. **Insurers want to hear that fleets are being proactive with safety!**
 - c. **Become a detailed safety analyst**, not just an admin that stores documents and files.
 - d. Wrangle your data, manage that data, understand it, use it to improve, build a culture around that data, **show the insurers you mean business when it comes to safety!**

Q: Is Idelic working with any insurance companies for possible motor carrier subsidies?

Hayden Cardiff: “We’re absolutely working with insurance companies and exploring what those subsidies look like and what those relationships would be. That’s obviously something that is a win-win for everyone. Us being able to provide a software solution that helps the carrier reduce their risk, and also better understand their individual drivers' risk profiles so they proactively get in front of any potential accidents and reduce those mods is critical. So obviously that's a huge help for the insurance carrier and the fleet themselves.”

Q: What are your thoughts on telling drivers how their behavior directly affects your insurance rates and potentially their pay?

John Simms: “I am a firm believer in mutual expectations being laid out upfront. One of the reasons we put a lot of technology into our vehicles is so that we can mold, change, sharpen, focus our drivers' driving habits and their behavior. So when we see a driver that is doing some things that they shouldn't be doing, it is imperative that we catch it and correct it and have those conversations immediately.

John Simms: Those conversations begin with, “we want to make sure you (the driver) thoroughly understands that we have your back.” We want them to go home every night safely. We want them to find a safe place to park to rest and make money. We don't want them to do something where their behavior taking a shortcut could get them hurt, which would hurt their ability to make money. So, yes, you definitely have to confront any type of unsafe act, any type of behavioral change that you notice through technology, and being able to lay it on the line. That's all part of building a relationship with and having their back.



Q: What are your thoughts on telling drivers how their behavior directly affects your insurance rates and potentially their pay? (cont'd)

David Heller: One of those big power words that seems to be going around these days is transparency, without a doubt. In saying “transparency,” you have to include the whole picture. So if there's a problem with a driver, not only should you relate how that problem has affected their performance, but also the ramification it has throughout the whole company and the organization. As John said, we have to have their back, but those drivers also have to have ours.

We talked earlier about a tenured driver that drives for the organization for 10 years. That's the ideal company employee and it's a fact because we've given them the total picture. They know how things work from top to bottom and that makes the most sense in doing that. So they can understand the big picture. We're not ranting just to rant. We're ranting because there are other things that come into play when it comes to this.

So knowing the whole picture and being able to communicate that whole picture is almost paramount to the driver understanding how the carrier works, and the carrier understanding how the driver works. It's an opportunity for the carrier to tell their story and the driver to tell theirs. And in one way or another, when both sides are told, you should come out with a happy ending at the end.



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