

**ARTICLES**

# Can Telematics Improve Courier Driver Safety?

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As a courier owner, one question that's always top of mind is, *"How can I develop a safer driving environment for my employees and independent contractors?"*

While your initial instinct may be to select safer vehicles, implement driver training programs, or better vet potential drivers and their driving history, tech advancements are helping solve this issue for couriers in a new and data-driven way—through telematics.



If you're unfamiliar with telematics or the implications this technology will have on your courier delivery business, below is an overview of how telematics can provide ample opportunities for improved driver safety, productivity, efficiency and ultimately, profitability.

## What is Telematics Technology and How Does it Affect Couriers?

Telematics is a technology that integrates telecommunications and computerized information, enabling devices to send, receive, and store data related to a remote object (e.g. a vehicle). Utilizing a global positioning system (GPS), telematics offers drivers, couriers and insurers the ability track and assess the performance of a fleet, gaining valuable insights into the conditions, driving behaviors and reactions of a vehicle on the road.

When installed in a vehicle, telematics devices can play a beneficial role in promoting safe driving, and reducing the frequency of auto accidents and their associated costs.

## Do Telematics Devices Make a Difference?

Telematics devices offered by auto insurers appear to be working to change the behavior of drivers. More than half (or 56%) of the 1,135 drivers participating in an Insurance Research Council (IRC) public opinion survey said they have made changes in how they drive since installing a telematics device provided by their insurance company in their primary vehicle.

According to the insurance industry-supported IRC, 36% of respondents said they have made small changes in how they drive, and 18% said they have made significant changes. And, 38% said they have made no changes to their driving practices since having a device installed.

The survey also found that drivers 65 and older are significantly less likely than other drivers to report making changes in how they drive. A substantial majority, (82%) of those with telematics devices reported receiving information from their insurance company about their driving behavior after having a device

installed—81% of those who received information from their insurer said they found the information helpful.

"These findings suggest that having telematics devices installed in vehicles can play a beneficial role in promoting safe driving as well as reducing the frequency of auto accidents and their associated costs," said Elizabeth Sprinkel, Senior VP of the IRC. "While we can't say with certainty that the changes drivers make are always for the better, or whether beneficial changes that are made become permanent, we can confidently say that the introduction and use of telematics technology is a move in the right direction," Sprinkel said.

Telematics devices plugged into policyholders' cars can measure:

- Miles driven
- Time of day
- Where the vehicle is driven
- Rapid acceleration
- Hard braking
- Hard cornering
- Air bag deployment and other behaviors

Insurers offer the telematics devices as part to their usage-based insurance (UBI) policies that reward safe drivers with lower premiums. Commercial insurers also offer UBI programs to fleet managers.

Age Matters When it Comes to Telematics and UBI

Research released by Towers Watson suggests that Millennial drivers (ages 18-34) and NBSP, are more interested in nbsp3q; UBI auto policies than are drivers in all other age groups. And, this group is more willing than others to change their driving behavior in response to UBI information - Millennial driving with UBI would most likely change behaviors such as obeying the speed limit and maintaining a safe following distance based on utilization of the technology.

The survey by Towers Watson, which consults on and sells UBI services to insurers, attracted 1,061 respondents. Overall usage of UBI appears to be growing although estimates of its penetration vary.

The UBI market share is expected to soar to 26% in the U.S. and 38% in the U.K. by 2020, according to a November study from Roland Berger Strategy Consultants. The National Association of Insurance Commissioner (NAIC) cites experts who expect that 20% of all motor vehicle insurance in the U.S. will incorporate UBI in some form by 2018.

The Survey Says...

Most of the top 10 U.S. auto insurers have UBI programs in place. The IRC report, titled: Auto Insurance Telematics Consumer Attitudes and Opinions, is based on an on-line survey of 1,135 respondents by GFK Public Affairs & Corporate Communications on behalf of the IRC. The survey was conducted during June 2015.

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