

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 unite 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 is far more than 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 interests, 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. We extend our special thanks to the expert contributors who collaborated with us on this report, lending valuable perspectives that enrich these findings.

Matt Scheuing
CEO, SambaSafety



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Introduction

There are three different conversations taking place 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 cede the ability to compete if it doesn't use telematics for claims mitigation, pricing risk and loss control? 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 dialogue around telematics with both the fleet customer and the commercial carrier, providing a tremendous opportunity to enhance the risk management value chain and create a more stable, efficient and sustainable risk transfer marketplace. 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. Brokers have a tremendous opportunity to enhance the risk management value chain and create a more stable, efficient and sustainable risk transfer marketplace.

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 UK¹. 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, as well as by nuclear judgements — claims-related lawsuits with payouts over \$10 million. The right conversations will save companies, save lives and build meaningful long-term partnerships.

Methodology:

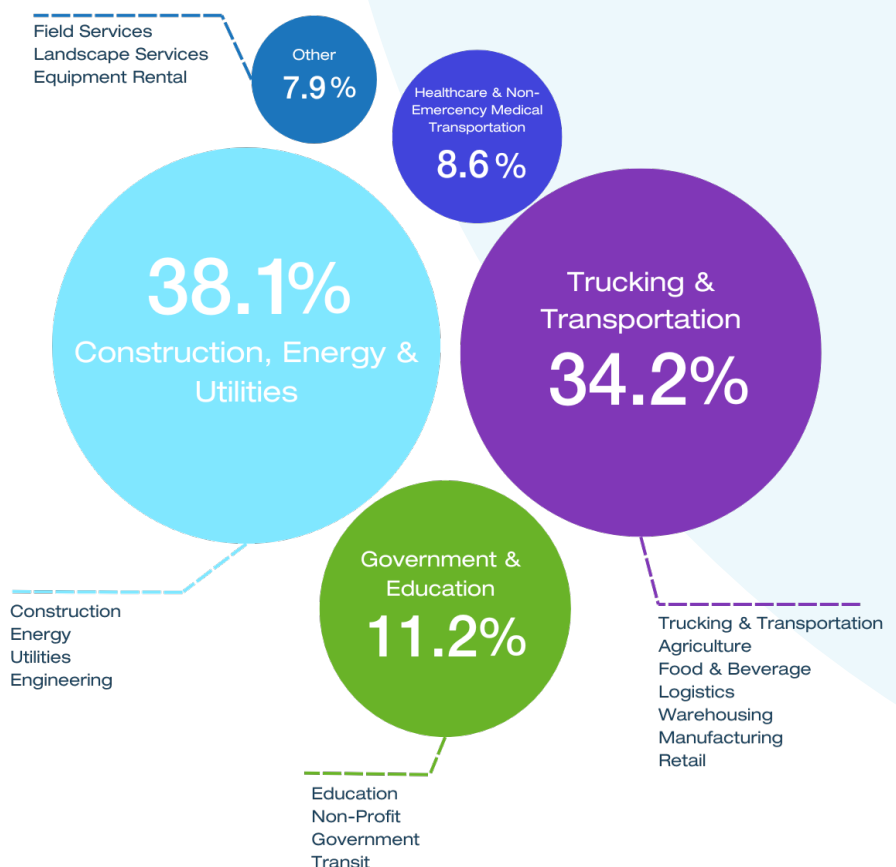
SambaSafety surveyed auto insurance and fleet professionals to understand the use of telematics in their organizations and the challenges to further adoption. Conducted in August 2024, the survey gathered responses from a total of 270 individuals from both fleets and the insurance sector. This year's findings, set alongside last year's, reveal shifting attitudes and priorities from the perspectives of fleets, as well as carriers and brokers for both commercial and personal lines.

Fleet survey participants totaled 167 and represented a diverse range of departments, with top roles including Environment, Health and Safety (EHS) professionals (39%), Fleet Operations (19%) and Human Resources (16%). Within the insurance cohort of 103 individuals, 72% of respondents

focus on Commercial Lines, with participants from both insurance carrier (44%) and broker (56%) perspectives.

Notably, 20 of the top 50 US insurers were represented, seven of which are in the top 15 based on Direct Written Premiums (DWP). Insurance respondents included SambaSafety customers as well as members of Risk & Insurance Education Alliance (49%). Approximately 35% of insurance respondents are subscribers to Matteo Carbone's Insurtech Facts & Figures Newsletter and/or members of the IoT Insurance Observatory, potentially reflecting a higher-than-average interest in leveraging telematics within insurer organizations. The primary insurance carrier departments represented include Loss Control (22%), Underwriting (19%) and Product (9%).

Fleet respondents represented a broad range of segments, which were consolidated into the following categories for data visualization throughout the report.



Executive Summary: A Path Toward Partnership

In 2023, SambaSafety and the Risk & Insurance Education Alliance 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. In 2024, we expanded the survey to fleets in an effort to track their utilization, impact and their level of engagement with insurers and brokers.

Fleets are enthusiastic about telematics

The use of telematics in fleet management is becoming widespread across industries. In this year's survey, 80% of fleet respondents report monitoring a large portion of their fleets. On average, these users give their telematics service providers a satisfaction score of 4 out of 5. Safety is a significant driver of telematics use among fleets, with 50% reporting that it is a vital part of their safety strategy.

Misperceptions must be addressed for the widespread adoption of telematics-based auto insurance

A gap needs to be bridged – 75% of commercial lines respondents see convincing fleets to share their telematics data as the biggest hurdle in leveraging telematics. However, 74% of fleets that don't share their data say it's because they were never asked. Brokers may be the crucial link in the uptake of telematics programs and understanding.

Driver training is a key part of transforming telematics data into action

72% of fleet respondents report they have reduced crashes and claims with the combination of telematics and training. By using telematics data to tailor training to drivers, fleets can be smart about identifying specific learning opportunities for their employees and serving modules that will meet their individual needs to improve road safety..

“We are profoundly grateful for our collaboration with SambaSafety on this pivotal report and the Risk & Insurance Educational Alliance participants who provided their insights through the survey, enriching our collective insights into the telematics landscape. This partnership furthers our shared commitment to mitigating traffic-related losses and enhances our capability to transform detailed data into actionable strategies, benefiting the entire industry.”

William J. Hold, CRM, CISR President & CEO
Risk & Insurance Education Alliance

Fleet Compliance & Safety Spotlight



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

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 more than a tool for risk management — it's an essential component of our long-term safety strategy, contributing to both operational efficiency and profitability.

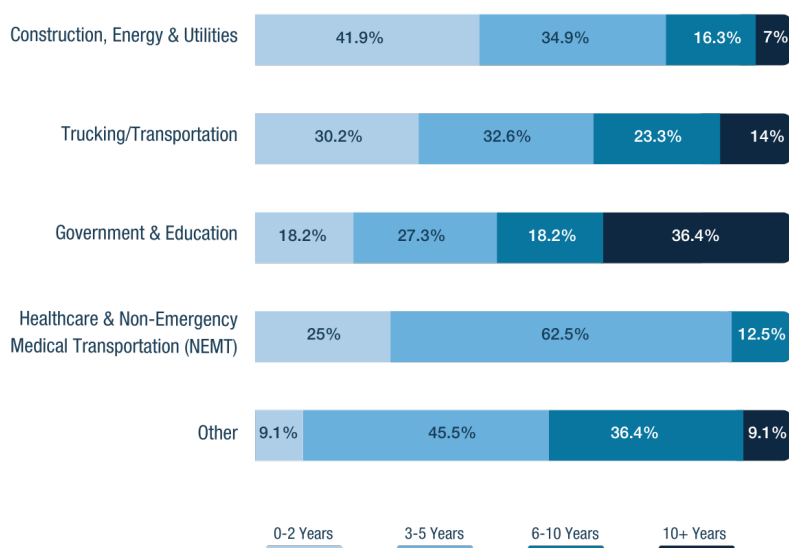
“Telematics is at the heart of our efforts to improve safety and efficiency, ensuring we're preventing incidents and refining our approach to fleet management.”

About Sara

Sara Wojcik is Senior Director of 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.

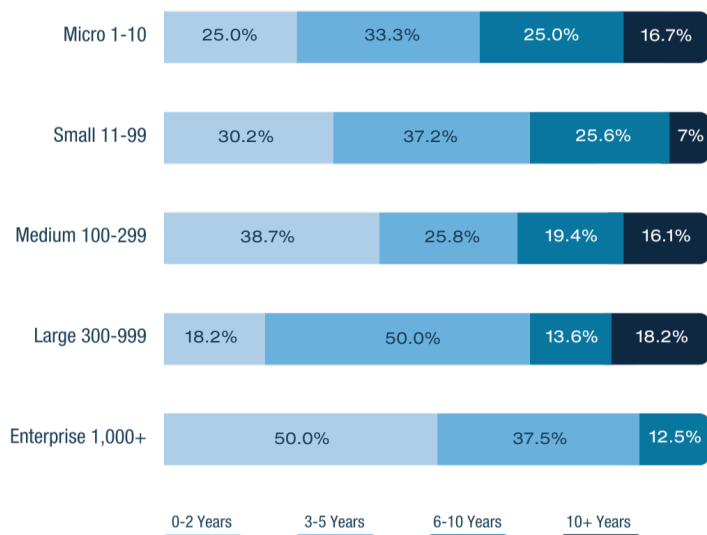
Fleets Are Ready for Next-Level Telematics Engagement

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 six 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 US.



