

2024 Telematics Report

Connecting the Dots on Strategies & Adoption

In partnership with —





Welcome

October 2024

Commercial carriers, brokers and fleet owners have every reason to be united behind reducing traffic-related losses. Everyone stands to gain by preventing claims and improving outcomes through telematics and data-driven insights. However, today's risk mitigation isn't just a matter of collecting and analyzing data. Data gathering and insights have to match the swift-moving nature of risk trends, giving businesses the ability to see more clearly into their own risk in relation to the world in which they work. Telematics insights have to move beyond macro trends to allow insurers and businesses to grasp all levels of impact. To complete the loop, insights need to connect to actions.

Of course, every partnership is a balance of interestsmotives, synergies and hurdles, as participants weigh the costs and the friction involved in adoption against the value and opportunities that new solutions will provide. To help, SambaSafety surveyed insurance carriers, brokers and fleet owners to learn about their plans, perceptions and hurdles — with the idea that knowing more about each other will foster improved conversations about shared goals regarding telematics and achieving better risk outcomes. The result, discussed further in this report, paints an optimistic picture for the future of telematics and the future of industry partnerships.

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Introduction

There are three different conversations going on in telematics.

The first is a conversation of deep history and experience. Over the past two decades, fleet operators have explored and implemented various telematics devices to enhance efficiency, logistics and safety. Today, they face mounting pressures—such as a rise in insurance premiums and auto claims — that they know can be alleviated through effective telematics solutions. As a result, many are dedicating increased time and resources to optimize their telematics usage, aiming to gain deeper insights and reduce their overall risk.

Commercial insurers have their own form of this conversation. While driver safety and auto claims play a significant role, the broader impact on their business and the industry as a whole is substantial. Can telematics change the trajectory for commercial auto? Will a carrier cease to be able to compete if it doesn't use telematics as both a claims mitigation tool and also as an incentive for doing business? Are commercial lines products destined to be usage-based insurance (UBI) products, simply because they will be more effective at protecting clients and their property? On one hand, it is exciting for them to think about. Many carriers, however, are struggling to catch up. The conversation started before they entered the room. Can they break into the conversation and use their global understanding of risk to provide real value?

The third conversation involves the insurance broker. Brokers are uniquely positioned to shape the dialog around telematics with both the fleet customer and the commercial carrier. While they facilitate relationships between clients and carriers, as well as between individuals and products, their extensive experience enables them to understand the nuances on both sides, allowing them to provide valuable insights into what it takes to enhance fleet safety. Their expertise enables them to recognize how insurance solutions can effectively prevent risk and offer protection.

Today's risk environment begs for a new, transparent conversation that includes all three; fleet operators, insurance carriers and commercial brokers. Automotive losses are skyrocketing. In the US, the vehicle death rate is three times higher than Canada and five times higher than in the UK. Distracted driving and rising repair costs are contributing to a greater number of claims and a higher cost per claim. Insurance costs are driven up by these factors, but also by nuclear judgements — claims-related lawsuits with payouts over \$10 million. The right conversations right now will save companies, save lives, and build meaningful long-term partnerships.

Leonhardt, David, The Rise in U.S. Traffic Deaths: What's behind America's unique problem with vehicle crashes?, The New York Times, December 11, 2023



Executive Summary

A path toward partnership

In 2023, SambaSafety started surveying insurance carriers and brokers regarding every aspect of telematics adoption and usage within their organizations — from roles and departments to the real impact of telematics data. The results told a story about motivations and priorities from an insurance carrier and broker perspective, with a focus on commercial and personal lines. Were telematics technologies making a positive impact?

The fleet perspective

In 2024, we added a policyholder survey that gives a peek into the telematic decisions fleets face as they weigh all of the factors that place pressure on their budgets. The timing was certainly right to gather fleet perceptions, since policyholder/carrier relationships are wavering due to unwanted premium increases. In reality, however, fleet goals are well aligned to insurer goals. What is not aligned is the fact that most fleets have been successfully using telematics far longer. They don't necessarily see the need for insurer help and they are wary of what insurers want to do with their telematics data. There is much room for improvement in how fleets and insurers share data if they ever choose to do so. These relationships could improve as they begin to understand that they have shared objectives.

The insurance carrier perspective

The 2024 survey numbers give an expanded understanding regarding how telematics is growing and will continue to grow within insurance operations. There is great interest from commercial carriers in using telematics to lower risk and improve profits. But now we see that their interest is turning into activity, both inside and outside the organization. Insurance carriers do seem to have some misconceptions about how willing fleet owners are to share their data. In addition, there is room within most insurance enterprises to expand how data is collected and used.

