

ARE YOU DRIVING THE MOST VALUE FROM YOUR TELEMATICS SYSTEM?



Telematics is one of the key issues currently in the spotlight in the motor insurance industry. The development of more sophisticated technologies, the struggle for profitability for motor insurers, and regulatory and government scrutiny are resulting in considerable impetus for organisations to look to telemetric systems to help drive down fleet risk costs.

Telematics systems have the ability to drive down premiums, reduce claims, and improve fraud detection, although there is little standardisation in the technology offered by a proliferation of providers.

HOW TELEMATRY SYSTEMS CAN REDUCE MOTOR CLAIMS AND PREMIUM RATES

- Data gathered allows managers to see how safely fleet drivers operate.
- Identifying and rectifying specific driver behaviours can lead to reductions in collisions and costs.
- When used in conjunction with in-cab CCTV, forward-facing cameras, and in-vehicle video recording, the cost of defending claims can fall.
- If used correctly, telematics can positively influence driver behaviours, resulting in cost savings on fuel and vehicle maintenance, and prove beneficial in terms of insurance claims and premium savings.

HOW DO DRIVERS FEEL ABOUT TELEMATICS?

Research carried out in May 2014 by pan-European telematics company, Masternaut, found that although 68% of drivers are comfortable with telematics being installed in their work vehicles, the remaining 32% said they would not be comfortable with the idea of having telematics installed in their vehicles.

Reasons for not having telematics in their vehicles are:

- Concerns around privacy (51%).
- Not understanding how the data is used (14%).
- Not understanding the benefits of such a system (18%).

THE TYPES OF SYSTEMS AVAILABLE

In order to successfully navigate the offerings available and choose the one that is right for you, you need to consider the data you are hoping to capture. The various propositions cover some or all of the following, to varying degrees:

Vehicle tracking and driver information: Monitoring the location, speed, movements (acceleration, cornering, time idling), and behaviour of a vehicle or fleet of vehicles. This can include tracking trailers and, for cold store freight trailers, data on the temperature inside the cargo container.

Delivery scheduling: Proof of delivery and delivery scheduling.

Satellite navigation: Usage of GPS and electronic mapping for vehicle route planning, tracking, and re-routing.

Traffic information: Monitoring of traffic flow and road conditions.

Safety and security: Panic and response systems for driver safety, tracking trailers carrying high-value goods, and tracking individual parcels.

ISSUES TO CONSIDER WHEN SELECTING A PROVIDER

- Is there an internal understanding of telematics economics? What capabilities are important, where will the return on investment be seen?
- Are there regulatory reporting requirements that need to be taken into consideration?
- Can the telematics solution sit alongside existing tracking, safety, and regulatory systems?
- Can a telematics system be implemented cost-effectively?
- What are the options for a trial-based approach?
- What are the ongoing support and monitoring mechanisms the vendor is offering?
- How can the data be managed and the insights gained be turned into a competitive advantage?

The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such.

Marsh Ltd is authorised and regulated by the Financial Conduct Authority.

Copyright © 2015 Marsh Ltd All rights reserved

Ref: MC150212184 Exp: 26 August 2016



THE TOTAL APPROACH TO REALISE THE BENEFITS

Only a comprehensive and integrated approach to telematics will achieve the return on investment. All parts of the organisation must be aligned and be prepared for continuous fine-tuning and development.

We are now seeing insurers take a real interest in what businesses do with the telematics output, and will only truly recognise the system where policyholders demonstrate they are using it efficiently.

A total approach can lead to improved efficiency and productivity, and a reduction in overall transportation costs, all while supporting compliance with legislation and duty of care obligations.

The key to using telemetry data to reduce risks is for managers to engage regularly 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 as the use of telematics must be used as part of a wider road risk management strategy.

CASE STUDY

Marsh introduced a transport operator to an insurer that focusses heavily on fully telemetered fleets, and undertook a full review of the transport operator's risk management and claims notification procedures. In a 12-week period, ahead of renewal, Marsh delivered a reduction of premiums in excess of 20%, which included a fixed scale structure setting out how further premium reductions could be achieved in years two and three if the insured met agreed targets for accident frequency and claims costs.

CONTACT US

Marsh can help you identify, short-list, and engage suppliers. (Please note that Marsh cannot recommend particular suppliers.)

For an initial discussion please contact your usual Marsh representative or email: national.enquiries@marsh.com