

MANAGING RISK & COSTS DURING AN UNCERTAIN ECONOMY

with the Use of Telematics for Your Fleet



Owning and operating a fleet is expensive. Fuel and maintenance costs keep rising, not to mention the continual expenses of licensing and labor. Commercial auto rates are rising because of inflation, risky driving, fatalities, and nuclear verdicts awarded by judges and juries. Due to these factors, [commercial auto rates increased seven percent in Q4 2022](#). Now more than ever, it is crucial for business owners who have commercial fleets to be proactive in navigating rate pressures. Harnessing the power of telematics is one of the best strategies businesses can use to control the risks and costs of owning and operating a commercial fleet.

**COMMERCIAL
AUTO RATES
INCREASED
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Help reduce fleet costs with telematics:



IDENTIFY RISKY BEHAVIORS

Risky driving increases the likelihood of preventable accidents. Telematics monitors actions, such as rapid acceleration, harsh braking, and frequent lane changes. This information allows you to take corrective action with your employees. Not only does this mitigate potential collisions, but it also boosts productivity, improves safety, and decreases wear and tear of vehicles, leading to potential savings. Don't just correct risky behavior—prioritize rewarding your responsible drivers. The benefit is the ability to identify the behavior before the crash happens.



KEEP ON TOP OF MAINTENANCE

Certain telematics programs keep track of necessary vehicle maintenance so you can be proactive in your servicing before issues arise. Utilizing a system that monitors check engine lights, tire pressure, and other service alerts keeps you consistent with maintenance before issues become more severe and thus costlier to fix.



MANAGE BUSINESS EXPENSES

The use of telematics data can help you identify areas to cut costs and outlier expenses. One of the biggest money pits in owning a fleet is the unnecessary idling of engines. Idle engines burn through gas and contribute to more significant wear and tear over time. Tracking fuel efficiency through telematics can identify instances of engine idling, as well as ensure drivers take the best available route to optimize fuel usage.



CLAIMS MANAGEMENT AND MITIGATION

Telematics can provide valuable data that proves innocence from a liability standpoint and even highlight instances of fraud. For example, if someone cuts in front of your driver and slams on their brakes, telematics will show that your driver was not at fault or indicate the other driver's actions were unsafe or even purposefully negligent.



UNDERWRITING BENEFITS

Underwriters like to see robust information, and telematics does a great job of providing exactly that. Taking a proactive approach to risk mitigation makes you more appealing as an insured. Proving that your business is using telematics as a coaching tool to correct risky driving behavior shows your commitment to road safety and can help lower your rates. In addition, the more data carriers have about your operation, the more accurate the pricing.



MAKING THE MOST OF TELEMATICS—THINGS TO CONSIDER:

- ✓ **Deliberate data use.** Business owners and fleet managers need a plan for desired data points to use, how to collect them, and goals to achieve. Failure to act on data insights may seem negligent in the eyes of your carrier.
- ✓ **Communicate with employees.** Make sure employees understand how and why you are implementing this technology. Focus on its benefits to driver safety and overall cost reduction to ensure employees view this as a positive addition to the workplace.
- ✓ **Maintenance costs.** Telematics technology does cost money to install, maintain, and repair. Although telematics may be a money-saving solution for your business in the long run, ensure that there is room in your budget for initial and continual costs.
- ✓ **Privacy and cybersecurity concerns.** Like anything that connects to the internet, telematics systems are susceptible to hacking. Vehicle functions can potentially be overtaken by a hacker, as well as render private data vulnerable to a breach.

The rapid evolution of technology expands new opportunities for the future of your business. Incorporating telematics into your commercial fleet is an avenue worth exploring with your qualified broker partner to evaluate how you can improve safety, extend vehicle longevity, reduce extraneous costs, and demonstrate your commitment to risk management to underwriters.

Contact us today to learn more about telematics and how they can control risk and mitigate costs for your business.

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