

NEWSLETTER

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The following material is provided for informational purposes only and does not constitute legal advice. Before taking any action that could have legal or other significant consequences, consult with a qualified professional who can provide guidance tailored to your unique circumstances.

Leveraging Telematics for Enhanced Fleet Management

Introduction

Managing an auto fleet, regardless of its size, can be daunting, especially considering increasing auto premiums, making efficient fleet management not just important, but crucial. The integration of telematics technology offers a transformative approach to managing vehicle fleets, enhancing safety, and optimizing operational efficiency. This newsletter explores the benefits of telematics and provides insights into selecting the right system for your firm.

What is Telematics?

Telematics combines telecommunications and informatics to provide real-time data on vehicle location, driver behavior, and vehicle performance. This technology includes GPS systems, data recorders, and advanced camera systems, all designed to transmit data to fleet managers for analysis and action. The technology capable of gathering information on vehicles and drivers continues to grow every year.

Benefits of Telematics

1. Improved Fleet Efficiency

- **Real-Time Tracking:** Telematics systems provide real-time tracking of vehicles, allowing firms to monitor routes, arrival and departure times, and vehicle locations. This leads to better route planning and improved customer service.
- **Fuel Economy:** By tracking fuel purchases and vehicle miles, telematics can help firms optimize fuel usage, reducing costs and environmental impact.

2. Enhanced Safety

- **Driver Performance Monitoring:** Telematics systems can track driver behavior, including speeding, harsh braking, and aggressive driving. This

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data can be used to create driver scorecards, providing feedback and encouraging safer driving practices.

- **Crash Investigation:** In the event of an accident, telematics can provide detailed data on vehicle location, status, and even video footage, aiding in crash investigations and helping to determine fault.

3. Maintenance and Diagnostics

- **Preventive Maintenance:** Telematics systems can monitor vehicle performance and fault codes in real-time, allowing for timely maintenance and reducing the risk of breakdowns.
- **Remote Diagnostics:** Some systems can diagnose mechanical issues remotely, enabling quick fixes and minimizing downtime.

Lowering Auto Claims Frequency and Severity

Telematics has been shown to significantly reduce both the frequency and severity of auto claims. Here are some key findings:

1. Reduction in Claim Frequency and Severity

- **Reduction in Accident Frequency:** Studies have shown that fleets using telematics experience a reduction in accident frequency. A study by the Insurance Research Council (IRC) found that telematics programs can reduce accident frequency by up to 20%.
- **Lower Claim Severity:** In the event of an accident, telematics data can provide detailed information about the incident, which can expedite the claims process and potentially reduce the cost of claims. A report by the European Commission found that telematics could reduce claim severity by up to 15%.
- **Improved Driving Behavior:** By addressing risky driving behaviors through training and feedback, companies can reduce the likelihood of accidents. A study by the National Highway Traffic Safety Administration (NHTSA) indicated that telematics could lead to a 20-30% improvement in driving behavior.

Insurance Premium Discounts and Requirements

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1. Premium Discounts and Credits

- Some insurance carriers may offer premium discounts or credits to firms that implement telematics systems. Insurers may also provide discount programs on preferred telematics devices.

2. Telematics a Requirement for Coverage

- Some insurance carriers have started requiring the use of telematics for larger fleets to even consider providing coverage. This requirement helps ensure that the fleet is managed with a focus on safety and efficiency, reducing the risk for the insurer.

Choosing the Right Telematics System

Selecting the right telematics system involves considering several factors to ensure it meets your firm's specific needs:

1. Customer Service

- Look for systems that offer real-time tracking and geofencing capabilities to enhance customer service and operational efficiency.

2. Driver Communication

- Choose systems that allow for safe and effective communication with drivers, such as in-cab interfaces or mobile devices that limit use while driving.

3. Safety Features

- Opt for systems that provide comprehensive driver performance data and support driver coaching programs to promote safe driving habits.

4. Crash Investigation Tools

- Consider systems that offer detailed crash data and video-based telematics for thorough accident analysis.

5. Navigation Assistance

- Ensure the system provides turn-by-turn navigation and real-time traffic updates to help drivers reach their destinations safely and efficiently.

6. Personal Use Control

- If personal use of company vehicles is restricted, select a system that tracks vehicle location and usage to enforce policies.

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7. Maintenance Tracking

- Choose a system that allows for detailed tracking of vehicle maintenance schedules and real-time diagnostics.

Implementing Telematics in Your Firm

Successful implementation of telematics requires careful planning and communication:

1. Set Clear Objectives

- Define what you aim to achieve with telematics, such as reducing accidents, improving fuel efficiency, or enhancing customer service.

2. Educate Managers and Drivers

- Ensure all staff understand the benefits of telematics and how to use the system effectively. Provide training on accessing and interpreting data.

3. Encourage Regular Feedback Review

- Promote a culture of continuous improvement by encouraging drivers and managers to regularly review telematics feedback and use it to enhance performance.

4. Use Data Proactively

- Managers should regularly monitor telematics data to identify trends, address issues, and implement safety improvements.

5. Evaluate and Review

- Continuously evaluate the effectiveness of your telematics system and adjust as needed to achieve your objectives.

Conclusion

Telematics technology offers significant benefits for architect and engineering firms, from improving fleet efficiency and safety to ensuring regulatory compliance and reducing costs. By selecting the right system and implementing it effectively, your firm can leverage telematics to enhance overall performance and achieve operational excellence.

The Professional Liability Agents Network (PLAN) thanks Travelers Insurance for resources pertaining to this topic. PLAN may be able to help you by providing referrals to consultants, and by providing guidance relative to insurance issues, and even to

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certain preventatives, from construction observation through the development and application of sound human resources management policies and procedures. Please call on us for assistance. We're here to help.