Years of Telematics Use by Segment

Years of Telematics Use by Fleet Size

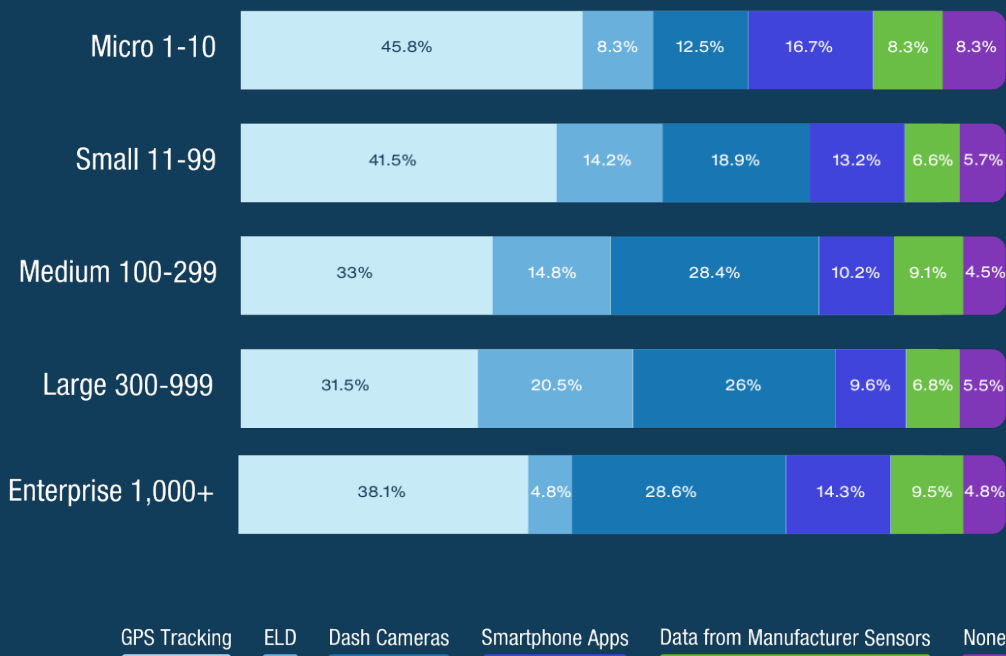


Increasing operational efficiency is still one of the top three reasons that fleet owners implement telematics within their business, yet 74% of respondents said that improving safety was the number one reason they stepped into telematics. This shift is a signal. Fleet operators grasp the relevance of 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 cost reduction efforts.

Of course, ELDs 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 an important tool to defend against wrongful claims or lawsuits and have been successful in exonerating drivers by proving they were operating safely during an incident. A 2024 Swiss Re Institute report notes that with 27 US court cases awarded compensation of over \$100 million in 2023, litigation has become the key driver of claims costs². In some cases, protection has been unavailable, leaving industries like trucking particularly exposed. 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 and 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 operate with multiple telematics providers, each with a separate platform login, event reporting methodology and reporting structure. Compiling and digesting data across multiple platforms can be time-consuming for safety leaders tasked with interpreting and taking action on events. How easy is it, for example, to compare drivers who are using different providers?

Telematics provider usage also varies by fleet size. There is a higher distribution of respondents using two 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 six or more TSPs. This could be attributed to acquisitions that are more common in larger fleets. Given the high adoption and the wide range of providers across segments, it's notable that fleet operators still encounter challenges in using telematics.

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 a 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 proper tools, effective training and positive communication may help drivers and employers work together.

Percentage of Vehicles Monitored by Industry



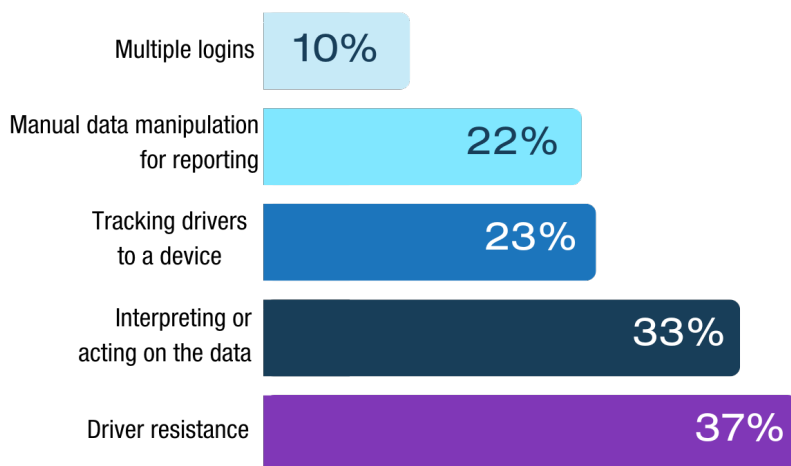
Overcoming Driver Resistance to Telematics

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.

“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, Sunbelt Rentals
Sr. Director, DOT Compliance & Transportation Safety

Top Challenges to Using Telematics



Dash Cameras Benefit Drivers

77% Improved Protection from False Claims

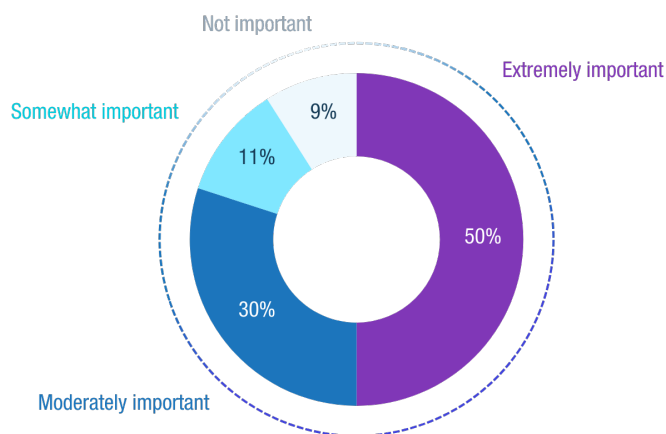
73% Improved Driver Safety

Verizon Connect's 2024 Fleet Technology Trends Report

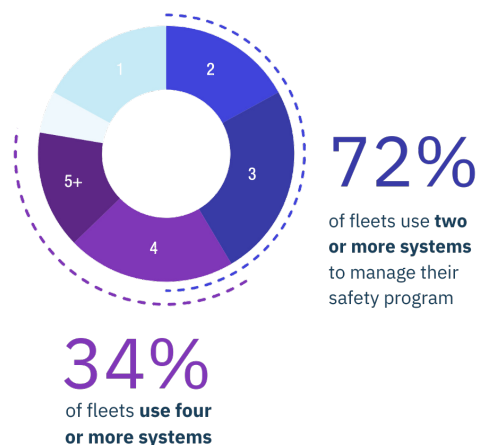
Telematics Is Making Fleets Safer

Strategic priorities are driving telematics adoption among fleets. Safety has taken over as the primary reason fleets implement telematics, and it is a growing part of an already established safety culture. Over 90% of fleet operators indicated that telematics is 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?



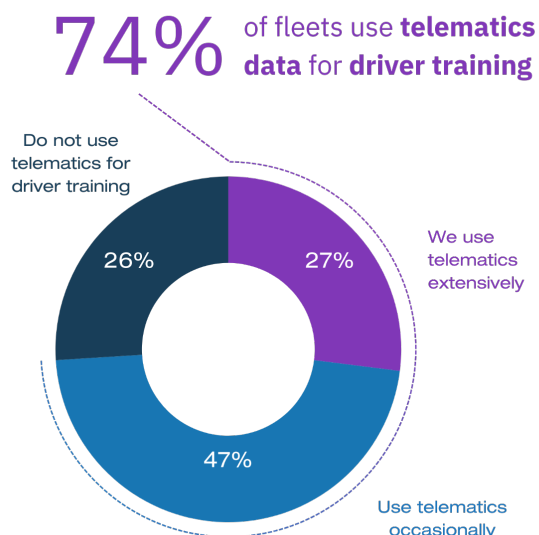
Telematics often exists within a portfolio of risk management tools. Just as fleets leverage multiple devices and providers, they use several applications to round out a complete safety program, including training or learning management systems (LMS). Approximately 72% of fleets use two or more systems to manage their safety program; 33.6% 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. 74% of fleet respondents use telematics in their training and coaching and 27% use it extensively. Using real driving data allows managers to support ongoing driver development. When leveraging telematics data for coaching, it's important to review trends over individual events to get a more accurate view of overall driver behavior.

Telematics and training are 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 the combination of telematics and training has increased. This is especially promising for the freight and transportation industries, where drivers are in short supply and loyalty, experience and responsibility are highly valued.

Fleets and Insurance — Disconnected Dots of Data

As fleets and insurers each consider how they might capitalize on telematics data, the real surprise is that collaboration between them is glaringly low. Insurers cite their number one challenge in using telematics data as convincing fleets to share the data. In fact, 64% of fleet respondents said they don't currently share their telematics data with their insurance carrier or broker. Why? The vast majority of those who don't (74%) said it's because they were never asked. There were also companies concerned about privacy (19%) and those who could see no perceived benefit (17%). Just over 12% were uncertain that their data wouldn't be used against them to hike premiums. Education and awareness are key for insurers and brokers seeking to overcome these obstacles.

