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How to Leverage Telematics Gamification to Drive Meaningful Results

Agenda

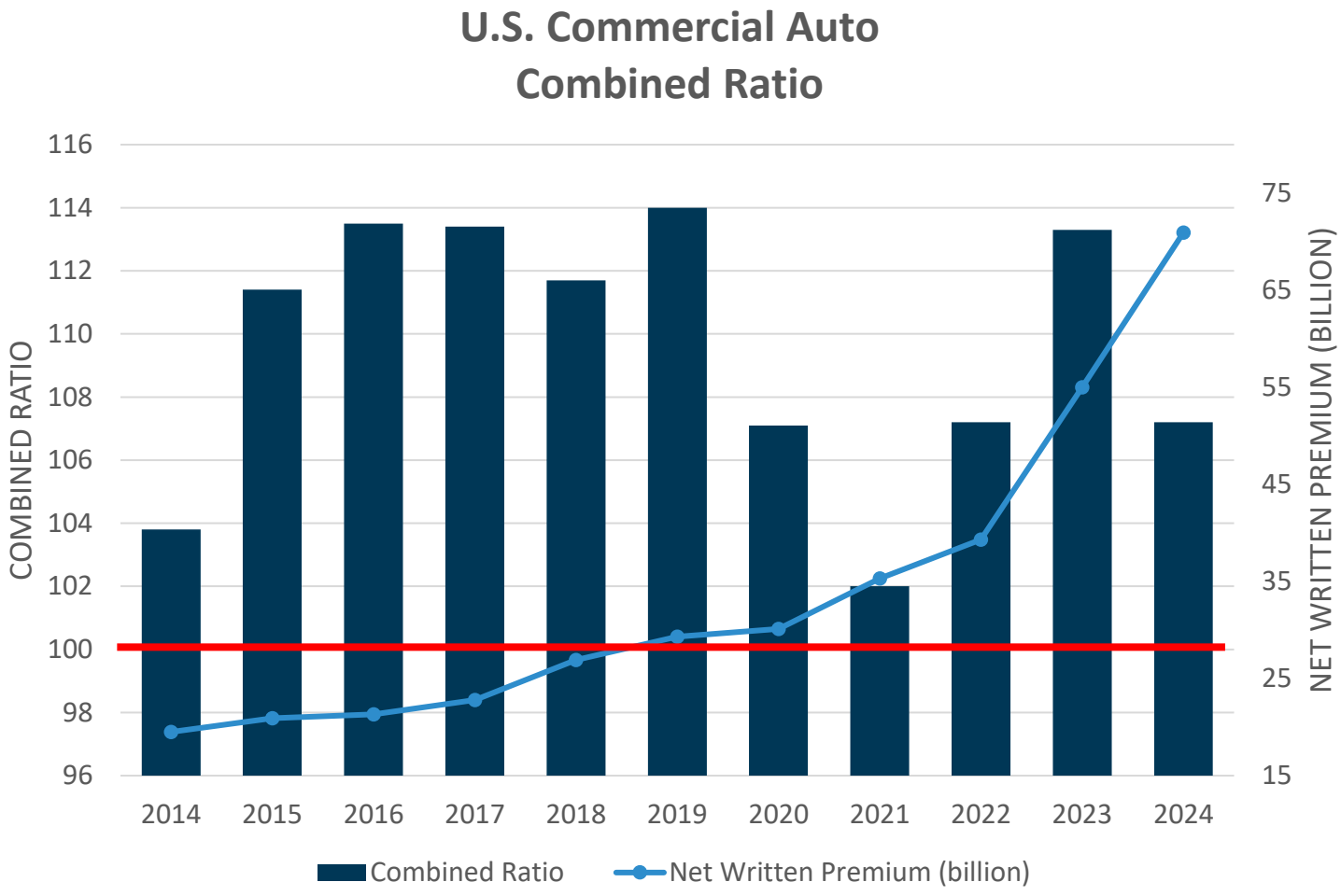
- Commercial Auto Market Trends
- Reducing Risks
- Regulatory Compliance
- Using Telematics Scorecards
- Sample Scorecard Results

Commercial Auto Market Trends

Commercial Auto Market Trends

Combined Ratio

Written Premium



Source: S&P Global

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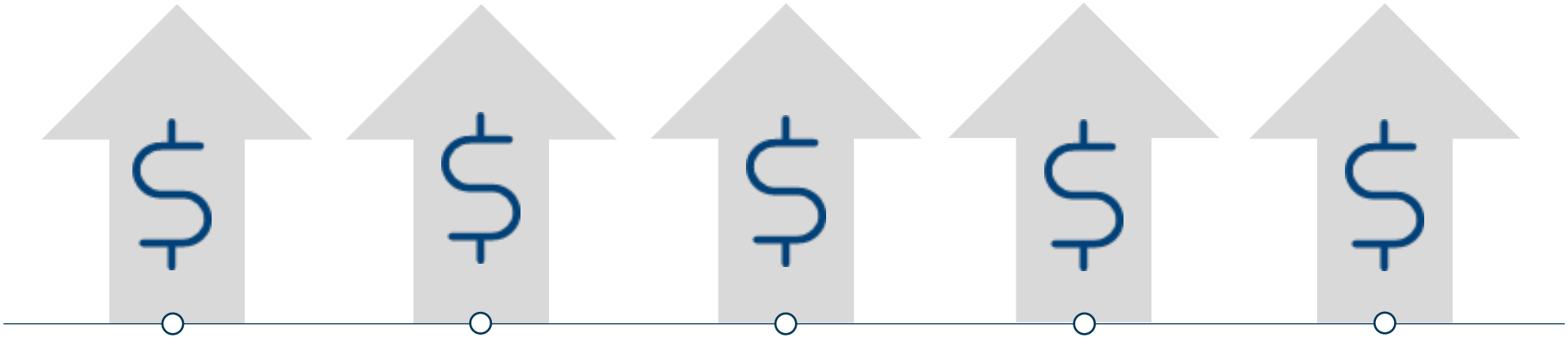
Contributing Factors



Vehicle repair

Vehicle replacement

Medical costs

Nuclear verdicts

Claim settlements

What is a Nuclear Verdict?

- Originally coined for cases > $10 Million
- Cases now reaching hundreds of millions
- Verdicts that exceed reasonable compensation

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About Nuclear Verdicts

- 1000% increase 2010-2018
- Average verdict $2.3 Million to $22.3 Million
- 2022 Florida > $1 Billion award
- Involve Reptile Theory tactic

Source: https://truckingresearch.org/2020/06/understanding-the-impact-of-nuclear-verdicts-on-the-trucking-industry/

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Reptile Theory

- Psychological play on the emotions of jurors
- Stoke fear/anger in the jury
- Exploit any misstep made by defendant(s)
- Includes basic regulatory compliance
- The jury is the conscience of the community
- Evoke a mentality in jury to “send a message”

Source: Nuclear Verdicts: Defending Justice For All: Tyson JR., Robert F: 9781948792035: Amazon.com: Books

American Tort Reform Foundation

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Standards of Care

Duty of Care is an enforceable legal standard requiring companies to act toward others and the public with the watchfulness, attention, caution and prudence that a reasonable person in the circumstances would use.

