

10 ACTIONS

YOU CAN TAKE TODAY
TO AVOID SKYROCKETING
INSURANCE PREMIUMS

INTRODUCTION

In our last eBook, “**6 Hot Topics Driving the Need for Video,**” the number one hot topic mentioned by our customers was rising insurance rates. Although a lot has happened since the beginning of the year, increasing insurance rates continue to be in the front of everyone’s mind.

With the average cost of truck insurance premiums rising 12%, fleets continue to feel the pain of double-digit percentage premium increases. In addition, nuclear verdicts are on the rise – from an average of \$2.6 million in 2012 to \$7 million in 2017 to more than \$17 million in 2020 – putting many fleets out of business.

At least 795 trucking companies failed in 2019, with 24,000 trucks removed from the nation’s capacity, according to Donald Broughton, principal and managing partner of data firm Broughton Capital. That’s more than double the number of failures recorded during 2018. This is a trend likely to continue through 2020.

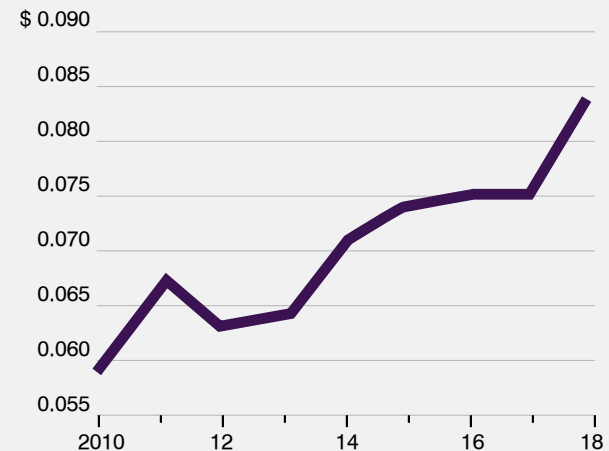
Further adding to the growing pressures, insurers are forced to be ultra-selective with buyers due

to the heightened costs of potential lawsuits and increased risk. Even the safest fleets need help to combat these challenges.

PREMIUM GROWTH

The average cost of truck insurance premiums rose 42% from 2010 to 2018

Average annual cost per mile for truck insurance premiums



Source: American Transportation Research Institute

WHAT ARE THE STEPS YOU CAN TAKE TO AVOID SKYROCKETING INSURANCE PREMIUMS TODAY ...AND IN THE FUTURE?

OUR PANEL OF EXPERTS

To get you the information you need to protect your fleet's bottom line, we asked four industry experts:



JOE DARBY

Director, Safety & Risk Control, [Aon Risk Solutions](#)

As Director of Risk Control of the Transportation and Logistics Practice for Aon, Joe Darby is responsible for motor carrier safety and operations management crash prevention, work comp loss prevention and FMCSA regulations compliance. He works with trucking companies to manage their total cost of risk and advises clients on how they can be a preferred partner with insurance carriers.



KEN CRIPPEN

President & CEO, [ATTIC RRG](#)

Ken Crippen is President and Chief Executive Officer of American Trucking and Transportation Insurance Company, a Risk Retention Group. ATTIC, RRG is a captive insurance company. Domiciled in Montana, ATTIC, RRG writes liability policies for mid to large-size motor carriers. ATTIC, RRG was formed in 2002 and currently insures 13 motor carriers operating 6,500 truck in the U.S., Canada and Mexico.



MATT RATHJE

Vice President of Risk Solutions, [TrueNorth Companies](#)

Matt Rathje is Vice President of Risk Solutions for TrueNorth. He has over 12 years of Claims and Risk Solutions leadership experience working with clients, insurance carriers and strategic partners. He currently leads TrueNorth's Risk Solutions Team, which is focused on driving value to clients in Claims, Safety & Loss Control, Strategic Communications and Technology.