When asked about the most significant challenges to sharing telematics data, the majority of fleets (62%) said they don't anticipate challenges. A relatively small group (9%) were challenged by the complexity of having current vendors send data to their insurer. Even fewer (6%) were concerned they may encounter higher premiums than expected or bureaucratic complexities in signing up.

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

Data Sharing Misconceptions

Carriers

75%

say convincing fleets to share data is the greatest challenge to using telematics

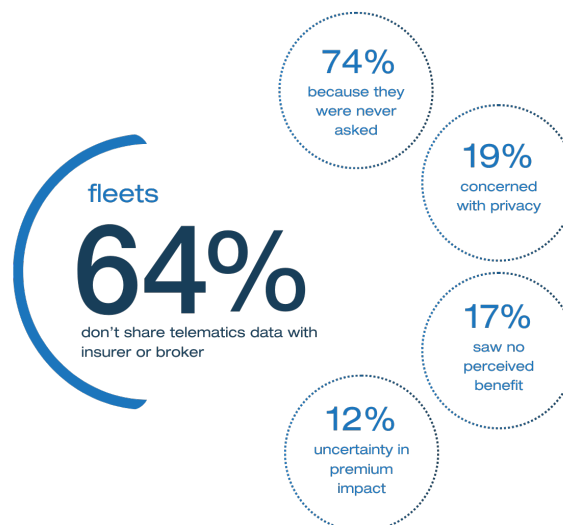
&

Fleets

74%

that don't share their data with their insurer say it's because they were never asked

All three groups recognize the value of telematics and believe it is critical to improving profitability and safety, yet each is somewhat siloed in their approach. Where does that leave the commercial insurers that are currently gathering and using telematics data in their underwriting and loss control processes? Somehow, they must help fleet operators understand that sharing their data will make a difference to their claims, their premiums and their profits.



Some Fleets and Insurers Are Connecting the Dots

There are examples of the fleet, insurer and broker relationship where telematics data is successfully shared and used to lower premiums. For example, a number of fleets have UBI policies (15%) where the premium is lower due to pre-existing data or real-time telematics data. For 30% of fleet policyholders, data sharing was just a bargaining chip to receive better insurance terms. It is unclear how extensively those insurers are using the data or to what degree they are feeding insights back to the fleets.

“Telematics has lowered our insurance premiums and improved driver safety and awareness.”

-Fleet Respondent

Either way, insurance savings will make connected fleets more competitive. The established relationships will pave the way for increased prevention and pricing precision as time goes on. Telematics is already giving fleet owners an edge with insurers:

39% have experienced reduced insurance premiums through insurer-offered discounts

25% have benefited from reduced premiums as a result of violation and crash reduction

26% report increased negotiating power

Telematics Use Within Fleets Will Continue to Grow

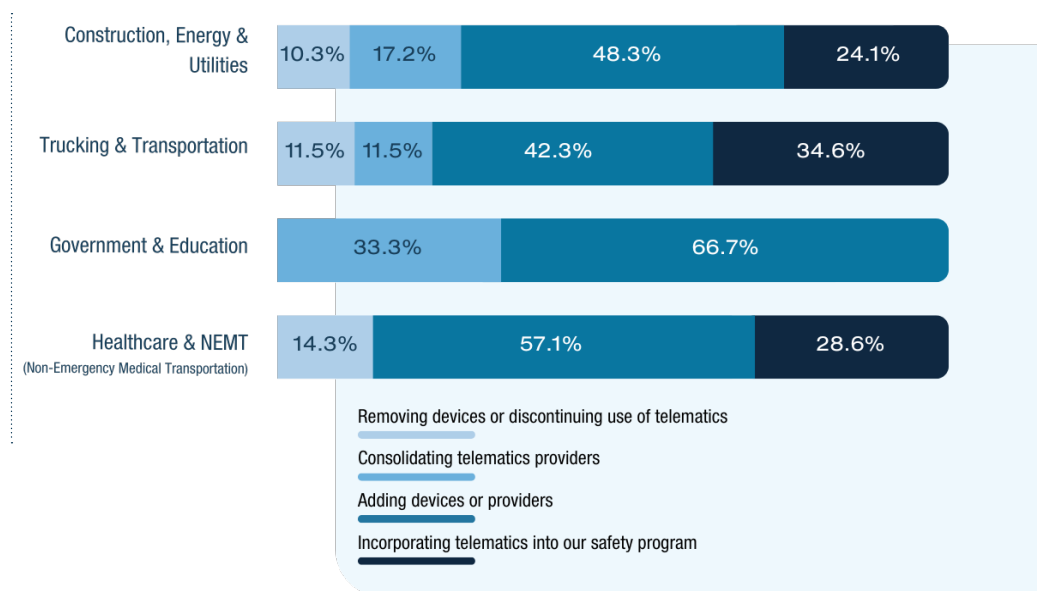
Telematics use is rapidly growing among fleets, and operators are largely satisfied with their current telematics solutions. As a next step, fleets are now ready to build upon their satisfying experiences in two ways.

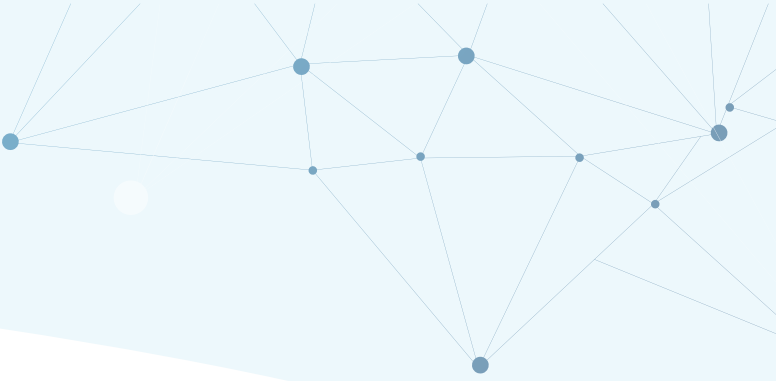
How satisfied are you with your current telematics solution(s)?



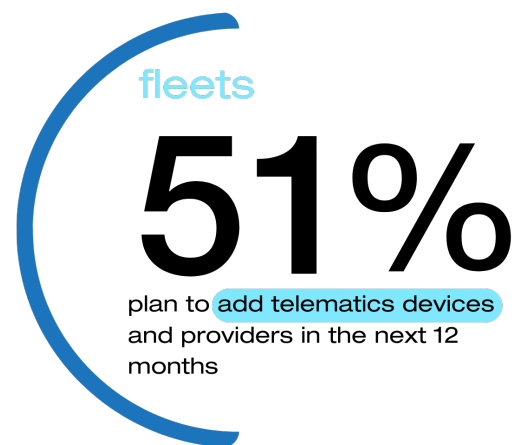
Among connected fleets that aren't yet using telematics for safety, 26% plan to incorporate telematics into their safety programs in the next 12 months. This should dramatically improve safety while reducing the risk of loss for fleets and insurers. A trend as large as this one is a sign that most companies with fleets will ultimately end up using telematics as a core component of their safety program.

Telematics Growth Anticipated in 2025





Fleets are now in a position to more readily adapt their safety program to include this valuable data, and insurers and brokers stand to gain from the increased focus on safety. Risk consultants prepared to intake and analyze this data have an opportunity to enhance their services for commercial insureds — whether through training efforts, premium reductions or enhanced reporting. Shared objectives will become easier to achieve as fleets focus more on safety.



Fleets also plan on adding more devices and providers to their telematics network. This means fleets are prioritizing telematics enough to make organizational commitments. In the next 12 months, they will invest in the technologies, people and partnerships it takes to gather, analyze and act on telematic data.

Insurance Industry Spotlight



Matteo Carbone

Founder and Director of the IoT Insurance Observatory

Telematics is gaining significant momentum in the US commercial auto insurance market. We have already seen a wave of insurers' initiatives focused on loss control. The old – and barely used – referral programs have evolved into structured safety programs paid – or at least subsidized – by the insurance carriers. The pioneers of these programs have already achieved significant adoption and shown robust ROIs.

The carriers' appetite for using telematics data to unlock benefits in their underwriting activities is also emerging, and the most forward-looking players have started their journey to master the usage of telematics data.

Some commercial UBI products have already scaled, and more seem ready to debut. The trajectory of evolution seems defined. However, the creation of insurance offers priced with telematics data is still in its early days compared with the level of maturity in personal auto. Telematics has already been recognized as a necessary capability; ten of the top ten personal auto carriers have a penetration of their new business above 40%, and the market best practice has demonstrated the effectiveness of telematics-based pricing sophistication in building a sustainable competitive advantage.

It is important for the sector to move to an integrated, holistic adoption of telematics capabilities among

insurance organization. Better-matched rates and risks allow smaller and more accurate pricing clusters, so a large part of profiles receive a lower rate. Expected losses can be reduced with both real-time mitigation actions to solve a specific situation and behavioral change mechanisms to promote safer behavior. Moreover, in case of a crash, the telematics-based process can be quicker and minimize fraud. All these forces combined enable the ability to profitably manage auto insurance portfolios while increasing the availability and affordability of insurance coverages.