Reducing Risks

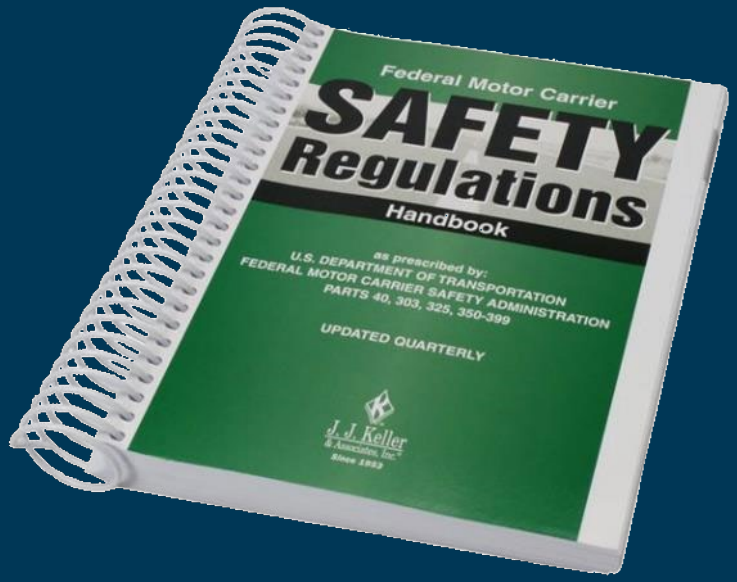
Reducing Risks

- Hire/retain talent with Knowledge, Skills and Abilities (KSA's)
- Maintenance / repair of equipment
- Good documentation
- Laws, regulations, policies, practices, standards – 10,000% compliant*
- Use technology / don't let it use you
- Monitor - manage what you measure

Regulatory Compliance

Department of Transportation (DOT)
Regulatory Compliance

- Compliance with state and federal transportation regulations are fundamental to controlling risks.
- Compliance failures and patterns of non-compliance by companies are exploited by plaintiff lawyers
- Regulatory violations are costly:
  - Civil Penalties
  - DOT ratings (satisfactory/conditional/unsatisfactory)
  - Loss of business opportunities
  - Direct influence on commercial auto insurance premiums



Source: JJ Keller

Regulatory Applicability

49 CFR Part:

§385 – Safety fitness procedures

§386 – Penalties

§387 – Insurance requirements

§390 – General requirements

§391 – Driver qualifications

§392 – CMV driving rules

§393 – Vehicle equipment

§395 – Hours of service

§396 – Inspection, repair maintenance

§397 – Highway transportation of HM

§383 – Commercial Driver License

§ 40 – Drug/alcohol testing

§380 – Driver training

§382 – Drug/alcohol use and testing

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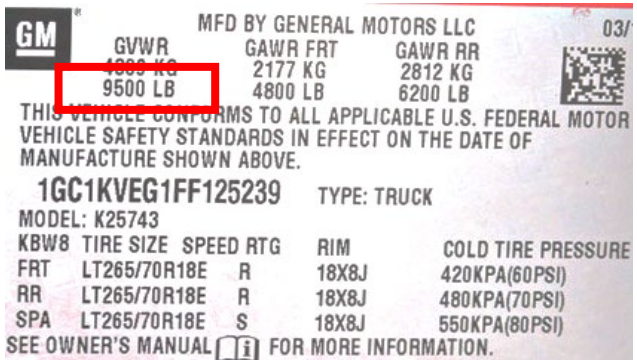
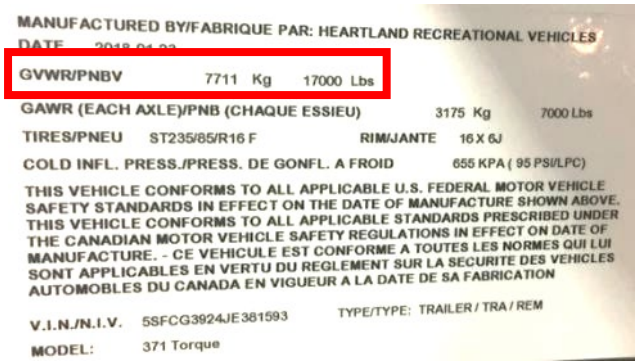
FMCSA Regulatory Applicability
A Practical Example





GVWR 9,500

GVWR 17,000

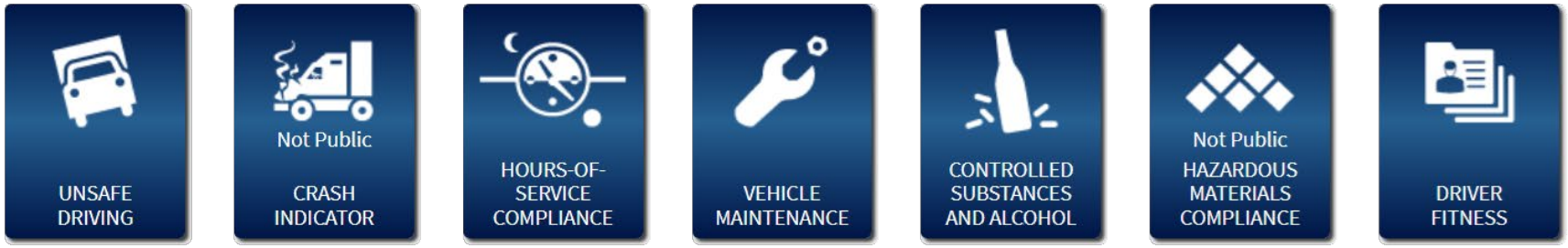
Inspection Selection System (ISS)

ISS is a tool used by enforcement to determine which vehicles will be inspected. The score is directly influenced by roadside inspection activity and violations.

Source: https://ai.fmcsa.dot.gov/sms/helpfiles/iss_algorithm.pdf

ISS Inspection Value

FMCSA Compliance Safety and Accountability (CSA)



§392	§390	§395	§393 §396	§40 §382 §392	§171-178 §397	§383 §391

- **Unsafe Driving** – Examples: speeding, reckless driving, lane use.
- **Crash Indicator** – Based on history or pattern of crash involvement.
- **Hours of Service Compliance** – Examples: exceeding allowable driving hours, false logs.
- **Vehicle Maintenance** – Examples: defective brakes, lights or tires.
- **Controlled Substances/Alcohol** – possession or use of drugs/alcohol.
- **Hazardous Materials** – improper packaging, placarding or handling.
- **Driver Fitness** – Not having a valid Commercial Driver License(CDL), driver medical qualification issues.

Using Telematics Scorecards

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Leveraging Technology -
Driver Scorecards

- Support company strategy
- Encourage balance
- Identify gaps
- Promote good management
- Compliment incentive programs
- Communicate—they tell the story

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Scorecard Implementation
Understanding Your Telematics

Gateway

- Location
- Speeding
- Hard braking
- Harsh Turns
- Fast Acceleration
- HOS Violations (ELD)
- DVIRs
- Engine Fault
- Transmission Fault
- TPMS
- RPM
- MPG
- Engine Idle

Cameras

- Distractions
- Following Distance
- Fatigue
- Seatbelt
- Lane Usage
- Stop Signs

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Scorecard Implementation

- Define the metrics – e.g., what constitutes a hard brake event, speeding, harsh turn, etc.
- Value your categories / What is it worth? - scoring / weighting
- Range of acceptability – How many is too many? What “good” looks like?
- Establish expectations – Define our journey to success
- Design scorecard
- Benchmark the data
- Train your base
- Start the competition

	Scoring	Regulatory	Driving Behaviors					
Group A Drivers	Total Score	HOS Violation 15 %	Over Speed 10 %	Fast Acceleration 10%	Harsh Cornering 10%	Excessive Hard Brakes 10%	Distractions 20 %	Following Distance 25 %
Driver 1	90.0	100	100	100	100	100	50	100
Driver 2	87.0	80	100	100	100	100	50	100
Driver 3	84.7	100	72	100	100	100	100	50
Driver 4	65.9	60	84	100	80	80	50	50
Group Score	81.9	85	89	100	95	95	62.5	75

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Goal To Green

- A review of the month's score with the driver
- A "Green" score is 90% or better
- Goal: 100% of drivers in fleet attain a green score
- Incorporated into employee performance reviews
- Improves performance

DRIVER SCORECARD

"Goal to Green"

To Driver: _____ Date: _____

Subject: Monthly Driver Scorecard for Month/Year _____

The document that accompanies this letter contains scorecard data from the company's Samsara system for the above listed driver and month. A green score can be achieved by attaining 90% or better on a monthly reporting period.

The Driver Scorecard Report is used to measure the relative performance of drivers based on driving/logging behaviors and performance. This report will be reviewed, in detail with each driver by their supervisor, each month. Development plans for maintaining or improving to green will be discussed and recorded on this form and submitted to the Safety Department.