CHRIS VOGEL

Senior Vice President, [Cottingham & Butler](#)

Chris Vogel, Sr. Vice President, Transportation Group, Cottingham & Butler, leads the firm's transportation and logistics business. Chris is a trusted advisor to one of the largest collections of trucking accounts in the nation. Chris has extensive experience in risk financing, large deductible programs, SIR's and played a key role in starting and managing Cottingham & Butler's seven exclusive trucking captives.



INSIGHTS FROM **AON**

There are several steps you can take to prepare for your next renewal. But no matter what steps you take, don't take your eyes off the frequency and severity of your incidents. Why are they occurring? How are they occurring? And, most importantly, what mitigation plans do you have in place to prevent bad incidents from occurring?

IMPROVING YOUR RISK PROFILE

Along with understanding the frequency and severity of incidents, it's important to focus on improving your risk profile. But where do you start?

- **Develop a continuous safety action plan and keep it updated.**
- **As you look at your losses and your history, put a plan in place to improve those efforts and document your initiatives.**
- **Create a tracking system so all your efforts are readily accessible.**
- **Include everything in your safety action plan – no matter how large or small.**

INVEST IN SAFETY TECHNOLOGY

The best ways to reduce the frequency and severity of crashes is to invest in safety technologies, such as a **video-based safety program**. Video has become part of our

safety culture to ensure a safe fleet operation. As a result, when you meet with your insurance carrier, be prepared to answer:

- **Do you have a video program?
What is the program?**
- **If you don't have video, why not?**
- **What is your plan for the information you're capturing from the program?
(Just having video is not good enough.)**

In the area of technology, don't forget the driver. Have you done readiness testing? Have you looked into Fitness-for-Duty apps that can help you understand your drivers' reaction time? And don't forget good wellness apps. All of these will help you ensure your drivers are healthy and ready to drive – safely.

COMMUNICATIONS AND PARTNERSHIP

When communicating with your insurance carrier, it's important to select a point person who can communicate countermeasures that you have taken to

Remember: Insurance companies are inundated with requests for coverage. Why should they work with you?

mitigate loss. In addition, that person should be able to share your successes and articulate what makes your company special.

Don't be afraid to tell people about where you've improved and how you plan to continue improving your fleet's safety profile.

Lastly, PARTNER with your insurance carrier. Don't look at the relationship as "us vs. them." Work together to find a solution that will work for both of you. And look beyond the basic insurer-insured relationship for opportunities to get more for less. Utilize the added-value services the insurer might offer at no additional fee. Underwriters understand your pains, and want to know how you've improved. They want to be part of your organization.

Remember, you want to be that preferred risk. Be proud of what you're doing.



INSIGHTS FROM atticrrg insure and steady.

A common question heard throughout the transportation industry is, “Why are my rates going up when I’ve had great loss experience?” Unfortunately, it’s not just your loss experience that determines your insurance rates.

WHAT MOTIVATES YOUR INSURANCE CARRIER?

It’s important to understand what motivates insurance companies, how their decisions are made in pricing, and the information that’s used in pricing particular risk. And since all of these are out of your control, it’s imperative that you understand what areas you can control and where you can create an opportunity to perform better.

Since the loss performance of the entire book of business for an insurer is a major factor in its pricing, have a say in what other motor carriers are insured by your insurer. Look for like-minded carriers with similar safety and risk attributes. Consider a Captive.

Continually reevaluate your position as now may be the time to look at a higher deductible.

Evaluate your financial ability to take more of the risk to control your loss performance. Taking on a higher deductible as you

grow can provide more control over your own destiny and can help you with your premium cost.

REINSURANCE AND SYNERGIES

Look to change the excess relationship into a reinsurance relationship. Reinsurance provides claims resolution support vs. excess coverage, which forces resolution to protect excess insurers. A Captive has the ability to control the entire limit and then seek reimbursement from the reinsurer. **Reinsurance** of a captive sits above and behind the captive's layer, and can, in many circumstances, be called upon in the event that the captive does not or cannot respond to a claim. **Excess insurance**, in general, does not always respond to a claim below its attachment point, regardless of other issues. (Source: IRMI)

Rely on synergies with your partners – those who are insured by your insurer.

