

# In\$urance CIO Outlook

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**RISK**  
MANAGEMENT  
EDITION



**UBI**  
"NEXTGEN"  
— **RISK**  
MANAGED  
INSURANCE, RMI

Ed Dubens,  
Founder & CEO

# eDRIVING

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In\$urance  
**CIO** TOP 10  
Outlook RISK MANAGEMENT  
SOLUTION PROVIDERS - 2019

**U**sage-based insurance (UBI)—otherwise known as behavior-based insurance or pay-as-you-drive (PAYD)—is being offered by a large number of insurers as a “next generation” insurance product. Powered by in-vehicle telematics technology, UBI enables insurance providers to produce more accurate customer risk profiles by closely monitoring driving behavior. When used properly, telematics should provide deeper risk insights by using leading indicators to improve pricing models, as well as reduce claims and costs. In theory, this model is meant to result in more profitable business for the insurer and better pricing for the customer. BUT, there's a catch. Turning raw driving data into actionable information is a major challenge for insurers who truly want to use telematic insights to write profitable business and help their clients reduce their risk and total cost of ownership (TCO). There is a steep learning curve to understand the complex picture coming from the driver and the vehicle. Insurers need to take into account what happened during a driver's trip, including event-related data (location, time of day, miles driven, weather conditions) and behavior-related information (how they drive—braking, acceleration, speed, turning, distraction), and in an ideal world combine it with a driver's historical on-road performance information including incident, collision and license check (MVR) history to complete the total picture!

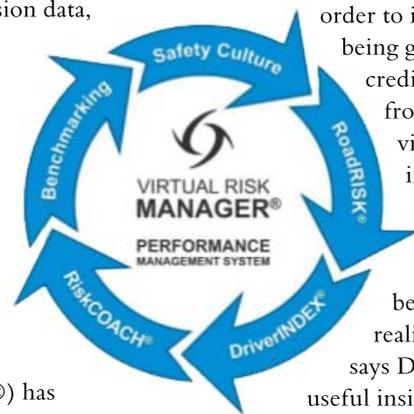
# UBI “NEXTGEN” — RISK MANAGED INSURANCE, RMI

By Pamela Morgan

# eDRIVING

That's where eDriving comes in, helping insurance providers to not just measure and price their risk (UBI) but to take it to the next level, and help them and their clients manage and reduce their risk – Risk Managed Insurance, (RMI). "We've spent more than 20 years refining our patented approach with some of the world's largest fleets and insurance partners. This approach allows us to transform these complex data sets into actionable information for both insurance providers and their customers. "Using a combination of leading indicators obtained from telematics as well as traditional data sources such as MVRs/license checks, and collision data, we create a holistic view of risk," says Ed Dubens, the CEO and founder of eDriving. This approach enables our insurance partners and their clients to work together to both identify, price and then reduce and improve the risks that drive their insurance costs, and leads to a win-win multi-year relationship between the insurer and their client.

Founded in 1994, eDriving FLEET (formerly Interactive Driving Systems®) has applied Total Quality Management, (TQM), and continuous improvement principles and processes to solve the issues in driver risk management and develop a patented, closed-loop methodology originally embodied by its Virtual Risk Manager® program. Over the years, the methodology has evolved from a simple CD-based delivery platform to an end-to-end digital risk management program available online, across the 7 continents in more than 45 languages. "Today, we now combine our patented approach with the latest in-vehicle telematic devices, proven behavioral change and risk reduction techniques, and successful microlearning and gamification elements to provide an integrated smartphone-based driver risk management solution, Mentor by eDrivingSM," says Dubens. With its robust data collection abilities and research-based analytics engine, Mentor by eDriving provides the ideal platform upon which insurance partners can build effective and profitable UBI and RMI (Risk Managed Insurance) programs. eDriving's proven methodologies and Mentor's validated FICO® Safe Driver Score allow clients to assess risk and classify potential customers with confidence. Through the Mentor program, eDriving is breaking the status-quo of the insurance industry by going beyond the basics of a UBI approach and creating the opportunity for long term insurance relationships that work for insurer and the insured!



## Beyond 'just' Telematics

Let's take a look at traditional UBI program rollouts. The insurer usually has some solid evidence that telematics will improve their business. A partner is chosen; an insurer provides big discounts to achieve the desired "take rate" in a short period of time, though, the underwriting results are disappointing; there is an effort to revive the program by cutting costs; everyone eventually loses interest; and the program goes on the back shelf. What's missing? Actually addressing the underlying risk is what's missing. Insurance companies and fleet users alike have found that, in order to improve, they must act on the information being generated. Telematics technology is largely credited with changing fleet management from an operational and asset management viewpoint. It provides fleet managers with the information they need when they want it, and in the way they want to digest it. However, commercial fleets and insurers have struggled with getting the tremendous risk benefits out of the technology, "What I have realized is that telematics alone is not enough," says Dubens. Yes, telematics data can provide useful insights into driver behavior, such as speed,

trip distance and time, harsh acceleration, braking, cornering, and distraction, but the real game-changer is how that data is used to reduce risk and change behaviors behind the wheel. The recipe for success is to mix collision and license violation history with key telematics data to help managers identify and engage with their at-risk drivers early and then use the data gathered to provide relevant 'risk reduction' activities to support the mission.