Driver Score: _____

Plan to improve or maintain Goal to Green:

Driver Signature: _____Date:_____

Supervisor Signature: _____Date: _____

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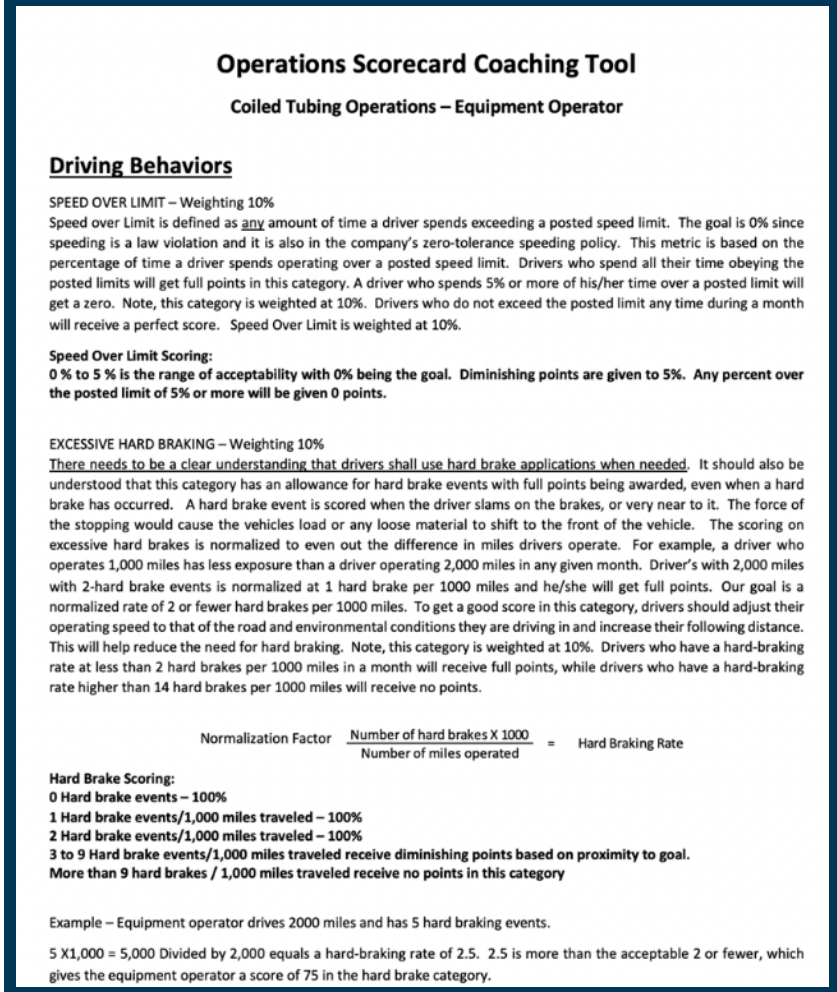
Coaching Tool

- Defines the metric
- Describes the behaviors that influence score
- Shows how to get a perfect score
- Lists how metrics are weighted in the overall picture
- Compliments training



Operations Scorecard Coaching Tool

Coiled Tubing Operations – Equipment Operator

Driving Behaviors

SPEED OVER LIMIT – Weighting 10%

Speed over Limit is defined as any amount of time a driver spends exceeding a posted speed limit. The goal is 0% since speeding is a law violation and it is also in the company's zero-tolerance speeding policy. This metric is based on the percentage of time a driver spends operating over a posted speed limit. Drivers who spend all their time obeying the posted limits will get full points in this category. A driver who spends 5% or more of his/her time over a posted limit will get a zero. Note, this category is weighted at 10%. Drivers who do not exceed the posted limit any time during a month will receive a perfect score. Speed Over Limit is weighted at 10%.

Speed Over Limit Scoring:
0 % to 5 % is the range of acceptability with 0% being the goal. Diminishing points are given to 5%. Any percent over the posted limit of 5% or more will be given 0 points.

EXCESSIVE HARD BRAKING – Weighting 10%

There needs to be a clear understanding that drivers shall use hard brake applications when needed. It should also be understood that this category has an allowance for hard brake events with full points being awarded, even when a hard brake has occurred. A hard brake event is scored when the driver slams on the brakes, or very near to it. The force of the stopping would cause the vehicles load or any loose material to shift to the front of the vehicle. The scoring on excessive hard brakes is normalized to even out the difference in miles drivers operate. For example, a driver who operates 1,000 miles has less exposure than a driver operating 2,000 miles in any given month. Driver's with 2,000 miles with 2-hard brake events is normalized at 1 hard brake per 1000 miles and he/she will get full points. Our goal is a normalized rate of 2 or fewer hard brakes per 1000 miles. To get a good score in this category, drivers should adjust their operating speed to that of the road and environmental conditions they are driving in and increase their following distance. This will help reduce the need for hard braking. Note, this category is weighted at 10%. Drivers who have a hard-braking rate at less than 2 hard brakes per 1000 miles in a month will receive full points, while drivers who have a hard-braking rate higher than 14 hard brakes per 1000 miles will receive no points.

$$\text{Normalization Factor} \quad \frac{\text{Number of hard brakes X 1000}}{\text{Number of miles operated}} = \text{Hard Braking Rate}$$

Hard Brake Scoring:
0 Hard brake events – 100%
1 Hard brake events/1,000 miles traveled – 100%
2 Hard brake events/1,000 miles traveled – 100%
3 to 9 Hard brake events/1,000 miles traveled receive diminishing points based on proximity to goal.
More than 9 hard brakes / 1,000 miles traveled receive no points in this category

Example – Equipment operator drives 2000 miles and has 5 hard braking events.

5 X1,000 = 5,000 Divided by 2,000 equals a hard-braking rate of 2.5. 2.5 is more than the acceptable 2 or fewer, which gives the equipment operator a score of 75 in the hard brake category.

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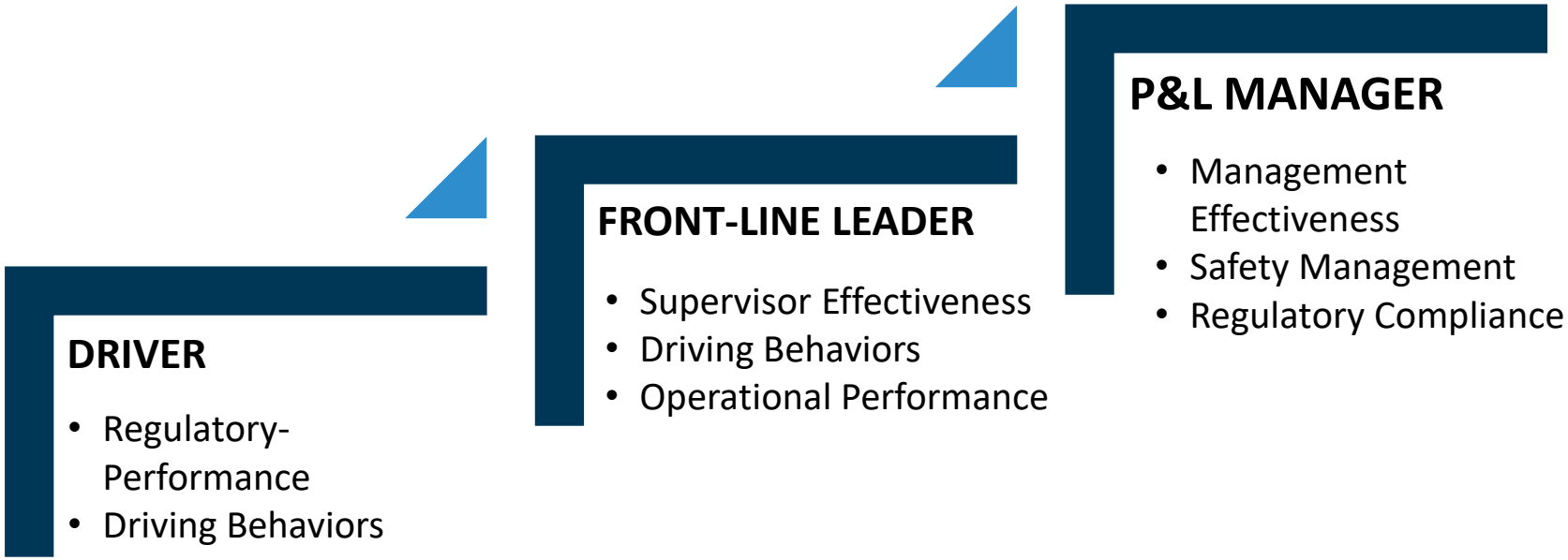
Leadership Accountability