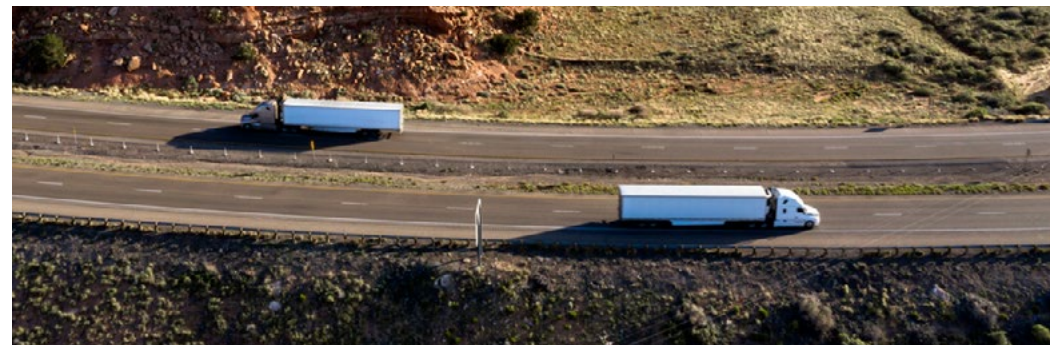
Whether its loss control, safety best practices or claims management, it's important to know who you're in business with and share your successes. In some instances (particularly with Captives), your insurer will provide active loss control support,

including financial contributions for key safety technology, such as a video-based safety program. Cross pollination is key to success.

QUICK CLAIMS RESOLUTION

Claims management is difficult. That's why it's critical to have quick claims resolution. Remember, a claim doesn't get better with time. Be involved – even with the smallest claims. Work with your insurer to obtain the most reasonable resolution possible. The motor carrier-driven captive understands this and works in this environment better than a traditional insurer.

It's an unfair environment for mid-to-small trucking companies because pricing is out of your control. You need to strive to gain more control to improve your insurance outcomes. Consider an insurer who has claims management where the motor carrier's input is the first consideration – where reserves are based on ultimate exposure versus insurance company needs.



INSIGHTS FROM



Too many fleets leave money on the table. It's important to be creative to mitigate past, current and future losses around claims. By innovating, you can drive value by finding dead dollars – or compressing those dollars – in claims that you may not even realize are sitting in your files ... ultimately boosting your bottom line.

SUBROGATION EFFORTS

The main focus after a tractor physical damage claim is getting your truck repaired quickly and getting your driver back on the road as soon as possible.

As a result, subrogation is often an afterthought and there's little effort put forth to pursue the at-fault party. Unfortunately, very few trucking companies have dedicated subrogation specialists who can maximize their loss of use, loss of revenue and understand the subrogation statutes across the country. So how do you use subrogation to your advantage?

Be sure to bolster your investigation on the front end to increase your likelihood of subrogation activity on the back end.



Review your last four years of claims and pull a report to assess how successful you have been with subrogation. Look at your dollars recovered divided by the dollars paid. Compare your results to the National Association of Subrogation Professionals (NASP) Benchmark of 25-28% of recoverable physical damage dollars. It's likely you have dollars sitting in closed files. In many instances, dead files have potential to infuse your bottom line. In fact, we've seen clients bring in tens or hundreds of thousands of dollars from dead files to the bottom line. So, shift your mindset from the defense side to the plaintiff's side to seek reimbursement for the damages you're entitled to.

WORKERS' COMP

At its core, workers comp is about taking care of people. Unfortunately, workers' compensation claims can lead to an adversarial relationship between the employee and the employer, and can lead to possible litigation.

Using an advocacy-based claims handling approach can help to resolve workers' comp issues – usually quicker and to the benefit of both parties.