About Matteo

Matteo Carbone is the Founder and Director of the IoT Insurance Observatory, an eight-year-old think tank specializing in insurance IoT. Global Ambassador of the Italian InsurTech Association, he is internationally recognized as an insurance industry strategist and a world-renowned authority on InsurTech. Matteo has advised more than 100 different players in ten insurance markets around the world, has been invited to speak at over 200 events globally and he has written over 18 papers and 100 thought-leadership articles on innovation. He published the first bestseller dedicated to InsurTech: "All the insurance players will be insurtech" and is member of the Forbes New York Business Council.



Commercial Insurers Are Maturing in Telematics

Carriers are growing in their use of telematics, but they are also growing in their use of related data. Between 2023 and 2024, all underwriting data sources gained use among survey respondents.

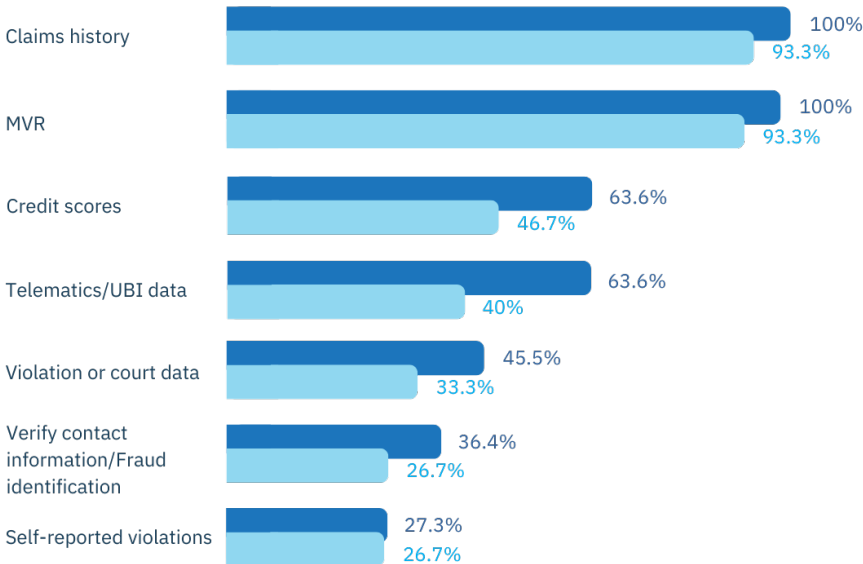
This is an indication that time-tested risk signals are still a trusted source for underwriters, yet they are no longer sufficient in predicting risk on their own. Insurers recognize the need to expand data attributes with their customers' actual driving data for more precise underwriting and insight. This can help them more effectively price their book and avoid future auto claims. Telematics has

experienced the largest jump from last year, with 64% of commercial insurers leveraging this data to assess auto risk, compared to 40% in 2023. We'll explore their progress and maturity with telematics and UBI.

Commercial insurers using telematics data for risk assessment increased 24 percentage points year over year.

What Data Sources Are Commercial Insurers Currently Using to Assess Auto Risk?

2023 2024



Commercial Insurers Show Slow, but Steady Growth in Telematics Adoption

Painting a realistic picture of telematics adoption can be tricky when looking at insurance carriers. It's a matter of angles and perspectives. If you look at one end of the enterprise, you may see enthusiastic adoption. At the other end, you may find people who have very little engagement with telematics in their day-to-day operations.

Unlike fleet utilization, commercial insurer utilization looks more like a heat map. We explored individual roles and departments to locate sparks of interest, areas of kindling promise and hot spots where usage is common and expertise is in full bloom. When we look at it this way, we see how telematics utilization can grow and spread across functions.

Even at a high level, though, there are signs of increasing interest and telematics adoption within insurers year over year. There is even a small wave of progression from one phase of adoption to another, which gives us a peek into the shifting mindset of commercial lines insurance carriers regarding telematics utilization.

82% of commercial insurers have some level of telematics adoption, up from 65% in 2023.

Between 2023 and 2024, insurers have matured in their use of telematics. Fewer insurers stated that they had no experience but were in the planning stages, and more stated that they were in the early stages of adoption. There was also a shift in those who moved from early stages of adoption to those who are “actively using” telematics. As the types of telematics devices expand and as telematics data grows diversified across more advanced levels of analytics and reporting, some insurers may never consider themselves advanced. There is always room for growth.

Even though 82% of commercial insurers have some level of adoption, only 40% of those surveyed sit within those departments where it is in use. This is slightly higher than in 2023, when 38% of respondents claimed to be using telematics. There are a growing number of departments who have begun incorporating telematics but have not yet fully implemented it, 33% in 2024 versus 19% in 2023.

Dedicated Telematics Teams Are Now Necessary — and the Norm

When data science began to grow within insurance practices, data scientists and analysts could find themselves on any departmental team where analytics was needed for reporting and model development. As volumes of data have grown and as data types and gathering methods have become more specialized, it makes sense that insurers would begin to unite and specialize certain types of analysis and application under one functional umbrella.

60% of commercial insurance carriers now have a dedicated telematics team, up from 27% in 2023.

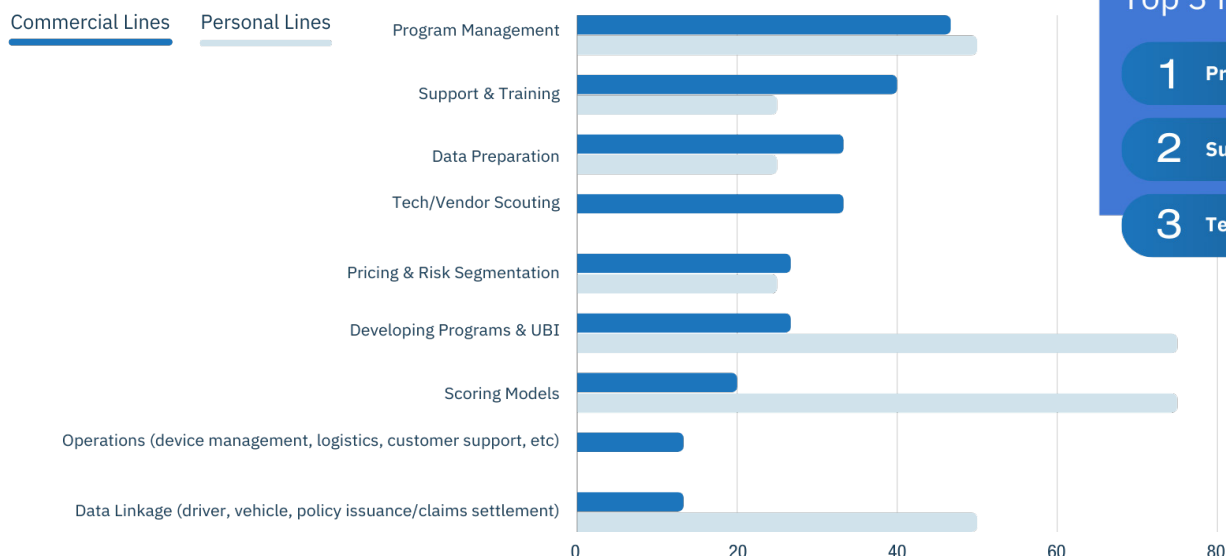
This seems to be the case with telematics. Insurers are realizing that telematics is here for the long haul and it is time to form telematics teams. In

SambaSafety's 2023 survey, 27% of commercial insurers had a dedicated telematics team. In 2024, that number has jumped to 60%.

Telematics teams are responsible for so much more than telematics data — a realization that likely drove insurers to consider a team approach. No one person would be able to handle all of the responsibilities that would be connected to telematics.

We can see the growing number of telematics team responsibilities by looking at how wide the areas of focus are across commercial insurers. Aside from program management (47%), telematics teams have been given the task of scouting and managing tech vendors, training business functions, preparing data for reports, helping to price and segment risks and much more. Skimming the functions list for the telematics team is a quick look at the future central nervous system of the business. When telematics is fully realized within the enterprise, it will touch all core systems at some level.

Commercial Lines vs Personal Lines Dedicated Telematics Team Focus



COMMERCIAL LINES Top 3 Focus Areas

- 1 Program Management
- 2 Support & Training
- 3 Tech/Vendor Scouting

Leading the Telematics Charge

Telematics reduces risk and reduces exposure. Whichever area or department has the most to lose has the most to gain from telematics. Claims comes to mind. However, today's Claims department has a special agent on its side — Loss Control. Loss Control or Risk Control departments reduce loss ratios by helping policyholders recognize risks ahead of claims. They also reduce broad-level risk by helping the insurer reduce exposures through greater visibility. These are telematics sweet spots, often enhanced by supplemental data pairings such as violation, court and claims data.

In 47% of commercial auto carriers, Loss Control is the department leading the charge for telematics.

Dedicated telematics teams take a multi-disciplinary approach, with the highest representation coming from Loss Control (47%), followed by Underwriting (23%) and Business Lines Units (23%). Knowing which departments lead can be indicators of the types of telematics the insurer will be using and the next likely steps for telematics growth.