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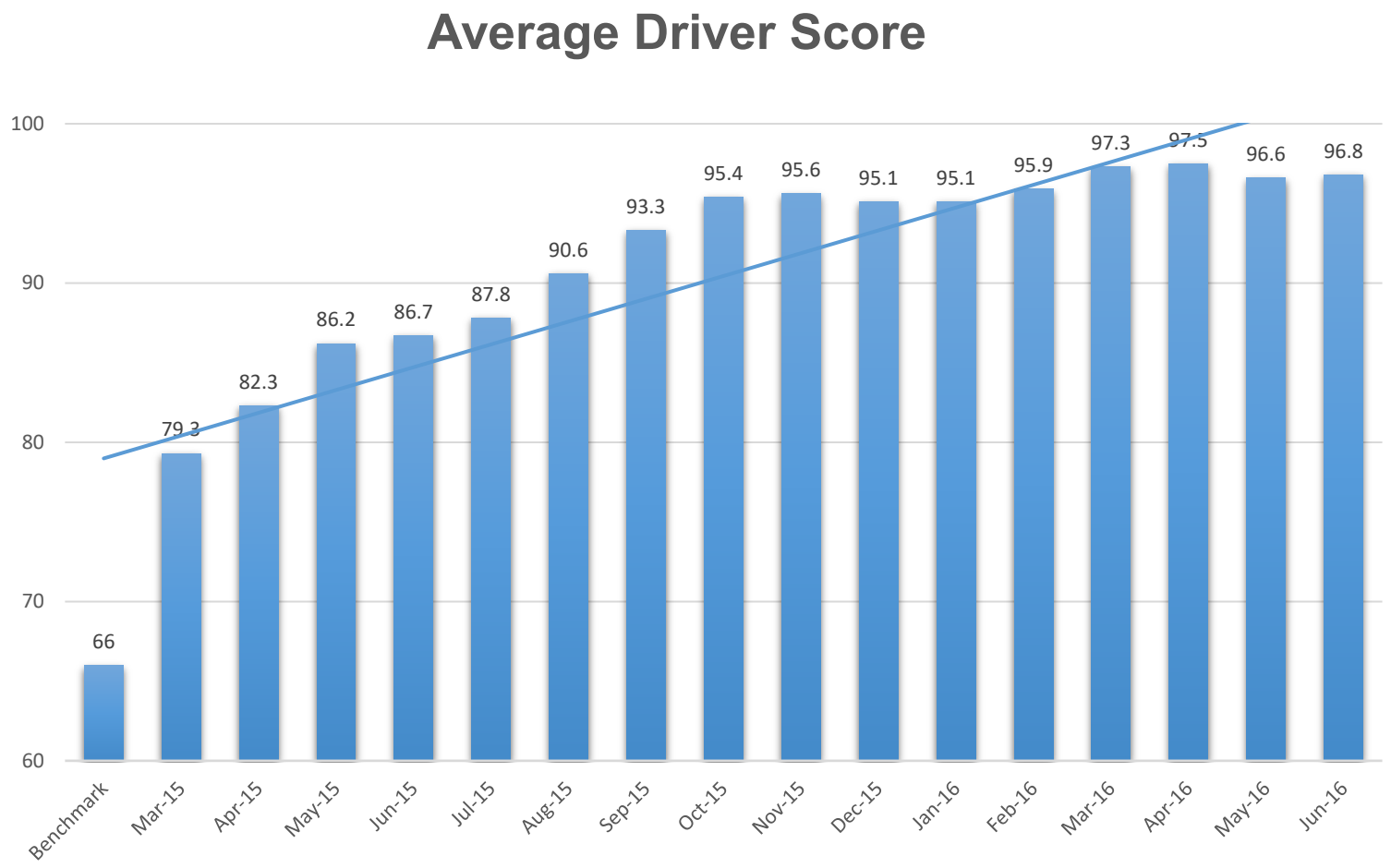
Sample Scorecard Results

Sample Scorecard Results



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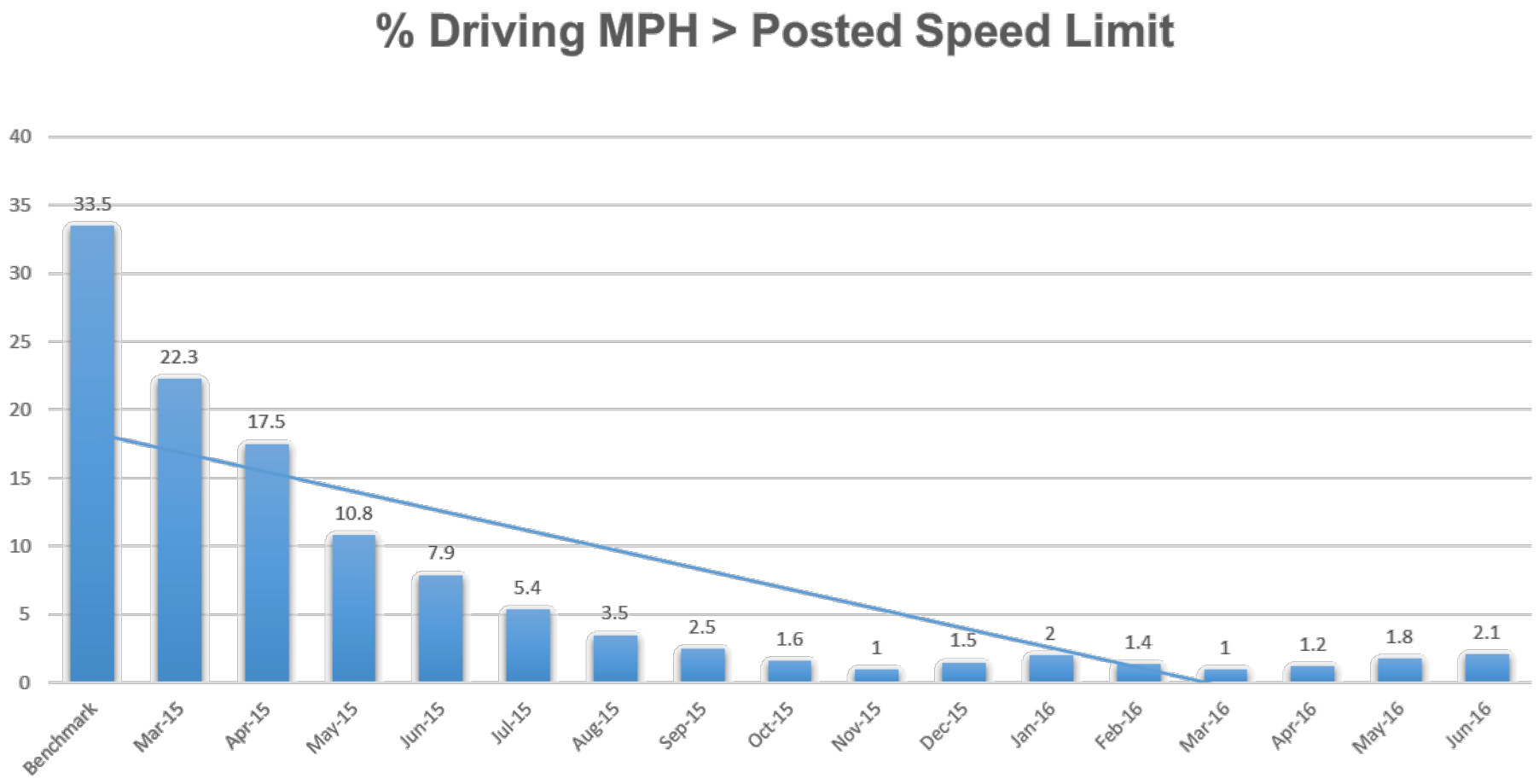