It's important to remember that drivers want to work for companies that care about them and invest in them. Use empathy to resolve situations. By continuing to work with the injured worker and communicating regularly, you will have tremendous impact to claims resolution and your program's success.

Claims is often a reactionary environment. Transition dead dollars to real dollars; it's worth the effort.

And remember, unlike wine, claims don't get better with age.





INSIGHTS FROM



Cottingham & Butler

The main difference between great companies achieving better-than-average results and the average fleet muddling through, is that the great companies treat their risk management insurance program like a business. They're actively engaged throughout the year and continually look for opportunities to improve their program. Typically, insurance is one of the top four or five expenses for a fleet. Unfortunately, too many people look at their renewals and see what's above the water. But what they need to do is focus on the much larger opportunity that lies below the surface.

When do you think about your renewal? If it only becomes a priority 90 days before your renewal, you're going to get market-level results. This is part of your business. It must be managed aggressively and thought about strategically.

TECHNOLOGY

Technology has evolved rapidly. The companies that embrace technology, and get ahead of it, are seeing far better results. Technology provides the pre-accident, post-accident and "everything in between" data and analytics necessary to manage your insurance program. But, just having technology is not enough. It's important to manage the metrics and hold people accountable.

As years progress, the gap between price paid for insurance and the renewal rate increase a fleet experiences will continue to widen between early technology adopters and those who were more passive.

The impact of technology can't be overstated. By installing a **video-based safety program**, one company saw accidents reduced by 40%. They were able to identify the drivers who were triggering cameras and coach them to improve their behaviors. In addition, the fleet delved into its numbers and realized that 50% of its claims were not their fault. That fleet had a large deductible, and as a result of its efforts, saw costs drop 68%.

If you're investing in technology, it's time to take on more risk and reap the rewards and benefits. Do a deductible analysis and understand the future of your claims. Many of the successful fleets are betting on themselves and aligning with those programs and groups that complement their company.

THE RENEWAL PROCESS

Create an action plan – with a timeline – and track your results. Share this information with your insurer

and show where you've made headway. Don't be afraid to tell your story. It's the active participants who are winning the marketplace. Frame up your renewal process with a thoughtful, statistical approach.

Get deep into the details and get good at crafting your story.

Spend a lot of time providing benchmarks and know where you sit in the marketplace. Know your negotiating power. Understand the analytics to verify your improvement. Try to create a projection of your costs and the investments you've made – and the benefits that have resulted from them. Those who do it well achieve better results.

Insurance is a relationship business. Get to know your partners and give them an opportunity to get to know you. Use videos, testimonials, virtual tours, driver and executive interviews as an opportunity to describe your company culture. With more people shopping insurance than ever before, now is the time to differentiate yourself.