The broker perspective

Since brokers act as the bridge between business owners and insurance carriers, it can be argued that their participation in the conversation is the most vital. They have the opportunity to connect everyone's goals. For example, most brokers understand the nuances between the different insurance carrier programs for Usage-Based Insurance (UBI), telematics, and the application of data feedback. The frequency with which they speak to fleet owners makes them especially key in communicating what's now possible with telematic data. Brokers may also be a crucial link in the uptake of driver training programs and claims monitoring and understanding.

Section I: Fleets Are Ready For Next-Level Telematics Engagement



Sara Wojcik, Sr. Director - DOT Compliance & Transportation Safety, Sunbelt Rentals

Telematics is a cornerstone of our fleet's safety program. Through the use of GPS devices and in-cab cameras, we've gained the ability to monitor driving behavior, even when drivers are off-site. This visibility has been critical to reducing high-severity claims and defending drivers in wrongful claims, especially through the use of camera footage that captures non-preventable incidents.

Beyond improving safety, telematics has also made an impact on our operations. We've been able to recover stolen vehicles in a timely manner, and it's opened up opportunities to expand into sustainability initiatives. The ability to analyze driving behaviors and incidents has become an invaluable tool in shaping our fleet's strategy.

Many of our drivers have come to appreciate the in-cab cameras, especially when it comes to exoneration. These cameras have proven their worth by providing evidence in situations where our drivers were not at fault, strengthening the relationship between management and the team on the road.

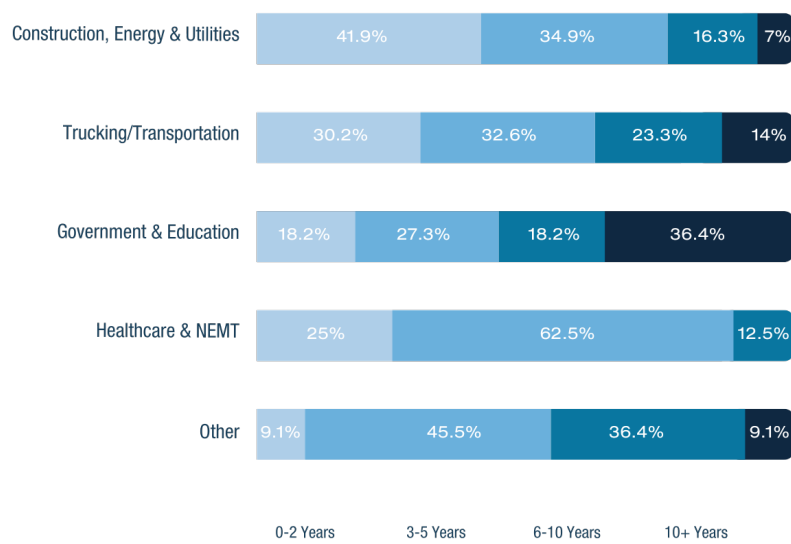
Telematics is not just a tool for risk management—it's an essential component of our long-term safety strategy, contributing to both operational efficiency and profitability.

“Telematics is at the heart of our efforts to improve safety and efficiency, ensuring we’re preventing incidents and refining our approach to fleet management.”

Sara Wojcik is Sr. Director DOT Compliance & Transportation Safety at Sunbelt Rentals. With a career in transportation management and compliance spanning more than 20 years, Sara has led both private and government fleets to success by building large scale, employee-centric, safety and compliance programs. These programs and the teams that support them have been successful in reducing CSA scores, driving employee/management commitment and reducing collision rates and risk for employees, companies and the public. Operationalizing data, building relationships in the field and implementing thought leadership have been key in executing sustainable and successful transportation safety programs.

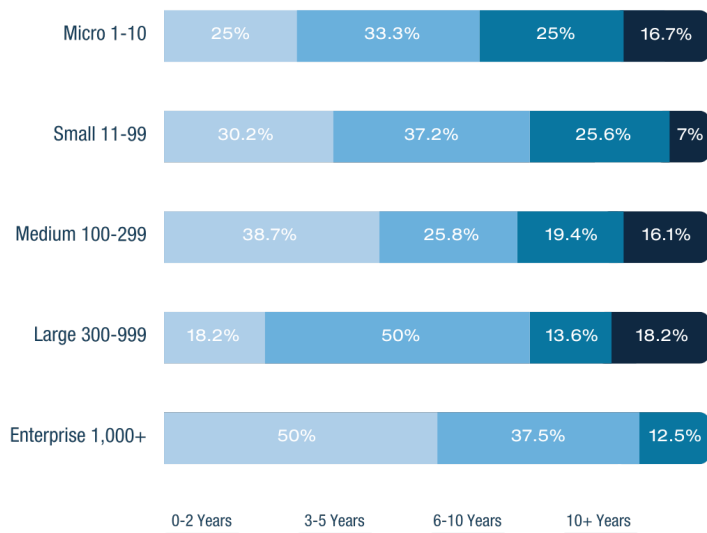
Fleets are Ready for Next-Level Telematics Engagement