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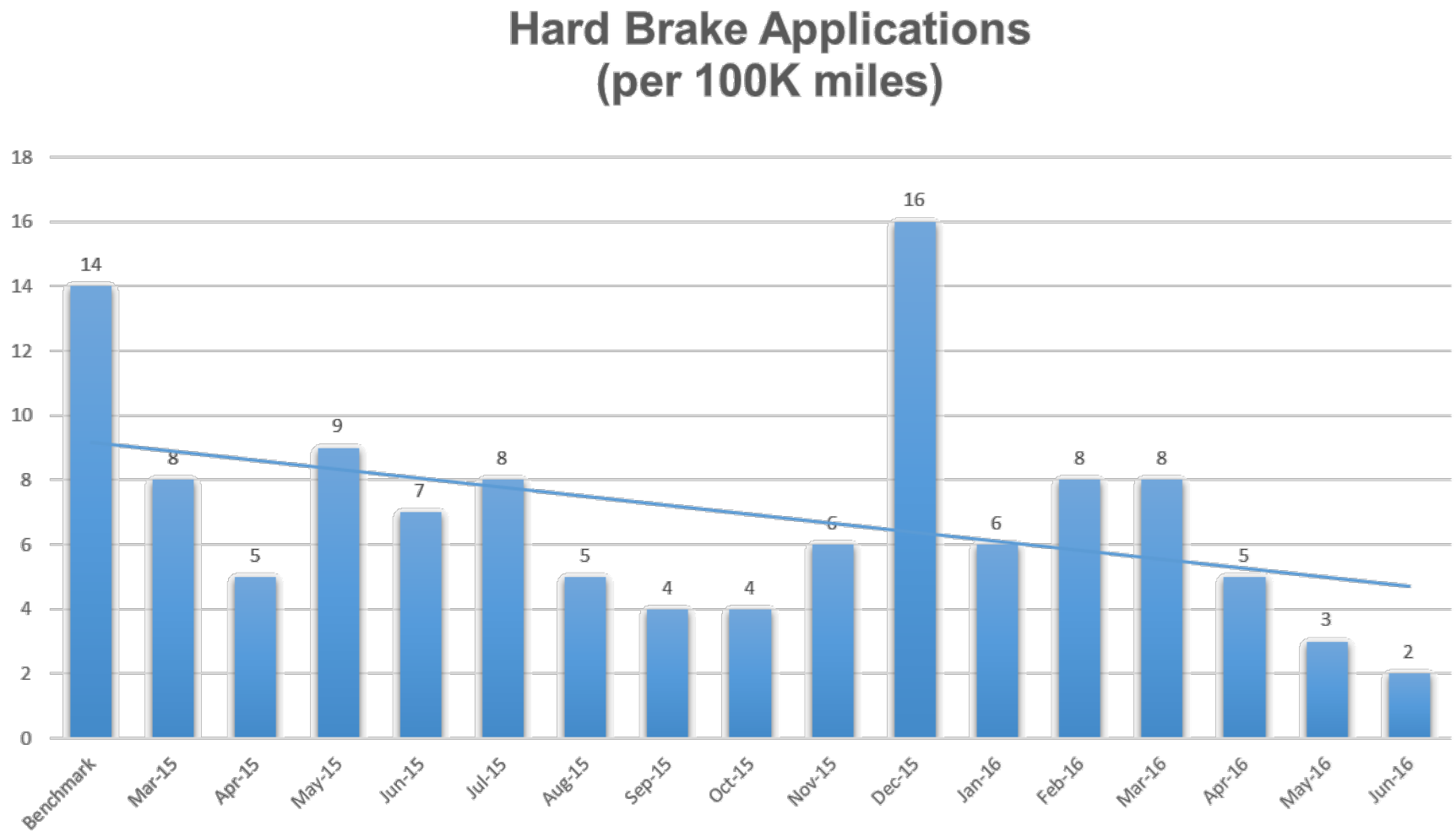

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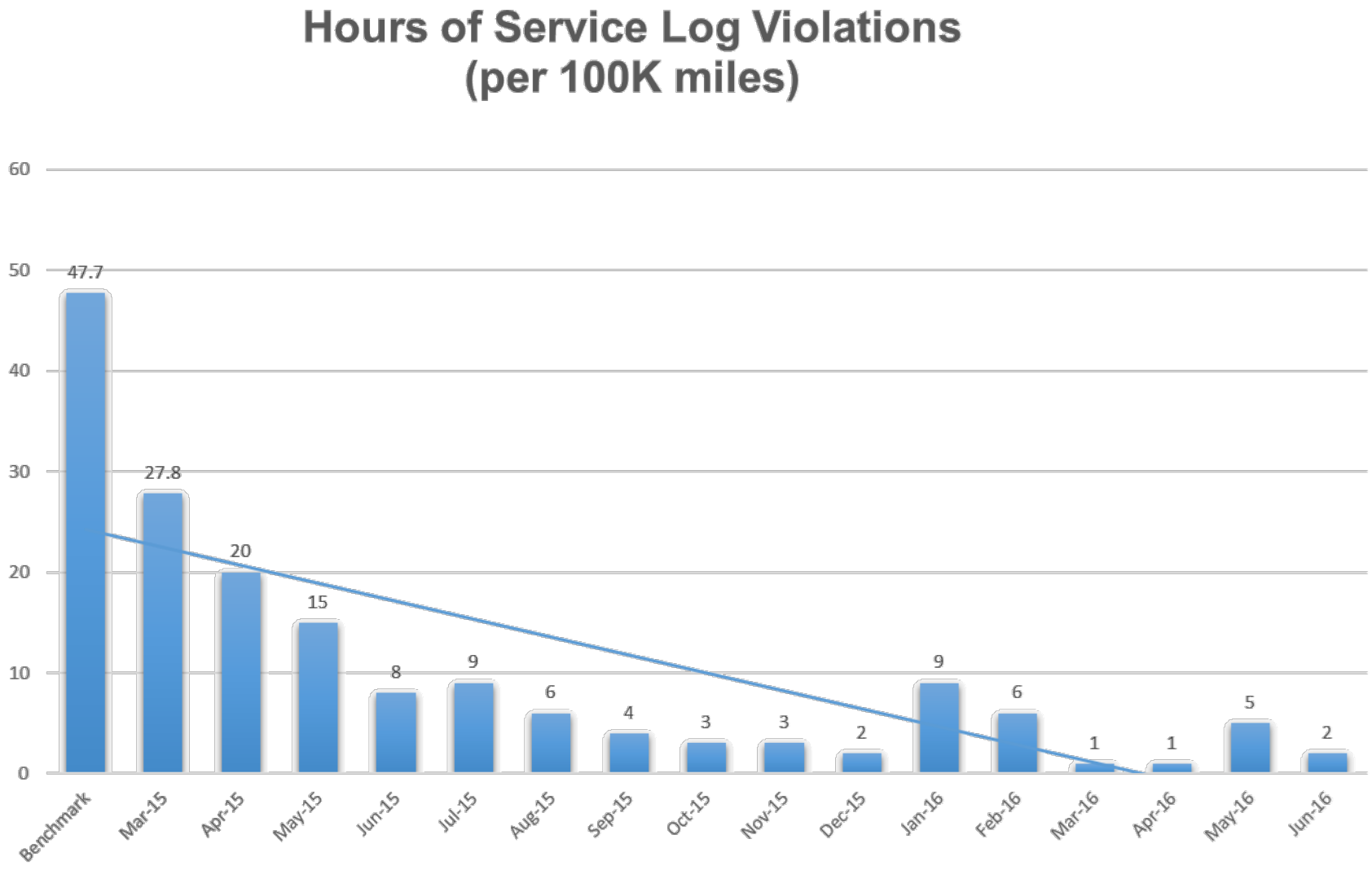

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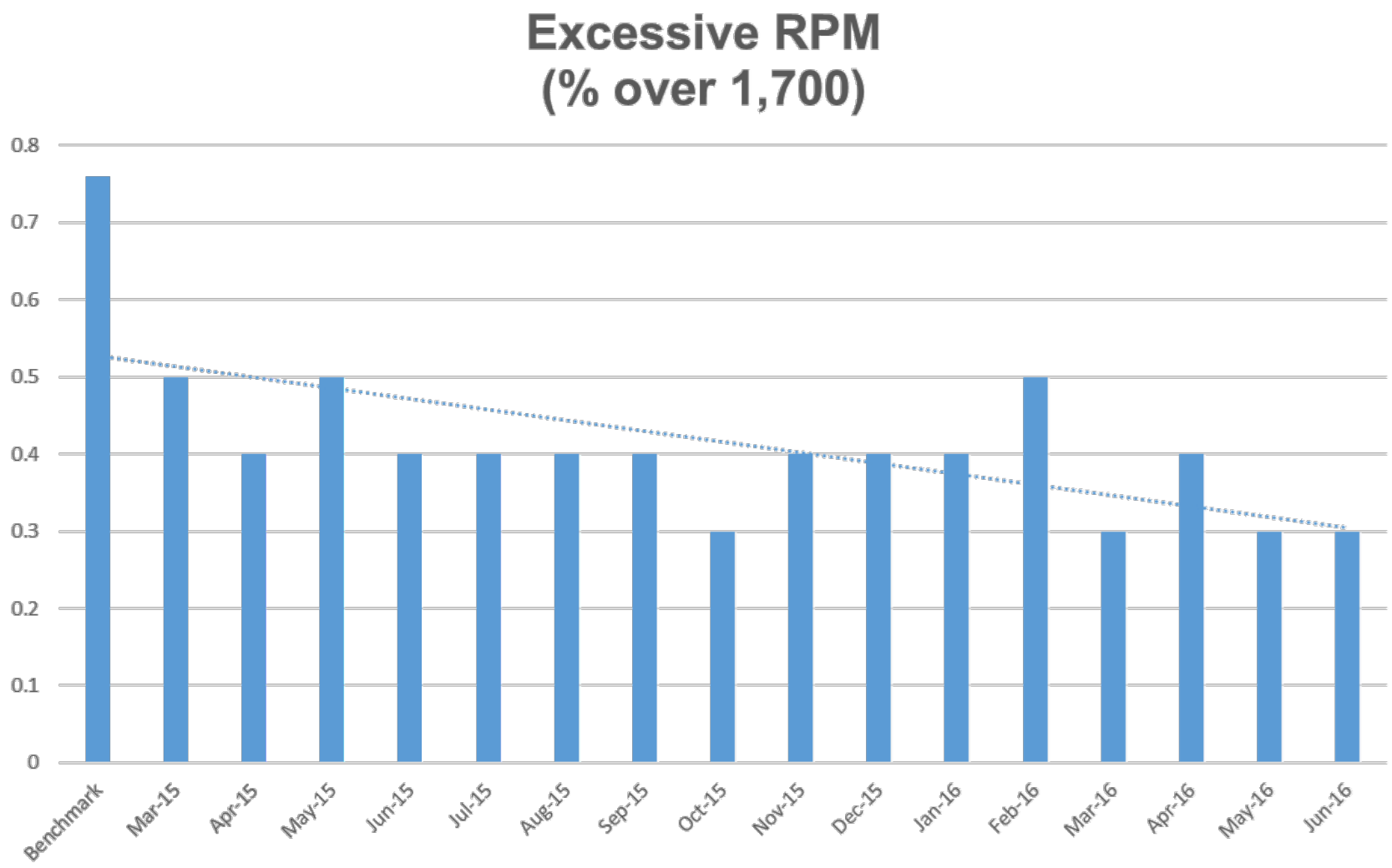