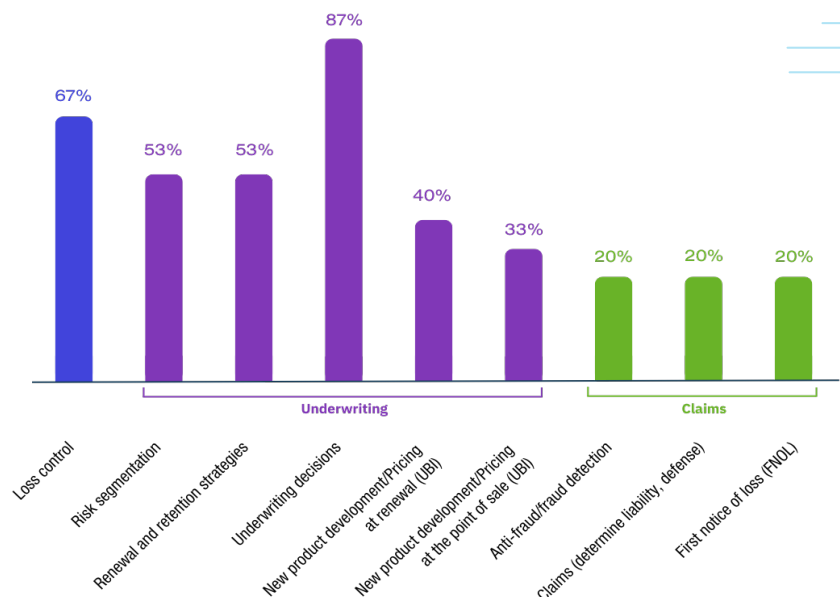
Commercial Insurers
Are Prioritizing
Underwriting & Loss
Control Activities

Multi-Disciplinary Telematics Team:

47%	Loss Control
24%	Underwriting
24%	Commercial Auto Business Unit
18%	Actuarial
18%	Innovation
12%	Product Management
6%	IT & Operations

Telematics' Big Benefits Challenged by Data Constraints

Looking deeper into the areas of focus, we explored where commercial insurers see the greatest benefit of telematics. What activities are they prioritizing? In this case, underwriting came out as the clear first option with 87% of respondents saying that underwriting decisions benefit the most from telematics data, followed by loss control (67%), risk segmentation (53%) and renewal and retention strategies (53%). Claims activities like fraud-detection, FNOL and liability determination were less mature for the survey respondents.



Varied Data Sources Represent a Challenge for Commercial Carriers

Since 85% of carriers have some level of adoption, it seems that most carriers are trying to prepare to add whichever data sources they need — those sources that can answer the questions their departments are asking. They have to be prepared to take that data from numerous devices and sources — then somehow amalgamate it in ways that will make it useful and easier to work with.

Some carriers are dealing with the challenge by encouraging use of the insurer's chosen providers or providing their own devices to fleet customers, as is the case in 45% of respondents. Roughly 36% accept data from telematics solutions that are already used by the policyholder. This does not include ELDs — which are also a source of data for 45% of the respondents. This approach certainly makes program adoption easier as fleets aren't required to invest and train employees on new devices or platforms to participate.

36% of commercial lines carriers leverage data from existing policyholder telematics devices.

While carriers are figuring out which data sources they will use, 51% of fleets are adding new, additional telematics devices in the next year. New devices will mean new data sources. This is an opportunity and an issue for carriers already faced with challenges regarding how, when and where they will utilize the data that is currently available. This is where

partnering with a telematics aggregator can benefit, by streamlining ingestion and normalizing data from multiple providers.

The growing capabilities of AI and its ability to gather insights will drive commercial lines insurers to prepare their data infrastructure and expand their telematics experience.

Looking at the activities outside of underwriting, it is clear that respondents see telematics as a tool with wide application across many functions. There are plenty of benefits to be spread around. Insurers could use the survey data as a springboard for an enterprise-wide assessment, asking:

- Which questions can telematics answer within each functional area?
- Where are there overlaps?
- Are there areas where telematics can now supplement plans/growth strategies?

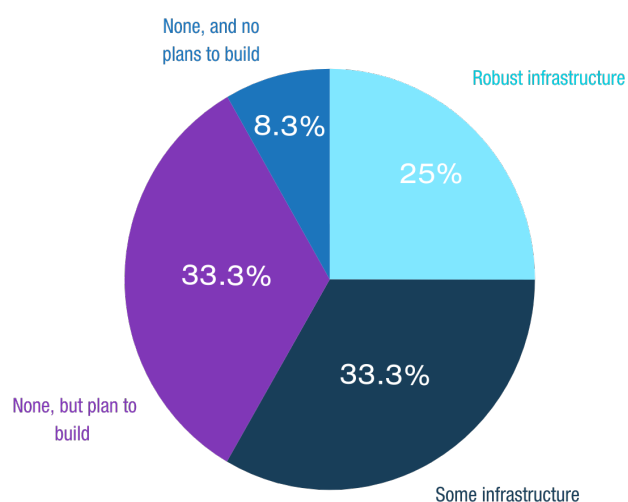


Are Commercial Lines Carriers Prepared to Handle Telematics Data?

APIs and cloud computing have given many insurers valuable, non-telematics data handling experience. Telematics data, however, will stretch an insurer through its variety and volume.

If an insurance carrier decides today that it is ready to capture telematics benefits, one of the next hurdles will be how to handle the volume of data. Fortunately, commercial lines insurers know this is an issue. Only 25% of insurers categorize themselves as fully capable of handling large amounts of telematics data. Over 33% have some infrastructures that would need enhancement. One-third have no data infrastructure, but plan to build it out.

Regarding your **ability to process large quantities of telematics data**, which of the following best describes your current infrastructure?



Strategic Partnerships Enable Scale

Lack of resources (58%), lack of analytics capabilities (17%), significant complexity and lack of experience (25%) are all reasons that insurers listed as barriers to leveraging telematics. With the rapid growth in telematics and the expanding set of telematics devices, insurance carriers may have a growing sense that they are falling behind. Can they still take advantage of telematics in a way that will keep them competitive?

As telematics teams grow in size and become more prevalent within commercial lines, competition will increase, requiring an even greater need to leverage partners to stay ahead of the curve. Those insurers who are in the early stages of adoption may use third-party services and experience to coach their teams and grow their expertise. Those who are further along in the telematics adoption curve can benefit from an aggregator to allow them to easily ingest and use a broader range of telematics providers currently in use by their commercial customers. This can accelerate the speed in which they can scale their operations. Insurers who are already experienced will expand their capabilities by expanding the areas where they can utilize telematics impact. Whether they are partnering for data aggregation, risk scoring, benchmarking, training content or modeling — experienced insurers will use these partnerships as building blocks for future expansion.

Leveraging Telematics Data — Real Issues vs. Misperceptions

If 25% of insurers categorize themselves as ready for telematics data, then 75% have reasons why they are not ready. Survey follow-up questions helped to sort through those reasons to see if solutions might be closer than commercial carriers currently know.

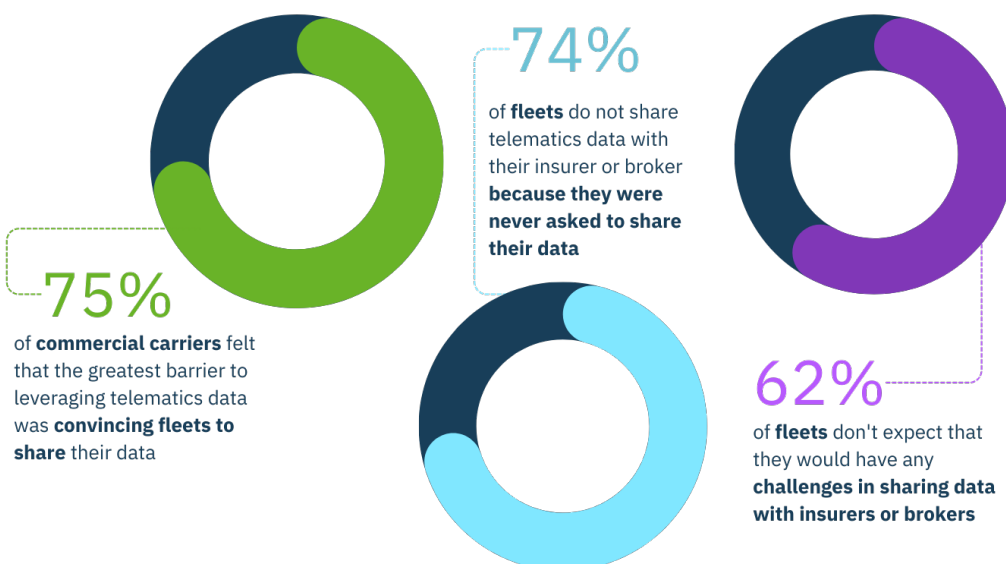
In most instances, carriers have a clear grasp of the hurdles involved in leveraging telematics. In some cases, those hurdles are growing. In 2023, for example, 31.6% of carriers listed one of the greatest challenges for leveraging telematics data was the timing and resources it required. In 2024, that number has jumped to 58% — an acknowledgment that the issue isn't getting any easier to deal with.

This year, 67% of carriers said that “the business transformation required to effectively use data to

create value in their processes” was a major hurdle and 50% said that the costs for obtaining and managing the data were too high. One quarter of the carriers said that the complexities and lack of experience with telematic data stood in the way. The big surprise, however, was that 75% of commercial carriers think getting fleets to share telematics data is their toughest challenge.