In many ways, fleet usage of telematics is mature. The initial path was paved by operational teams interested in location tracking for logistics. Among survey respondents, nearly 70% of fleets have been using telematics for three or more years. Over 32% have over 6 years of experience. This could be, in part, due to the Federal Motor Carrier Safety Administration's (FMCSA) Electronic Logging Device (ELD) mandate that began in December 2017. The mandate was put in place primarily to enhance road safety and reduce fatigue-related accidents and applies to most commercial motor vehicle (CMV) drivers in the U.S.



Years of Telematics Use by Segment

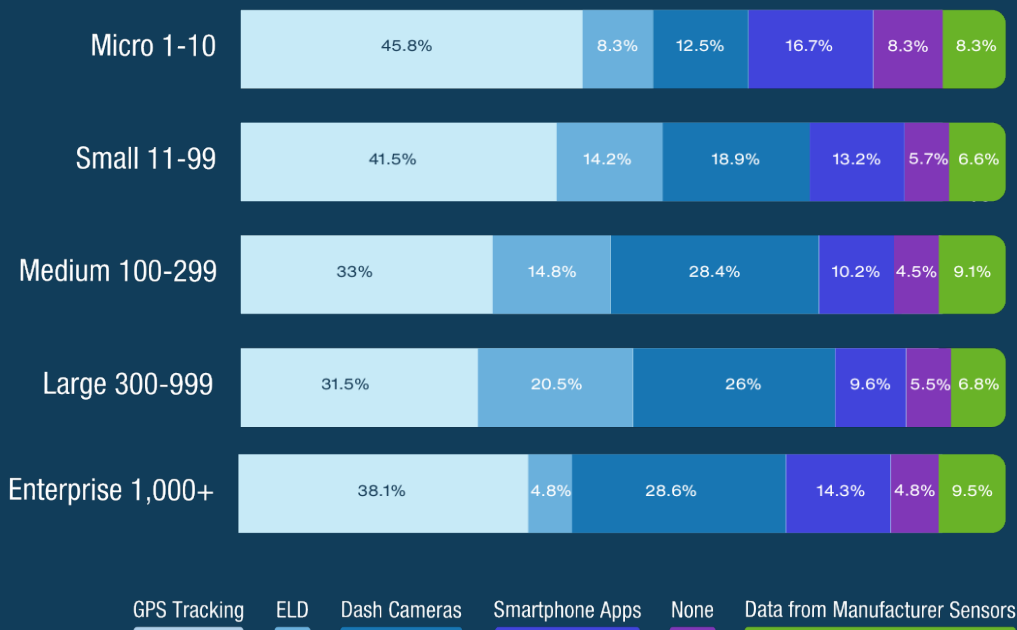
Years of Telematics Use by Fleet Size



Increasing operational efficiency is still one of the top three reasons that fleet owners implement telematics within their fleets, yet **74% of respondents said that improving safety is now the #1 reason they stepped into telematics.** This shift is a signal. Fleet operators grasp the relevance of telematics and its ability to improve multiple profitability factors. Telematics data has value. Five of the top six reasons that fleets implement telematics can be directly tied to reducing costs, improving profits and protecting against loss.

Of course, Electronic Logging Devices aren't the only source of telematics data. Fleets use a wide range of telematics devices, with GPS tracking prevalent in 77% of respondent operations. Camera use is growing, with over 50% utilization among fleet respondents. Cameras can be used to exonerate a fleet by proving a driver was operating safely during an incident, helping to clear them of wrongful claims or litigation. It's no surprise that larger fleets that face greater exposure to nuclear verdicts have been adopting them with greater frequency.

Device Distribution by Fleet Size



Challenges to fleet monitoring and data use

Telematics adoption in fleets is strong and growing, with 80% of fleet respondents reporting a high percentage of their fleet being monitored. This jumps to 91% for Trucking/Transportation respondents. From this standpoint, fleets are well-connected, yet behavioral driving data from telematics is only as good as its ability to provide insights that can be acted upon.