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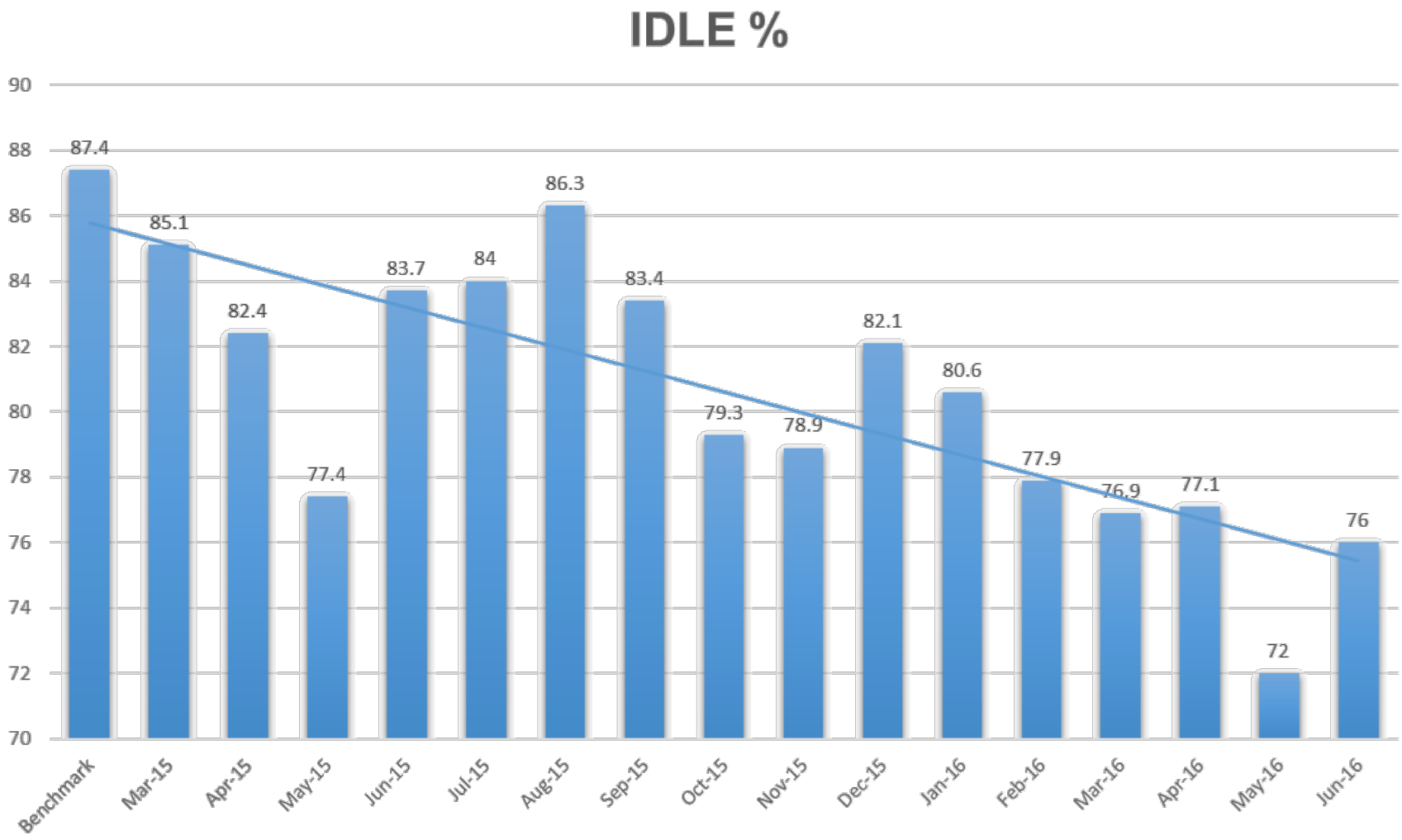

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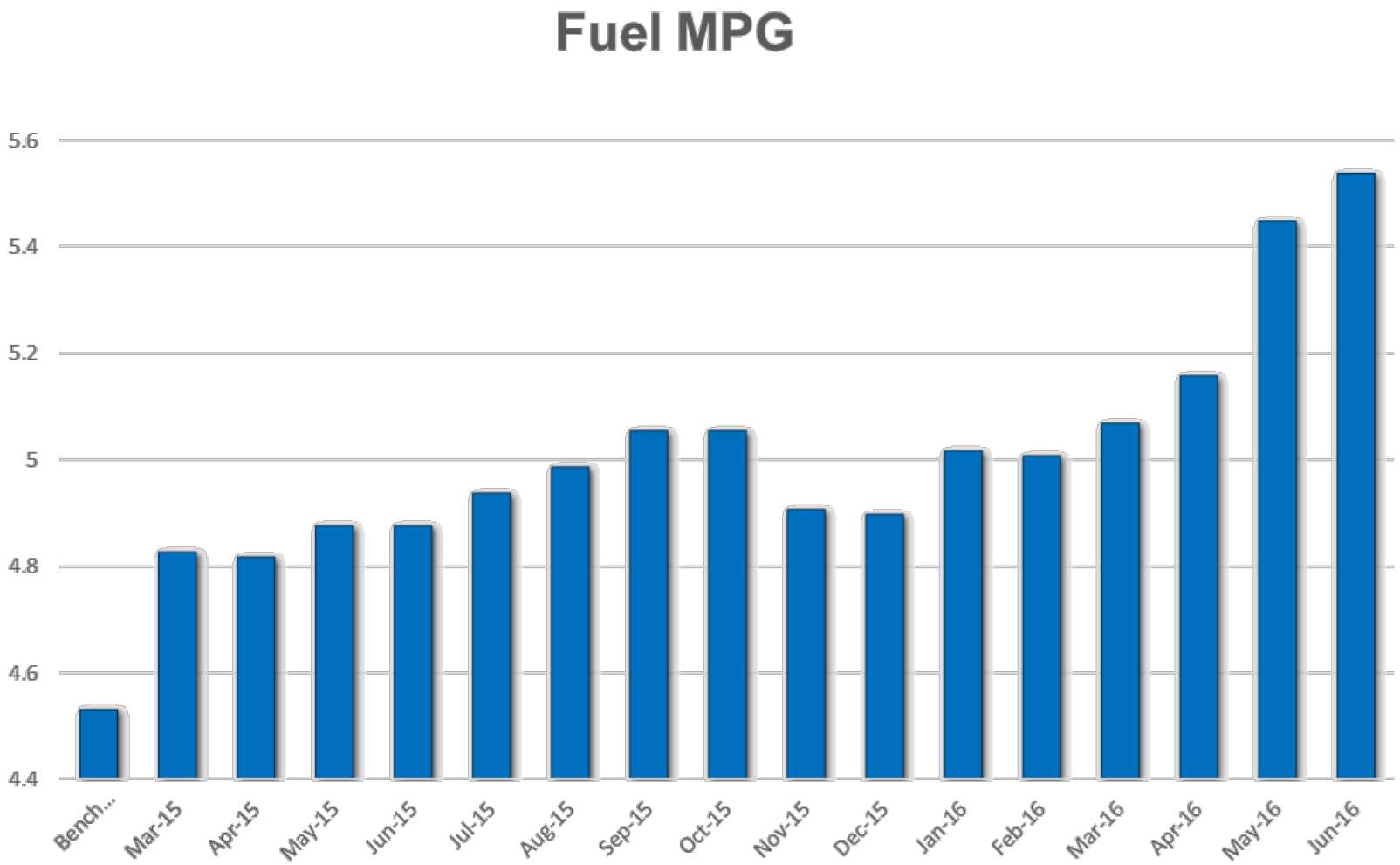

