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MOTOR FLEETS, TELEMATICS, AND NEW DATA CHALLENGES

Telematics systems have been available for some time and organisations are beginning to understand how they can help manage and drive down fleet costs. One of the emerging challenges is around data: What should organisations do to harness that data, who "owns" it, and when and where should it be disclosed/used?

Another challenge is that posed by legacy systems. Expensive integrations and multiple sources of data often mean that understanding what data is available and how it could be used for the effective management of a business is often overlooked.

HOW TELEMETRY SYSTEMS CAN HELP TO REDUCE MOTOR CLAIMS AND PREMIUM RATES

OPERATIONAL EFFICIENCY

Effective use of a system can identify how safely drivers operate and how specific driver behaviours can lead to reductions in collisions and associated costs. This is particularly important with regard to speed data and what interventions an organisation makes when speed limits are shown to have been exceeded/significantly exceeded, or there is a pattern of speeding.

Systems can also support reductions in fuel consumption and wear and tear (by identifying opportunities to improve driving techniques) and improvements in fleet security – particularly useful in the construction industry using the "track and trace" capability.

Systems are also important for productivity and efficiency – especially for cold storage operators to regulate temperature and to reduce fleet mileage and fuel consumption, therefore improving productivity.

INSURANCE UNDERWRITING

Historic data has traditionally been used by insurers to model risks, but we are now seeing insurers take a real interest in what businesses do with the telematics output. They will only truly recognise the value of a telematics system where policyholders demonstrate they are using it efficiently to reduce risk.

The key to using telemetry data to reduce risk is for managers to regularly engage with drivers to understand the causes of any adverse driver behaviour and then implement changes in training and processes. A change in behaviour on a sustainable basis will be required: Telematics must be used as part of a wider road risk management strategy.

Key for fleet operators is to implement risk management around telematics and seek long-term relationships with insurers so that the use of telematics can see premium reductions early in the process rather than after say, 24-36 months from inception.

CLAIMS DATA AND FRAUD

Data allows insurers to know more about the truth of an accident, and sooner. When used in conjunction with in-cab, forward-facing cameras and in-vehicle video recording, the time and monetary cost of defending claims can fall significantly.

CONNECTED CARS AND PRIVACY

Research from the RAC[i] suggests that concerns over staff privacy are preventing some businesses from introducing vehicle telematics. A survey of 500 firms found that 40% reported staff concerns about the perceived intrusion into their privacy associated with 24/7 tracking systems.

New EU-wide legislation obliges manufacturers to install telematics in new cars and light vans, which will automatically summon the emergency services when a serious accident takes place. E-Call will collect driving behaviour data relevant to both manufacturers and insurers [ii].

With increasingly connected cars and fleets, who "owns" the data? Who can call on the data and, if collecting data, what duty do you have to use and act upon it? We sought an opinion from BLM, a risk and insurance law specialist.

i http://www.rac.co.uk/press-centre#/pressreleases/privacy-concerns-hinder-company-car-technology-adoption-1291063

ii https://ec.europa.eu/digital-agenda/en/news/ecall-all-new-cars-april-2018

https://ec.europa.eu/digital-single-market/en/ecall-time-saved-lives-saved

TELEMATICS AND USE OF ACCUMULATED DATA: A VIEW FROM BLM

While the driver has an obligation to the Driver and Vehicle Licencing Authority (DVLA) to declare any conditions which could impair driving, fleet managers are responsible for overall working practices. If telematics data shows a driver to be unsafe and an employer has done nothing, then, if there is an accident, the employer will be culpable under the Health and Safety at Work Act.

Fleet managers generally use telematics to measure drivers' standards of driving and any infringements can lead to management review, additional training, or even grounds for dismissal. On-board cameras can assist in establishing liability and resolving arguments over the extent of damage or injury.

Telematics may also deflect a prosecution from the outset if the police are satisfied that there was no evidence of unsafe driving. Otherwise it is one driver's word against another's, and lengthy accident reconstruction and analysis can often be required to prove a case.

RESPONSIBILITY FOR AND ACCESS TO TELEMATICS DATA

Any business that deploys telematics should also be aware of the associated obligations created.

Electronic data is not property as such and therefore cannot be "owned" in the same way as, for example, paper documents, for which property rights arise in respect of the paper rather than the information on it. In this context, the right to use, restrain the use, have access to, or take copies of electronic data depends on the respective rights of the individual or entity concerned pursuant to the laws of agency, contract, confidentiality, and data protection and the particular facts.

Although the organisation that operates the telematics software is primarily responsible for telematics data as the data controller, for data protection purposes the General Data Protection Regulations (GDPR) will impose many of a data controller's obligations on businesses that process that data. These will include businesses outside the EU that offer goods or services to individuals located within the EU, or monitor individuals' behaviour which takes place within the EU.

Data security should also be an increasing concern to fleet managers and those in the logistics sector. Data uploaded from fleet vehicles can contain proprietary information about fleet operations as well as individual vehicles and their cargo. Not only must that transmitted data be protected, but companies must also prevent hackers from accessing in-vehicle systems that control some of the vehicles' operations.

Under the existing legislation, if you are sharing data with a cloud service provider, you should check that it is secure and that security is a term of the contract agreement between you. Although current sanctions for data breaches aren't horrific, the GDPR will introduce mandatory reporting of breaches and heavy fines for those organisations that fail to implement effective security measures.

Those holding telematics data should start by asking themselves. What kind of data do we have; where do we keep it; who has access to it; how do we secure it; and when do we purge it?

Nick Gibbons
Partner at BLM

A TOTAL APPROACH TO REALISE THE BENEFITS

All parts of an organisation must be aligned and prepared for continuous fine-tuning and development to realise the return on investment associated with telematics and the data it provides. For example, does the driving-at-work policy reference telematics and how data will be used, does it link to the wider health and safety policy, and is it linked to the employee's contract of employment?

CONTACT US

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