

Telematics:

A good safety investment for your vehicles

Over the last five years, Nationwide Agribusiness has paid over \$650 million in at-fault business auto accidents. By adding telematics to commercial agribusiness or farm vehicles, you can potentially reduce losses.

Here are 5 reasons adding telematics to your fleet could be a good investment:

Improved customer service and efficiencies

Knowing where your vehicles are, or where they have been allows you to:

- Provide customers with accurate times of arrival.
- Dispatch vehicles that are closest to a customer's location.
- Identify shorter routes and assist with route planning. Telematics is starting to incorporate contextual data such as traffic, road, and weather conditions which also can aid a driver or business owner.
- Identify when drivers have gone off route or made personal stops/errands, which leads to delays.
- Record arrival and departure times of your driver and how long the vehicle stayed in a location.

Reduction in vehicle operating costs

Fuel expense is typically a fleet's largest variable cost. Driving behavior heavily influences fuel consumption. Speeding, harsh acceleration and hard braking are all events that indicate aggressive driving, which significantly increases fuel consumption. Many telematic systems can monitor engine diagnostic codes (DTC), which alert managers and/or drivers to engine problems, minimizing the chance of engine damage or a breakdown. Some telematics systems include a maintenance scheduling feature that alerts when service is due based on tracked vehicle mileage.

Reduction in accidents

Auto accidents are the leading cause of work-related fatalities in the U.S. When not fatal, injuries are often severe.

Injuries to passengers in other vehicles can be the largest liability exposure most organizations face. So-called "nuclear verdicts," or jury awards over \$10 million, have been on the rise. In 2019 alone there was a 300% increase in verdicts of more than \$20 million when compared to the average from 2001 to 2010¹. Auto accidents make up many these verdicts.

Unsafe driving behavior is the primary causal factor in over 93% of serious accidents². More advanced systems utilizing cell phone apps and dashcams can identify and deter distracted or fatigued driving.

While less prominent, some systems can identify when an accident occurred and send an alert to responsible staff. Telematics can also assist in locating drivers who may be unresponsive due to a medical emergency.

Stabilization of insurance and accident costs

The cost of commercial auto insurance has increased over the past decade largely due to the increased costs of vehicle repair and replacement, medical bills, legal defense expense and large civil suit awards.

Many commercial insurers will not provide a premium discount just for having telematics. Insurers may look for an improvement in driving behavior and a reduction of accidents to determine the effectiveness of an insured's telematics program.

Fewer accidents result in immediate savings in the way of saved deductibles and rental costs associated with replacement vehicles. Even a minor accident can keep vehicles off the road for long periods of time. Indirect costs associated with employee downtime and customer dissatisfaction from missed or delayed service or deliveries are also diminished.

Controlling vehicle misuse and thefts

Telematics can be used to control costs associated with an employee's misuse of vehicles, such as driving vehicles for personal use, long vacations, etc. Other features available through telematics include the following:

- Geofences can be set up to track when a vehicle has left a predefined area.
- Curfews help track/alert when a vehicle is operated after hours.
- Both features can assist with potential theft indications and finding stolen vehicles.

Educated thieves know to remove a telematics device so they cannot be tracked. However, most telematic systems send an alert that the telematics device has been removed.

¹ The rise of nuclear verdicts and how to rein them in. Verisk, August 24, 2021

² Traffic Safety Facts, National Highway Traffic Safety Administration, Critical Reasons for Crashes Investigated in the National Motor Vehicle Crash Causation Survey, DOT HS 812 115, February 2015



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