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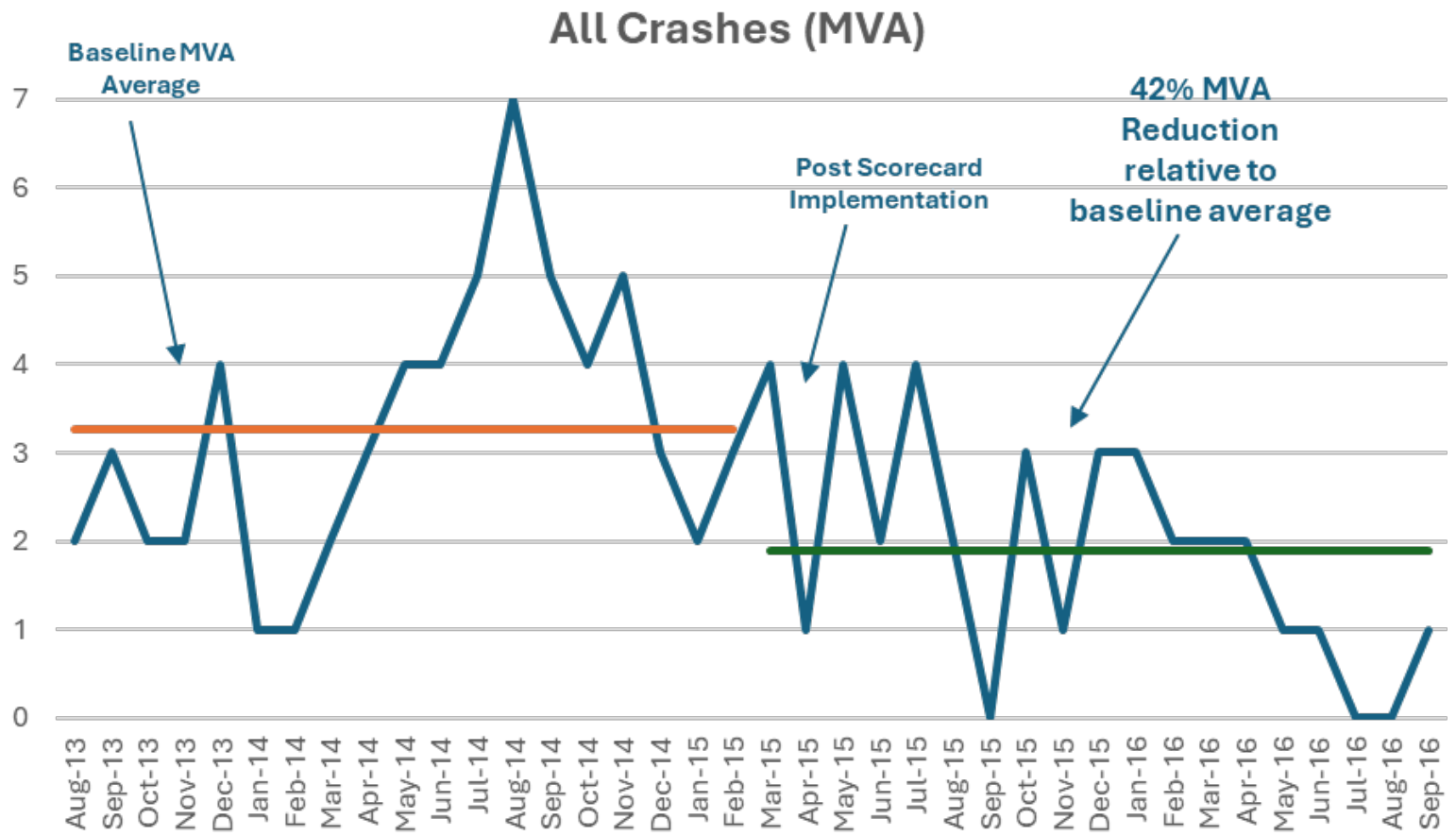

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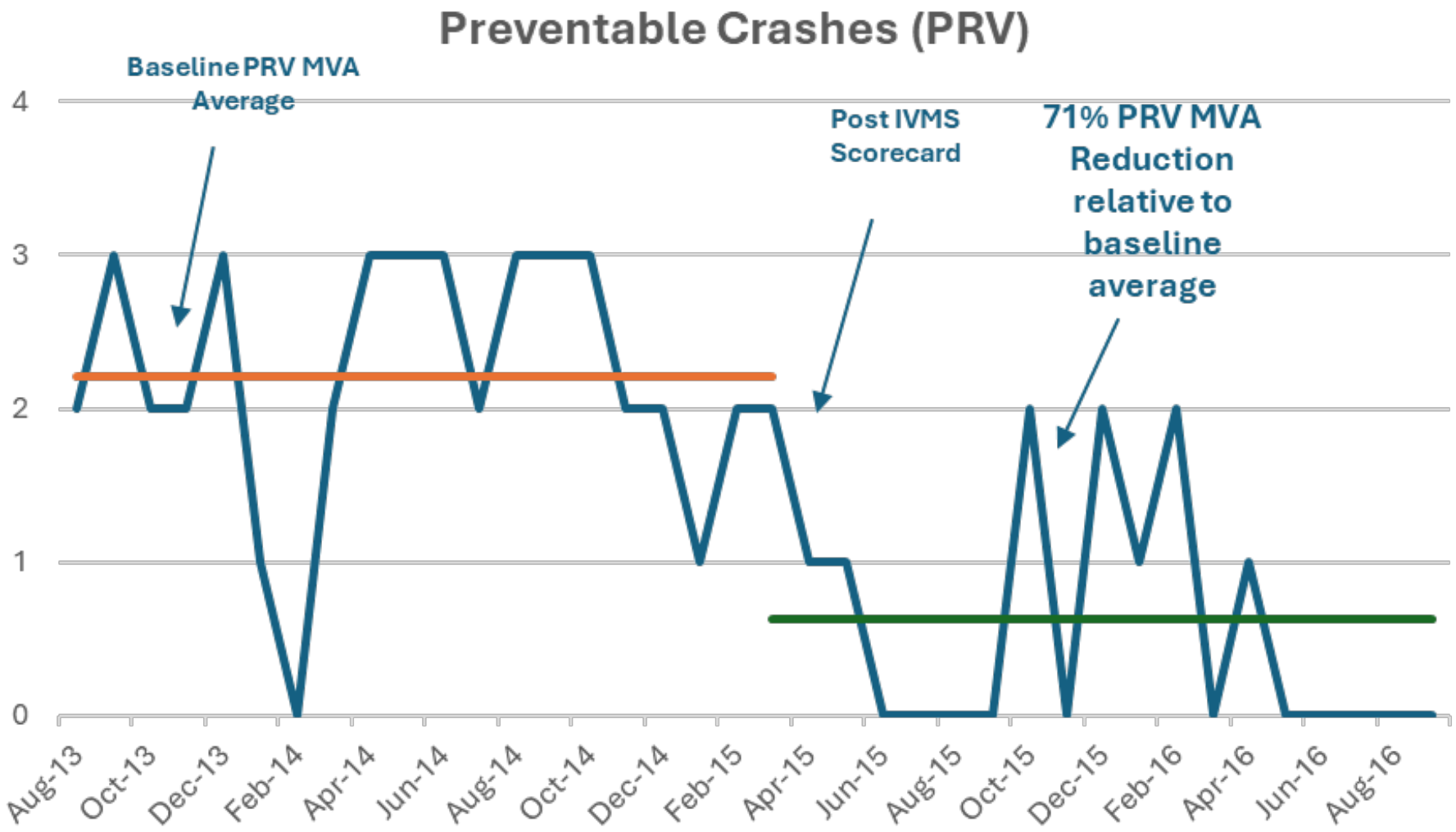