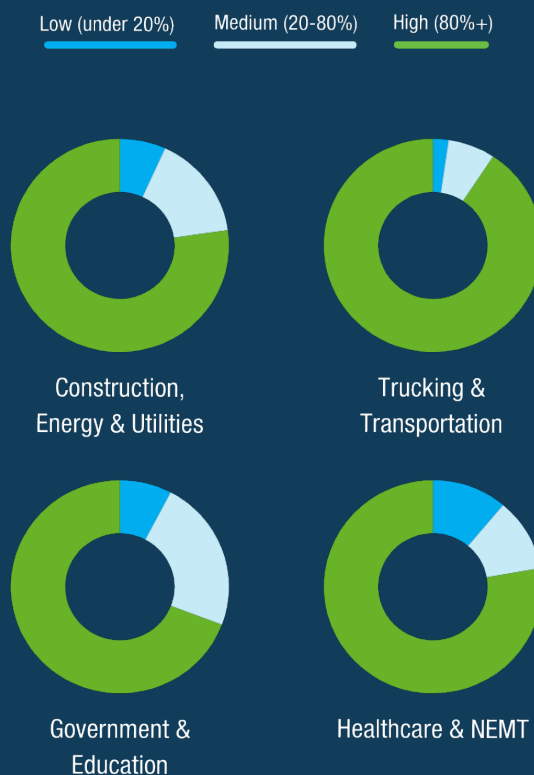
There are several challenges to effective use of telematics devices and data. First, 65% of fleets are operating with multiple telematics providers, each with a separate login, event reporting methodology and reporting structure. This can be time-consuming for safety leaders tasked with interpreting and taking action on events. How easy is it, for example, to compare drivers that are using different providers?

Telematics provider usage also varies by fleet size. There is a higher distribution of respondents using 2 or more telematics service providers (TSPs) in fleets with over 1,000 owned vehicles, accounting for over 50% of those surveyed. In fact, 12.5% of fleets of this size currently use 6 or more Telematics Service Providers. This could be attributed to acquisitions that are more common in larger fleets. With such a high penetration of telematics across all industries, and with such a broad use of telematics providers, it is almost surprising that fleet operators still find themselves faced with challenges and hurdles to using telematics devices and data.

Certain challenges, however, seem to be perpetual. Over 37% of fleet operators still wrestle with driver

resistance to vehicle monitoring. This is more common in smaller fleets and certain industries more susceptible to driver shortages. Interpreting and acting on data is still a challenge, and it is the kind of challenge that may continue to grow. Tracking drivers to a device can be extremely difficult, especially for industries where drivers may swap vehicles at any time. These are areas of opportunity, where effective training and positive communication may help drivers and employers work together.

Percentage of Vehicles Monitored by Industry



Top Challenges Using Telematics, Cameras and ELDs

Do these challenges stand in the way of the overall effectiveness of telematics? As telematics use becomes ubiquitous among fleets, it stands to reason that any unresolved challenge will reduce the overall effectiveness of the program. Fleets wanting to get the most value out of telematics will consider their own challenges and work toward removing any obstacles to data gathering, reporting or understanding.

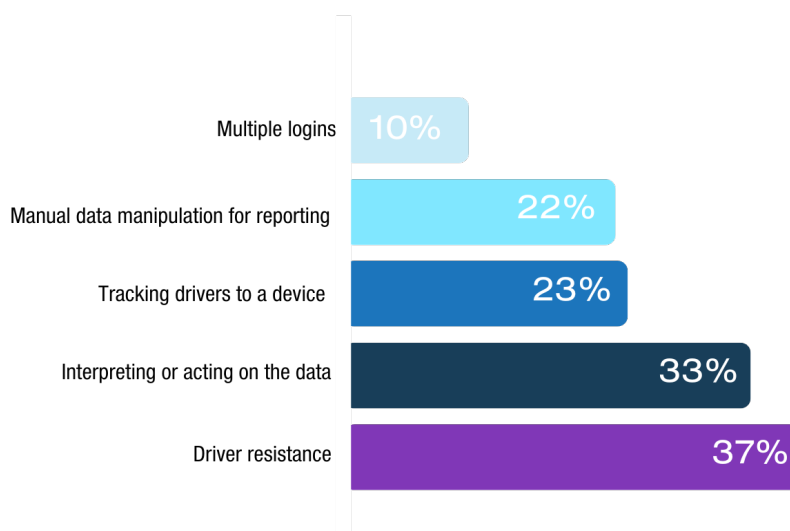
Dash cameras provided 77% improved protection from false claims and 73% improved driver safety.

Verizon Connect's 2024 Fleet Technology Trends Report

“In-cab cameras have been particularly valuable in defending our drivers, allowing us to exonerate them in incidents where they are not at fault.”