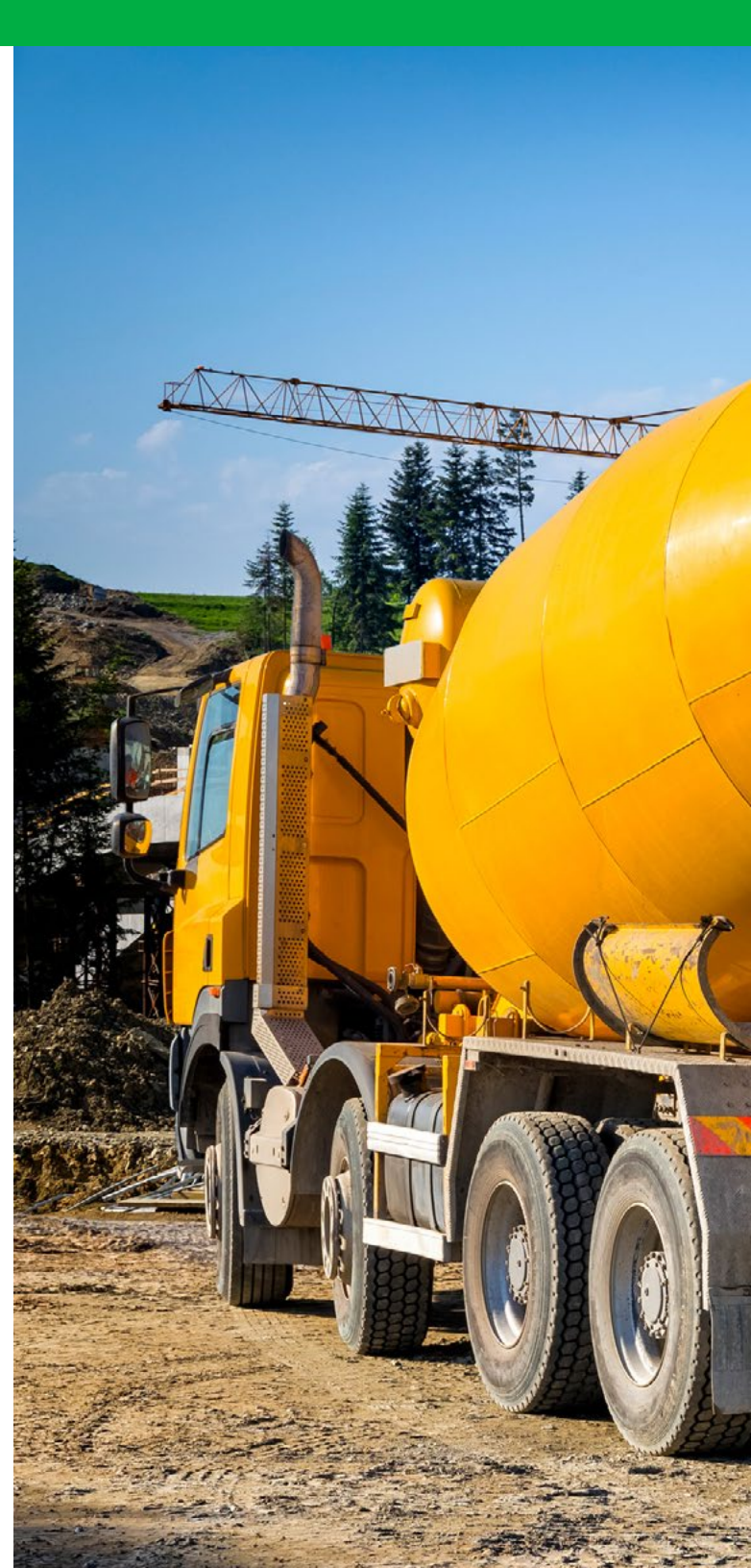
The devil is in the details. Take control of your business and take control of your destiny.

10 ACTIONS YOU CAN TAKE TODAY

Summarizing the key insights from our four industry experts:

- 1 Develop a continuous safety action plan and keep it updated
- 2 Communicate measures your company has taken to mitigate loss
- 3 Leverage driver readiness and fit-for-duty programs
- 4 Take a proactive approach to your insurance program – increase control and know your options
- 5 Focus on subrogation efforts
- 6 Take an advocacy-based approach to claims handling
- 7 Aim for early settlement on litigated files
- 8 Invest in, and utilize, safety technology
- 9 Understand the data and KPIs being measured
- 10 Partner with your insurance provider

To learn how video-based safety can help you avoid skyrocketing insurance premiums, **contact us today.**



ABOUT OMNITRACS

Omnitracs, LLC is a global pioneer of trucking solutions for all business models. Omnitracs' more than 1,000 employees deliver software-as-a-service-based solutions to help over 14,000 customers manage nearly 1,100,000 assets in more than 70 countries. The company pioneered the use of commercial vehicle telematics 30 years ago and serves today as a powerhouse of innovative, intuitive technologies. Omnitracs transforms the transportation industry through technology and insight, featuring best-in-class solutions for compliance, safety and security, productivity, telematics and tracking, transportation management (TMS), planning and delivery, data and analytics, and professional services.

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