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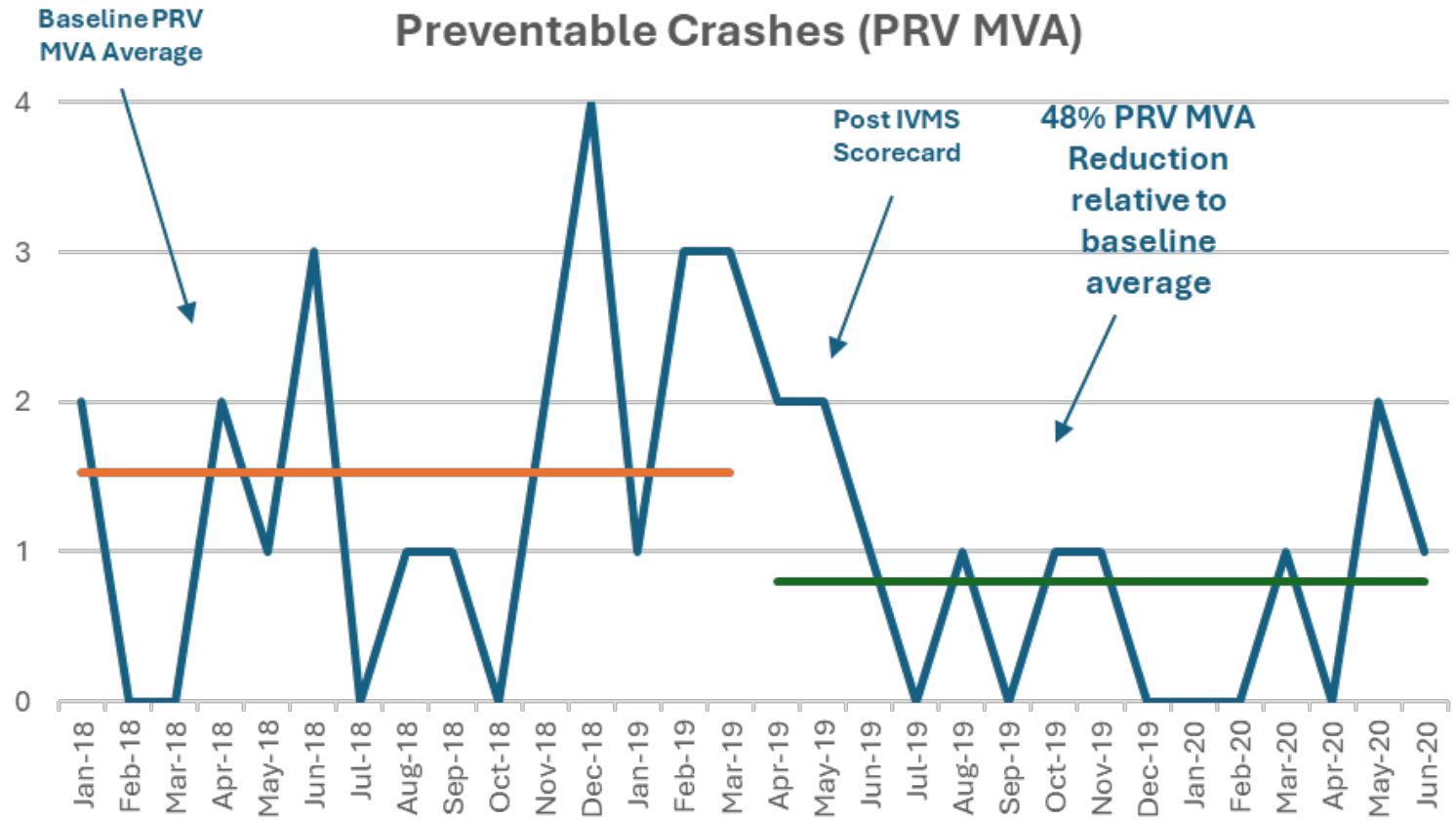

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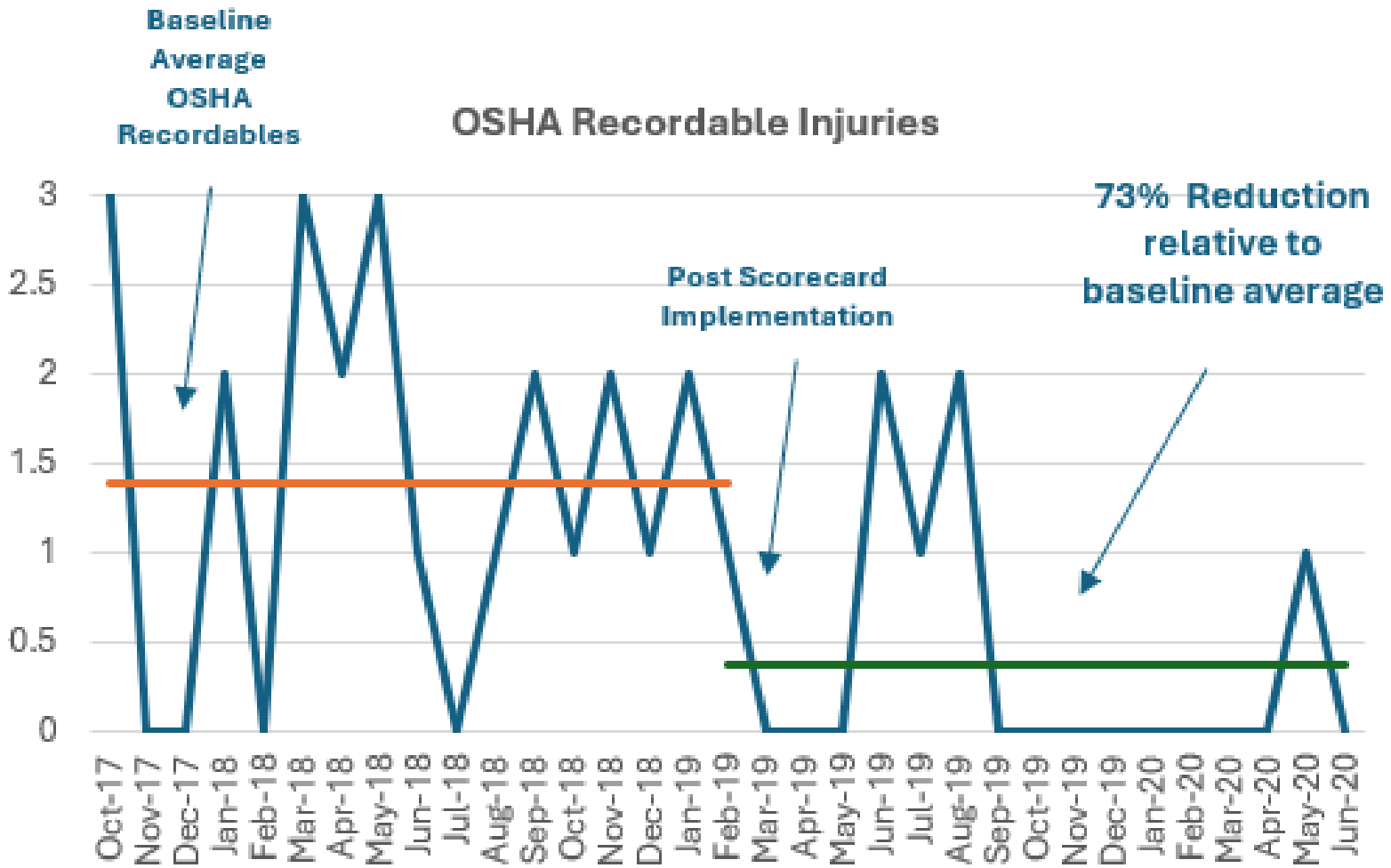

Wrap Up and Questions

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Tips for Success

- Make it formal
- Make it systematic
- It’s a carrot, not a stick!
- Make a splash with it
- Celebrate the wins
- Hold leaders equally accountable

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Presenter

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Risk Control Consultant
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Never settle for less.