Responses from the fleet survey contradict this perception in a way that is uncanny and nearly inexplicable. If carriers feel that fleets won't share data and a majority of fleets feel they have never been asked, communication and education between the two is its own hurdle to telematics adoption. Brokers may need to build some new bridges.

Irreconcilable Perceptions



Top Threats to Commercial Auto Profitability

Commercial auto profitability has been on a downward trend for years. Commercial lines respondents identified significant threats to profitability. Insurers and brokers agree on the top three threats: increased litigation and nuclear verdicts, distracted driving and increased claims severity. Telematics holds the key to reducing these risks, and both groups agree telematics is critical to improving profitability for commercial auto.

64% of respondents believe that increased accident severity is one of the greatest threats to commercial auto profitability.



100%

of **commercial lines carriers** agree that telematics data will be **critical to improving commercial auto profitability**

63%

of **commercial lines brokers** agree that telematics data will be **critical to improving commercial auto profitability**



Risk Consulting Spotlight



Nancy Bendickson, Aon Global Risk Consulting
Managing Consultant

Clients can often feel overwhelmed when they begin to implement telematics. Telematics devices generate a wealth of information and events. Success with telematic systems depends on many factors – existing fleet safety processes, management support for implementation, identification of key metrics to measure and if coaching is done in a timely manner with a corrective action plan implemented. The goal of telematics is to identify at-risk driving behaviors that increase vehicle crash potential and negatively impact total cost of risk for clients.

The key to unlocking the value of telematics is in understanding how to use the data effectively. Rather than getting lost in the noise, it's important to have systems that help you identify the events that matter most, and data acted upon. Solutions that sort through the information and highlight what needs to be addressed provide the greatest value. This is where our Casualty Risk Control Consultants come in. We understand that not all fleets are at the same stage of telematics adoption, and our job is to guide clients through the complexities, helping them find the approach that works best for their business.

For most, telematics is the right solution, but it's essential to first understand a client's unique needs before positioning its value. Our role is to make

“Telematics solutions that cut through the noise to highlight actionable insights provide the most value, allowing clients to focus on what truly matters.”

sure they're equipped with the tools and insights to improve their risk profile and ultimately reduce incidents.

About Nancy

Nancy Bendickson, Managing Consultant for Aon Global Risk Consulting (AGRC), has over 40 years' experience in safety management and insurance risk control, including work with multinational corporations. Nancy's success has been achieved by partnering with clients to develop and implement safety management systems for occupational and fleet exposures and develop and deliver occupational and fleet communication programs. Nancy is the AGRC – US Thought Leader for Transportation Safety. Nancy's service expertise includes DOT and non-regulated fleet safety management assessments, occupational safety system management audits and technical resources on OSHA and DOT issues.



Data-Driven Policyholder Programs Are on the Rise

The results from the fleet survey are promising. It is clear that fleets are more ready now than ever before to engage with insurers. With an already higher utilization of telematics and growth expected into 2025, companies are taking action.

Insurers are investing in teams and infrastructure to go all-in on telematics. Fleets are seeking greater control over persistent premium hikes and are paying attention to the impact telematics can have on their bottom line. Brokers value telematics' ability to position their clients more favorably when placing their risk.

In each of these groups, telematics use and adoption is trending higher. Yet none have fully reached the potential for using telematics to lower risk and improve profitability.

What are the primary hurdles to adoption? What progress has been made since last year? How can insurers build on the momentum to finally capitalize on telematics for commercial auto? Let's start with measuring the progress.

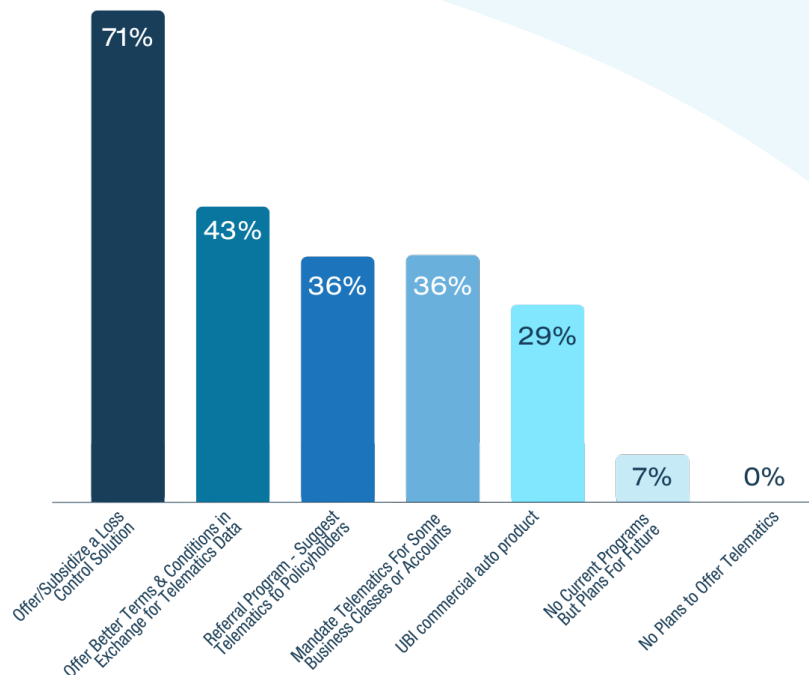
Top Commercial Telematics Programs

71% of commercial carriers offer or subsidize Loss Control solutions.

43% offer better terms for fleets that share data.

Commercial Auto Telematics Programs

What telematics programs do insurance carriers currently offer to commercial auto policyholders?



Progress in Commercial Auto UBI and Telematics May Initiate Engagement Between Insurers, Brokers and Fleets

We now know that telematics is growing in importance within insurance companies. Insurers are pursuing a broad range of telematics concepts and introducing new services and programs to their commercial policyholders. In fact, virtually all commercial carriers surveyed either currently offer or have plans to offer at least one telematics program in the future. Only 7% do not have a telematics-based program in place today.

Where have the rest invested? It is not uncommon to find multiple telematics programs already in place in commercial lines, with the largest percentage of respondents offering or subsidizing a loss control

solution (71%). The next highest is in underwriting, where fleets can benefit from better terms in exchange for telematics data. Over one third have made telematics participation mandatory for certain classes and accounts. This can establish a relationship of unified purpose where telematics can be used to drive down risk, and lower risk can be used to drive down premiums. UBI is still on the low end, with 28% of commercial auto insurers claiming to have a UBI product. It makes sense why only 6% of fleets are taking advantage of UBI today. Commercial lines insurers have work to do in this area.

Insurance Carriers Wake up to UBI Product Development

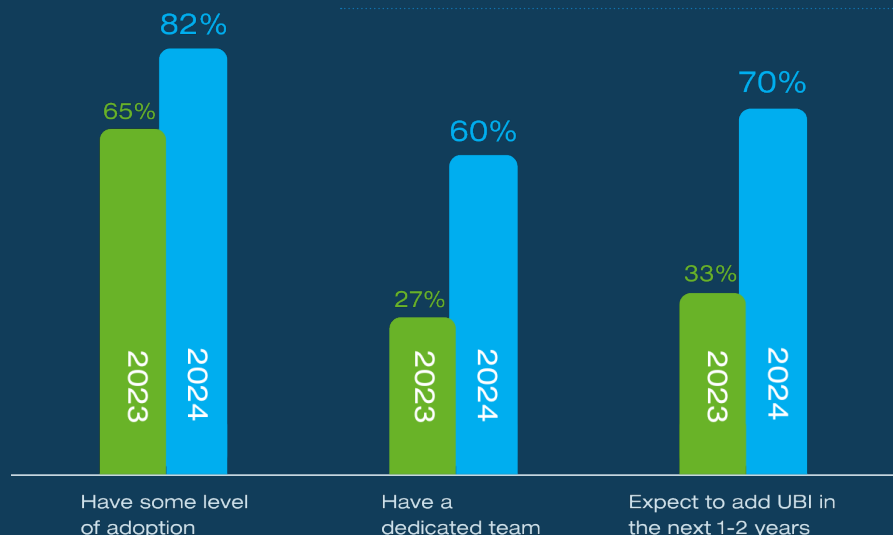
Someday, auto insurers may look back and wonder how they ever rated, priced or protected without telematics-based insurance products. Commercial insurers recognize the opportunity in UBI and are actively taking steps to make it a reality. This may ultimately kick all commercial carriers into gear. There are signs that deeper telematics adoption is speeding up within commercial carriers, which will lead to more widespread UBI product offerings.

In 2023, 39% of commercial insurers surveyed said that UBI products were not a part of their business plan. In 2024, that number has dropped

to 20%, with the other 19% shifting to either one to two years or three to five years away from implementation. Such an incredibly quick shift in business strategy falls right into line with the dramatic increase in dedicated telematics teams.

Currently, 20% of commercial lines insurers claim to be launching their UBI program in less than 12 months.

Commercial
Auto
Telematics
is Maturing



Commercial Auto UBI Progress

Why has interest in UBI finally become mainstream? Previously inaccessible technologies have become more common and usable. At the same time, an understanding of the data models required for UBI has improved. Commercial insurers are clearly catching on, and many leverage partners to support them in accelerating their efforts.

