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ADVANCEMENTS IN TECHNOLOGY ARE CONTRIBUTING TO LOSS MITIGATION IN THE FLEET SAFETY AND MANAGEMENT SPACE

When was the last time a claim was paid that shouldn't have been? If you're like most agents, you've seen countless claims that never should have been paid. On the other hand, many claims that should be paid are not.

With advances in technology, it's possible to exert more control over this situation. And more and more fleet managers are paying closer attention.

Loss mitigation is critical to any fleet business, small or large. This process applies to any catastrophic or potentially catastrophic exposure or risk. In the fleet business, this is usually a bad accident, spill, or natural disaster. What can be done to prevent these losses varies depending on the risk management professional and the specific circumstances that surround the fleet.

In the past, a fleet manager or owner might try to manage risk by putting equipment in separate corporations, purchasing additional layers of insurance, or improving training methods. Today, fleet managers can leverage technological advances to effect real change in their business and minimize both losses and exposures.

Keeping an eye on the ball

The trucking business is a tough industry, where the owners and fleet managers are working in the business daily, often worrying more about getting the next load out, fixing a truck, or hiring or firing than they are about risk management and loss control techniques. As a result, many factors are overlooked that turn out to be critical in the settlement of claims and management of the post-accident process.

How many fleet owners hold regular safety meetings? What about training to prepare drivers in the event they become involved in an accident? Does the fleet have a defined process for loss mitigation? Through our years of insuring trucking companies, we've found that countless customers struggle with the implementation of systems designed to control loss frequency and severity. Measures can be as simple as safety meetings and running motor vehicle reports (MVRs) on a timely basis, or more complex processes, like tracking where a truck is operating compared with where it should be.

Many fleet owners struggle with these tasks because they don't have the time, understanding, training, or tools to keep them on the straight and narrow. Traditionally, fleet managers have tried to identify poor drivers and either provide extra training or remove them. This approach helped not only to reduce losses, but also to differentiate the fleet in the eyes of customers, drivers, and insurers. By using forward-facing cameras, telematics, and automated reporting, fleets now can identify poor drivers more quickly and take remedial action.

The marketplace is trending toward the use of more powerful tools to prevent and manage loss.

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Technology innovations

Fleets are now using a variety of advanced technologies to manage many aspects of loss mitigation and prevention.

Platooning technology—Truckers often like to travel together. Their trucks are loaded at the same time and dispatched to the same location. To help drivers reach their destination faster and achieve greater fuel efficiency, platooning technology alerts the driver when the driver in front of him or her is braking or accelerating. The likelihood of a rear-end collision is significantly reduced. If a collision does occur, it is likely to be less severe, because the driver in the rear already has begun to brake and slow the vehicle. Based on the Internet of Things, this automated process allows the driver to react at a rate as fast as 0.1 second. Volvo recently announced its adoption of platooning technology, and it will be exciting to observe how this tool will improve road safety and fuel efficiency.

Accident scene management—In most fleets, drivers attend numerous safety meetings. The typical “discussion” focuses on donuts. Other than donuts, the topic du jour is usually accident avoidance and what customer sites to watch out for.

A subject that is almost never discussed is what to do when the driver becomes involved in an accident. The average is one accident per seven trucks per year. If a fleet has 14 trucks, it will have two accidents.

Now, it's possible to observe what fleets are doing in real time. The fleet manager can ... [see] how often a driver is speeding, running stop signs, or traveling on poorly maintained roads.

Handling the accident scene appropriately can make the difference between having a claim denied and receiving a settlement at the policy limits. It's not unusual for a driver to hit another vehicle with one person in it, only to have four bodily injury claims. If a fleet manager empowers drivers, through appropriate tools and training, to capture the right information at the right time, claim costs will decline dramatically.

Mobile-app-based technology is available to address several key elements, including real-time claim reporting, capture of accident scene information—including witnesses and pictures before spoliation of data occurs, and alerting the fleet manager to the severity and location of an accident, so it can be managed properly, allowing for the mitigation of loss and claims costs.

Automated vehicle inspections—In an accident-related court case, it's routine for the plaintiff's lawyer to ask to see the vehicle inspection and repair history. New technology allows the fleet manager to confirm completion of the vehicle inspection process by tracking whether the driver actually walked around the truck. The manager also can track a safety defect from inspection to mechanic and back to the driver in real time. This allows the fleet manager to hold the mechanic and driver accountable, making the fleet both safer and more defensible in court.

Transparency—Gone are the days of looking in the rear-view mirror for fleet evaluation. Loss control specialists, underwriters, and agents long have used MVRs, loss history, hiring practices, and SAFER scores to assess fleets. Now, it's possible to observe what fleets are doing in real time. The fleet manager can pull up scorecards that offer myriad vital details in the present tense. This gives the manager insights into how often a driver is speeding, running stop signs, or traveling on a poorly maintained road.

Transparency is critical in the loss mitigation process because if the fleet manager can see that a driver has become involved in an accident, he or she can send an adjuster to the scene. The manager can prevent accidents by getting an erratic driver off the road before he or she causes one.

Transparency also allows a loss control specialist to provide helpful guidance to the fleet so it can prepare more effectively to participate in the post-loss process. This planning will keep the cost of an occurrence to a minimum.

Post-accident processes—Fleets are mobile businesses, and each town or jurisdiction is different. At the time of an accident, the fleet manager must route the driver, the cargo, and the truck to the right place. The efficiency and accuracy of this dispatch are critical in loss mitigation. If the truck is held up in a towing yard, the cargo might be damaged and the customer lost. If the driver isn't immediately tested for drugs, the results of later testing may not be accurate. If the truck and cargo aren't handled correctly, important data may be spoiled.

Technology is available to assure cargo is tracked and can be found in the event of theft. Blackberry, for instance, has a new product called Radar, which is used for a variety of things, including operational efficiencies and load tracking. More important, it lets managers know where the cargo is at all times. This solution can also alert the fleet manager if the trailer leaves a preconfigured geographic area.

Safety pays

With these industry-transforming opportunities, fleet managers now can show their customers why they are safer and more reliable than competitors that don't use these new technologies.

For an underwriter, agent, risk manager, or any other stakeholder, the time is now to use the newest technologies to segment the market and identify the best-in-class risks. These are the motor carriers and trucking companies that are best equipped to manage their business and enjoy the greatest chance of success. Safety pays—and so does mitigating loss.

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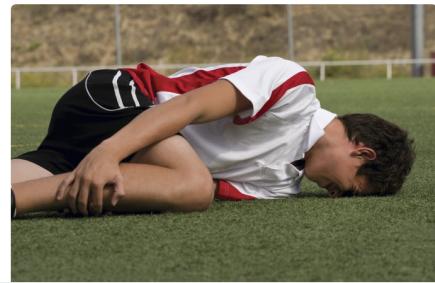
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