-Sara Wojcik, Sr. Director - DOT Compliance & Transportation Safety, Sunbelt Rentals

What are the most significant challenges you experience with using telematics in your business?

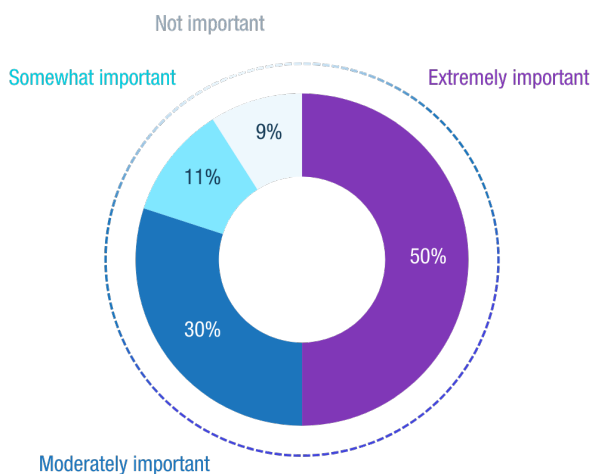


Impact: Telematics & Safety

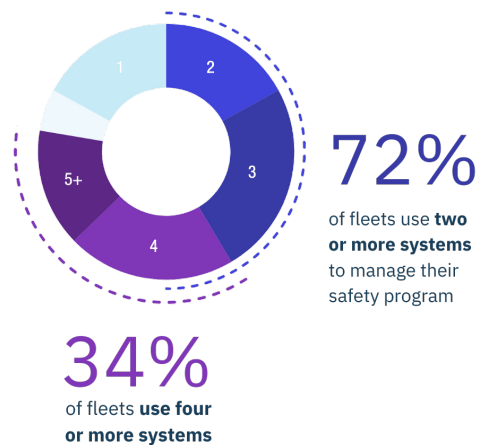
Telematics is making fleets safer

Strategic priorities are driving telematics adoption among fleets. Not only has safety taken over as the #1 reason fleets implement telematics, but it is a growing part of an already established safety culture. Over 90% of fleet operators indicated that telematics are important to their safety culture and the use of telematics contributes to the company's safety strategy. Over 50% believe that it is vital to their safety strategy and has made a positive impact.

How important is telematics to your fleet's safety culture?



How many different systems do you use to manage your safety program?



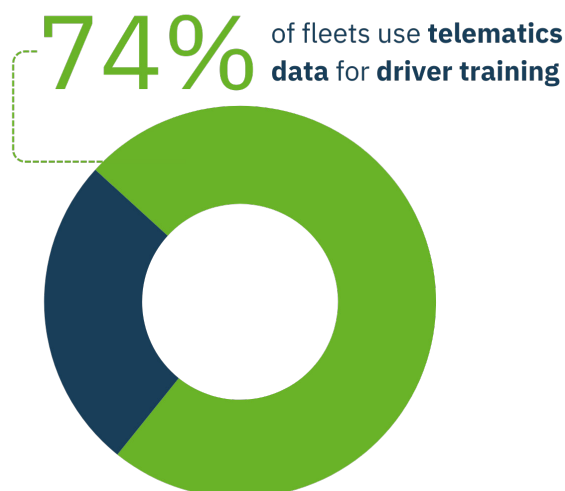
Telematics often exists within a portfolio of risk management systems. Just as fleets leverage multiple devices and providers, they use several systems to round out a complete safety program, including training or learning management systems (LMS). Approximately 72% of fleets use two or more systems to manage their safety program; 34% use four or more systems.

Training is a Force Multiplier

The cooperative link between telematics and driver training is strong. Each component enhances the other in a feedback loop, with a number of positive results.

With telematics, driver actions become teachable moments. Nearly 74% of fleet respondents use telematics in their training and coaching. Almost one third of those said that they use it extensively. Using real behavioral driving data directly following a risky trip gives credibility to the conversation and allows managers to better support ongoing driver development.

Telematics and training is accessible. Already, 56% of fleet owners utilize online driver training, provided through either their telematics service provider, an external platform or both.



72%

of fleets report that the combination of training and telematics has **reduced crashes and/or claims**

The pairing of telematics and training is effective. Among survey respondents, 72% report that the combination of training and telematics has reduced crashes and/or claims. This has led to reduced premiums in 25% of those surveyed.

Drivers show signs of improved engagement. Within the fleets we surveyed, 28% indicate that telematics and training has increased driver retention and satisfaction. This is especially promising for the freight and transportation industries, where drivers are in short supply and loyalty, experience and responsibility are highly valued.