UBI is the clearest link between insurance telematics and profitability. Telematics is more than just data. Within UBI, it is a new business model. Telematics provides an entirely new type of “protective cover”

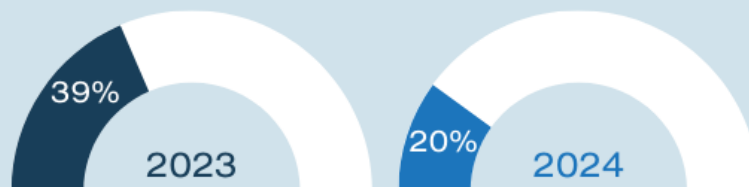
that is powerfully predictive. UBI products, at their core, are a partnership between driver, owner and insurer to stay safe and mitigate claims.

In 2024, 24% of commercial carriers exited the research phase and began selecting telematics vendors, creating products and piloting products.

Commercial carriers **still in the research phase** of UBI product development



Carriers with **no plans for UBI products**



Tracking Policyholder Engagement

Insurance meetings between customers and their agents or brokers will always be a matter of motives. What do they need from each other that is worth scheduling a meeting?

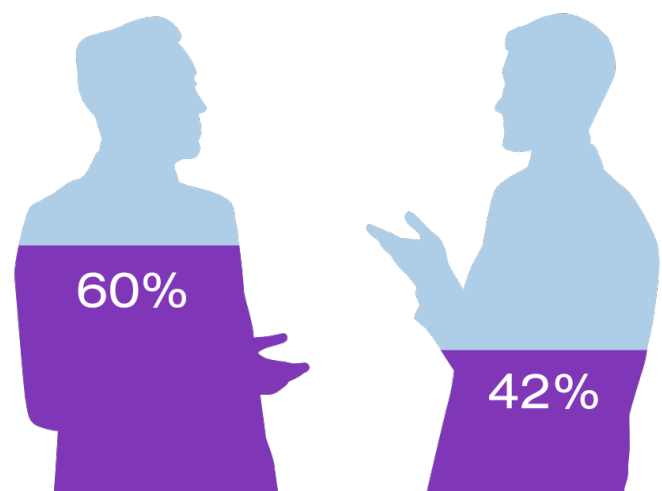
Though some agents and brokers keep their customer relationships on autopilot (never meeting unless there is a claim), most agents and brokers do meet with their clients. Among commercial brokers, 40% only meet with policyholders as needed for a claim or a risk event, but the remaining 60% do meet with customers on a regular basis, either quarterly or on another schedule.

In personal lines, regular meetings are slightly less frequent (42%), but still high, considering an up-and-coming demographic that handles most relationships and transactions.

In 2023, only 14% of commercial brokers surveyed met with clients on a quarterly basis. In 2024, this number jumped to 45%.

In order to overcome concerns within personal lines about privacy and skepticism and increase adoption of telematics services and UBI products, agents and brokers have to sensitively introduce the products to clients. In personal lines, this requires a deliberate building of rapport over time. While the same holds true for commercial lines, the involvement of Risk Control fosters a deeper consultative relationship, helping bridge that gap in more complex commercial engagements.

How many agents meet regularly with policyholders?



Commercial Lines

As needed 40%
Quarterly 50%
Annually or less frequent 10%

Personal Lines

As needed 57%
Semi-Annually 14%
Annually or less frequent 29%

A Holistic Approach to Reducing Risk

Telematics is just one tool in the risk mitigation toolbox. It can supplement functions of the other tools, such as training and incentives, but it is helpful to consider telematics within the context of other programs which contribute to one, holistic approach.

Carriers and brokers are both interested in reducing risk, and they are pursuing similar ways of helping their policyholders.

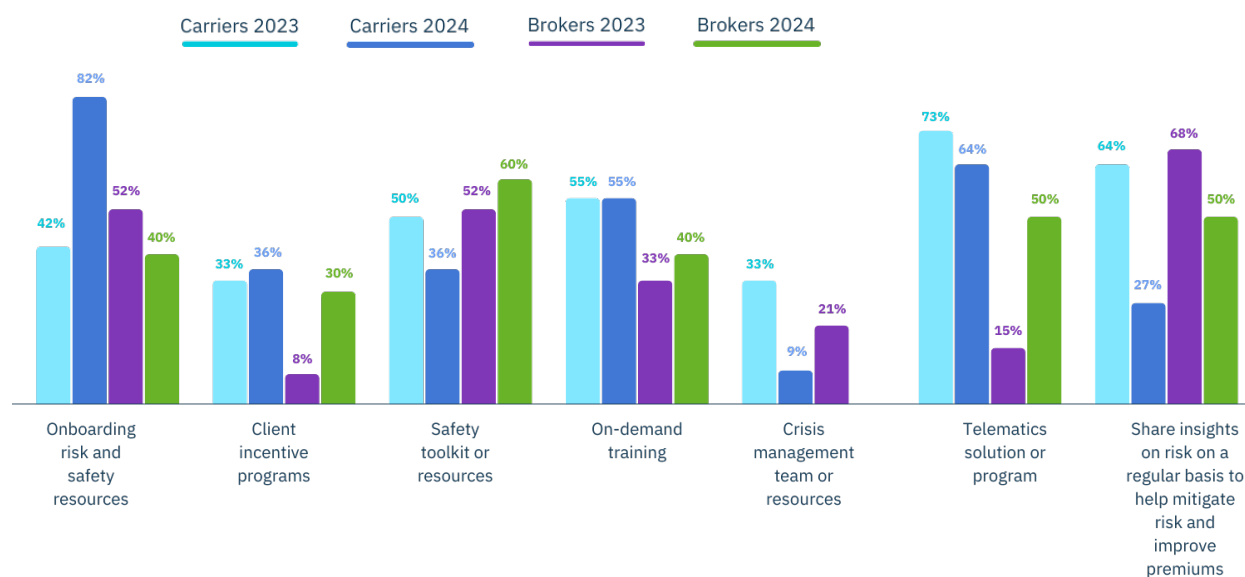
In 2024, more commercial carriers are adding onboarding risk and safety resources. Brokers plan to offer safety toolkits or resources, such as employee handbooks. On-demand training stayed strong across 2023 and 2024, with 50% or more carriers and brokers offering this tool to their fleet customers.

These efforts are well-timed. Today's fleet drivers are younger and less experienced than ever across

all industries. There is also a traditionally high rate of turnover in some segments, such as trucking, where turnover eclipsed the 20% threshold for the second time in three years according to the National Private Truck Council (NPTC) 2024 Benchmark Report³. Onboarding and training resources can help fleet leaders compete and retain talent while strengthening the relationship between the broker and their policyholder.

In 2024, 64% of commercial carriers and 50% of commercial lines brokers plan to augment risk control resources in the next year.

What risk tools or resources do you offer or plan to offer in the next year to commercial clients?



Driver Training Moves From “Maybe” Toward “Must”

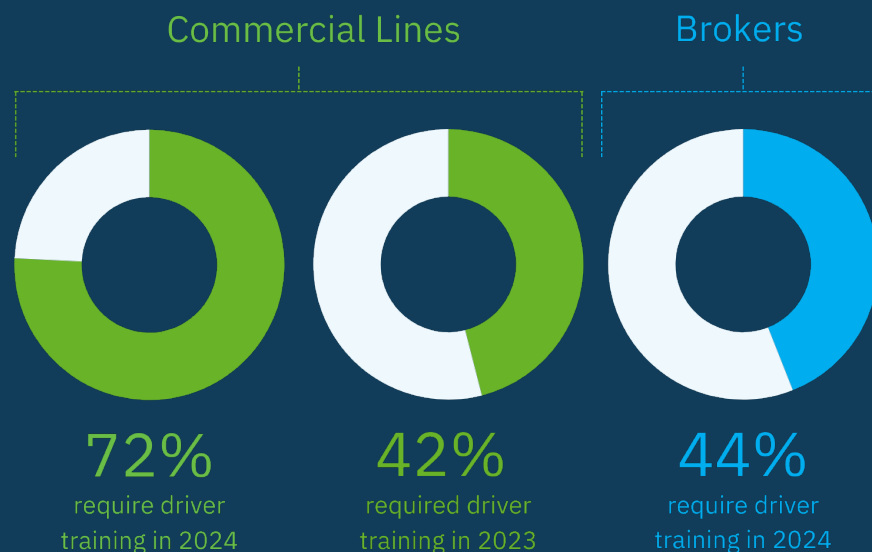
Distracted driving is on the rise and is estimated to have caused over 3,300 fatalities in 2022⁴. This, along with the increase in claims severity, is causing commercial carriers and brokers to show a new interest in leveraging training for claims prevention. Over the past two years, we have seen commercial carriers shift their views on how vital training may be to them.

In 2023, only 46% of commercial lines carriers required policyholders to have a driver training program. In 2024, this number jumped to 72%.

Training is making a significant impact on violation and risk profile reductions with fleets, and insurers are taking note. SambaSafety's recent efficacy study found that driving violations were reduced by 77% after a year of continuous monitoring and training⁵. There is also a clear reduction in risk after integrating telematics and training into a holistic risk management program — improving risk profiles by 26% in the first six months. This is further supported by 72% of fleet respondents reporting they have reduced crashes and claims with the combination of telematics and training.

In 2023, 38% of commercial insurers weren't recommending driver training to their policyholders. In 2024, this number fell to just 18%.

Telematics can play an important role in fleet training and education, so this is another opportunity for carriers and brokers to foster stronger relationships with fleet customers. Carriers and brokers should both be interested in trend data derived from training programs. If improvements are being made against a shared set of goals, it is a chance for commercial lines carriers to solidify loyalty with existing customers through incentives and discounts while they improve their recommendations to other fleet customers.



Telematics Through the Broker Lens

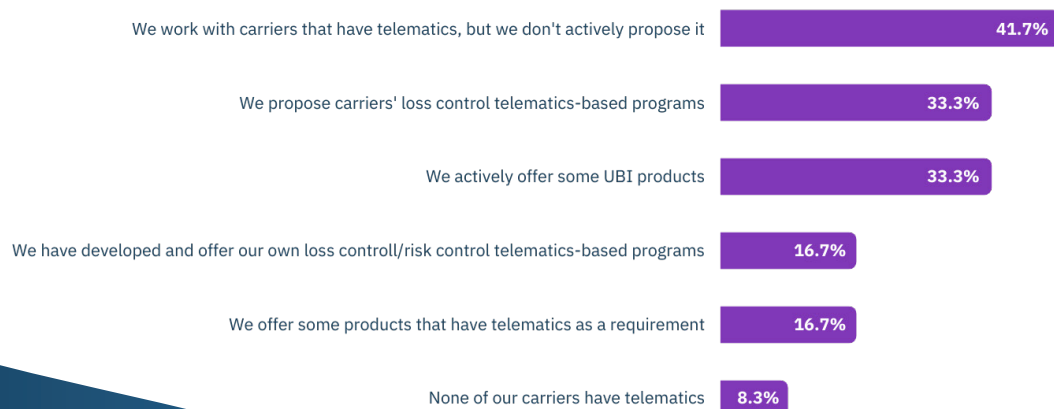
Insurance brokers are in a unique position to help lower fleet risk. They are experts at understanding commercial auto clients, and they deeply grasp the concerns and perspectives of the commercial carriers they select. Brokers can be valuable translators between carriers and policyholders, but they may not necessarily see this as their most important role.

The broker's first concern is the fleet policyholder. What is best for them in the long run? What makes sense? For some brokers, addressing client concerns may not include prioritizing telematics. In fact, 42% of commercial brokers said they work with carriers that offer telematics programs, but they aren't actively proposing them - and only 33% of brokers are actively offering commercial UBI products today.

This could be because brokers don't feel the carrier programs are adequate for their clients, as some respondents indicated. Other reasons include the perceived complexity of the sale. No two offerings are alike.

42% of commercial lines brokers don't actively propose their carriers' telematics-based programs.

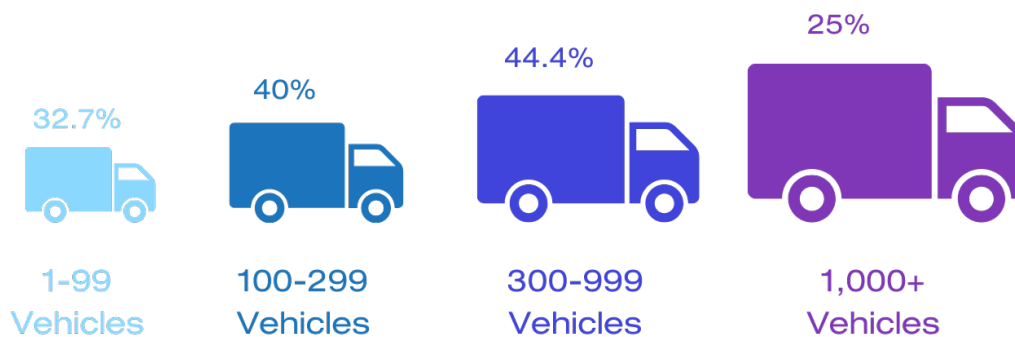
What Telematics Programs Are Commercial Brokers Currently Recommending?




Commercial Auto Telematics Data Sharing

Part of their reluctance appears to simply be that the clients themselves may wish to keep some distance. Some commercial lines clients are reluctant to share their telematics data with commercial lines carriers. This fear seems to grow, depending upon the size of the fleet. The smaller the fleet, the greater the reluctance.

What size fleets currently share data with their insurer or broker?



According to broker respondents, there are a number of reasons that commercial clients are reluctant to share their telematics data. Three of the five reasons relate to skepticism over privacy and how insurers will use the data. The initial cost and installation of the devices seems to be a stumbling block (30%). For 70% of commercial lines brokers, they felt that policyholder lack of awareness and understanding of the benefits and rewards was an issue.



The Most Frequent Objections Brokers Hear from Fleet Policyholders About Sharing Telematics Data

- 01 Initial cost and installation
- 02 Lack of awareness and understanding of benefits and rewards
- 03 Perception of intrusiveness, skepticism and distrust for the insurance sector
- 04 Privacy concerns and feelings of intrusiveness from their drivers
- 05 Unwanted exposure to the uncertainty of the amount of premium to be paid

Recommending UBI Products

Brokers naturally consider client needs, but they also must pay attention to agency needs. As they weigh which carrier options make good protective sense for fleet policyholders, they are also weighing which products and carriers make good financial sense for the agency.

When it comes to UBI products, brokers had both positive and negative views on how UBI programs have impacted the agency.

50% of brokers think that the discount offered for UBI programs helps them compete and win new business, while 13% don't see any economic return to the agency.

How do we get carriers and fleets together on a track that fosters their mutual goals of reducing risk, without jeopardizing a broker's financial incentives for carrying certain products? Carriers may need to find ways to incentivize their programs, making them more appealing to brokers and policyholders.

It is clear that all three groups recognize the immense value of telematics to their business goals and believe it is critical to solving profitability and safety challenges, yet each is somewhat siloed in their approach. There is an opportunity for them to work more closely with one another to accelerate progress in reducing roadway risk. It is vital that carriers both educate and simplify the value proposition for brokers and clients if they want to be successful.



Connecting the Dots to Multiply the Benefits of Telematics

Complete telematics adoption across fleets and commercial carriers may come sooner than we think. The benefits are compelling companies to move quickly. Fleets, insurers and brokers stand to increase safety and profits by prioritizing telematics in their organizations. Telematics has taken time to take hold, but now that roots are established, everywhere stakeholders look, they find growth.

Telematics are growing across fleets. Industries such as construction are generating record growth in telematics adoption. Telematics is paying off in the safety programs that fleets are using. It is even raising job satisfaction levels among fleet drivers.

Insurers are stepping up their telematics programs. They are forming teams with a wide variety of functions that will benefit the whole enterprise. The stage is being set for system transformation and business models that will bring telematics to the center of operations.

Most commercial brokers see the value in telematics as a risk-reducer and a catalyst to improving commercial auto profitability. And most see the positive difference that telematics is making in fleets through safety and loss control programs.

Next Step — Shared Goals and Unified Purposes

The best results from telematics, however, can only be found when all stakeholders unify behind shared goals that yield shared results. The rewards that are already growing will be multiplied when stakeholders work toward solving each other's challenges at the same time they are solving their own.

The Next Steps Fall into Four Actions

Share

Sharing is a two-way street. Insurers and brokers need to request telematics data from fleets, clearly explaining how the data will be used and how fleets will benefit from sharing. Commercial insurers should be quick to share data insights with fleet operators as a way to help fleets further reduce risk. All stakeholders should share safety and risk reduction goals such as improving levels of training, honing onboarding communications and lowering claims incidents.



Incentivize

Growing levels of risk in commercial auto are causing acquisition, profit and retention issues. Profits are on everyone's mind. Telematics provide their own incentives because knowledge can provide a safer environment with reduced risk. Shared financial incentives, however, should also play a role in helping to establish solid relationships between commercial insurers, brokers and policyholders. If brokers receive better incentives for selling insurer telematics services, loss control services and UBI products, they are far more likely to facilitate the kinds of communication needed to increase telematics adoption.

Prepare

The nature of risk is in constant flux. Traditional quoting and underwriting methods with minimal data sources are no longer sufficient for predicting risk. Insurers need to prepare to take in relevant new data sources. The real value that will provide safety and profitability is in data analytics that will drive action. Insurers need systems, methods and partners that will help them ingest, analyze and act upon telematics. These will help insurers to underwrite, prevent loss and inform product development.

Communicate

Telematics stakeholders should aim for open lines of communication. As commercial auto insurers form new plans around telematics, transparency and communication should be a vital component. This will help brokers to completely understand methods and motives, so their messages can be

carried through to policyholders. Brokers should prioritize meeting with clients—the only way to extend insurance telematics products and services is to meet with fleet operators and explain the benefits of telematics sharing, loss control services and UBI products.

To improve understanding and awareness, insurers and brokers must answer policyholder questions and objections about sharing data. What are the real costs of installation? What are the benefits and rewards? What kinds of premiums can fleets expect with telematics sharing and UBI? What are all of the products and services available that will help lower fleet risk and fleet costs while improving fleet profits?

Each group is working through a unique set of challenges. Some challenges are based on knowledge, understanding and perception. Other challenges are critical technology or data issues that hinder development and adoption. SambaSafety is at the center of these conversations, helping insurers, brokers and fleets to connect the dots that will provide the right kind of growth. We are excited about how telematics is already making transportation a safer and more profitable industry, and we are compelled by the knowledge that it can do so much more.

For more information on how SambaSafety is connecting companies to telematics, visit SambaSafety.com