Delivered via smartphone, Mentor can capture harsh acceleration, braking, cornering, speeding, and cellphone distractions, and perform proprietary predictive analytics that fuel the FICO® Safe Driving Score, after every trip and over time. While identifying risky driving behaviors, the solution provides in-app micro-training modules to coach drivers to safer driving. Further, Mentor provides managers with dashboard reporting which provides a unified view of driver risk, including collision, incident, license



We empower insurance partners to create powerful customer opportunities and harness the broad reach and depth of our driver education platforms to build a behavior-based insurance offering which is focused not only on scoring the driver behavior, but improving driver safety and reducing total cost of ownership for their clients



violation, and driving performance data across their respective teams and departments, ultimately contributing to creation of a company-wide crash-free culture®.

Mentor incorporates many successful elements of gamification, including its "Circles" feature that encourages friendly competition between co-workers. Mentor Circles provides opportunities for managers and drivers (and family members) to engage both formally and informally as they work together to remain free from collisions, license violations, and injuries. Mentor also provides a coaching and scoring model that enables drivers to receive 'professional coaching' from eDriving RiskCOACH's if their FICO® Safe Driving Score drops below "good" and/or the driver is involved in a collision.

## FICO® Safe Driving Score

Despite advancements in safety technology, road fatalities are on the rise. Per the National Highway Traffic Safety Administration, human error accounts for 94% of crashes. eDriving and FICO firmly believe that proper education and reinforcement of safe driving behaviors can help make roads safer and save lives.

The FICO® Safe Driving Score empowers 'safe' drivers to continually prove their low-risk profile and enables high-risk drivers to understand their risk exposures, how those factors affect their safety, and what they can do to manage, control, and mitigate the risk. This improves their driving and ultimately ensures drivers return safely to their loved ones at the end of each day. After the launch of the FICO® Safe Driving Score in partnership with eDriving's Mentor in October 2016, the underlying model has been tested and retested with large-scale research and has proven its ability to predict the likelihood of driver being involved in a collision. The latest analytic effort validated the ability of the FICO® Safe Driving Score to predict a drivers' propensity to be in a collision using the naturalistic driving data from the 2nd Strategic Highway Research Program (SHRP2), spanning three years, 3,000 drivers and over 30 million miles driven.

The FICO® Safe Driving Score was designed to zoom in on the key dynamics between various driving behaviors and their relation to subsequent collisions. Most importantly, in the preponderance of cases FICO examined, they have been able to demonstrate that drivers identified by the FICO® Safe Driving Score as being higher risk for having future collisions are, indeed, more likely to be involved in a collision in the future than those identified as lower risk. The lowest scoring (highest risk) 20% of drivers are up to 30% more likely to have a collision in the future than the highest scoring (lowest risk) 20% of drivers. The

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## Top 10 Risk Management Solution Providers - 2019

With growing market competition, the insurance companies are finding it difficult to differentiate in the areas of product innovation and customer experience. It goes without saying that the road to success for an insurer is through risk management. Operating under the ever-changing and stringent regulatory environment, the insurance companies need to ace risk management to meet the evolving customer demands and compliance mandates. Risk management teams in different companies strive to streamline their approach toward underwriting, credit, market, operational, and liquidity. They need to implement effective programs built on a foundation of standardized risk assessments that allows them to prioritize risks based on their potential impact.

The ongoing technology disruption has opened a world of opportunities for the insurance industry. There are several 'connected' risk management information systems available in the market that allow an insurer to consolidate information and generate reports automatically, paving the way for enhanced process efficiency. The increasing digitalization of

business processes as part of the transformation roadmap has led to the adoption of technologies such as robotics process automation, artificial intelligence (AI), machine learning, and blockchain in the industry. There is an increased importance on building data channels between industry participants to share the data for maximum transparency and improved workflow across the board. The focus also has been on the security side of information and IT systems to win the trust of the market and the customers.

In this edition of Insurance CIO Outlook, we are pleased to bring the story of eDriving, a driving risk management solutions provider that offers research-validated closed-loop risk management program for the safety of the driver, fleet, and the road. The stories of companies such as Green Light Verify, Origami Risk, Threat Sketch, and WeGoLook are equally engaging. We hope the value offered by these companies in the risk management side of the insurance perfectly aligns with your unique business needs.

We bring to you Insurance CIO Outlook's "Top 10 Risk Management Solution Providers 2019."



**Company:**  
eDriving

**Description:**  
eDriving helps organizations to reduce collisions, injuries, license violations and Total Cost of Ownership through a patented closed-loop driver risk management program

**Key Person:**  
Ed Dubens  
Founder & CEO

**Website:**  
[edriving.com](http://edriving.com)



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As a benchmark of the client's progress toward a "crash-free" culture, this is a great real-world example of safety culture becoming a part of the organizational DNA. Even after the customer's complaint, the rep received full backing from their leadership, and his stand was recognized in internal communications—solidifying the response as a company policy going forward

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study also confirmed that trips with three or more hard braking events are more than 2.5 times more likely to result in a collision than those with no such events.

eDriving's risk management programs have been adopted by global industry leaders with fleets of tens to tens of thousands of drivers in service, delivery, and sales sectors. Through Mentor's behavioral insights and actionable intelligence, eDriving helps such clients reduce collisions by up to 67 percent and generate a ROI of 20-40 percent.

eDriving works with insurance partners across the spectrum of UBI and RMI offerings, from full turn-key and white-labeled or co-branded solutions, to scoring and remediation services that augment a partner's existing telematics offering. Insurance partners can use the white-labeled version of Mentor to extend its best-in-class risk management "toolkits" to their own customers as a value-

added service. eDriving's remediation solutions will enable the partner's riskier customers to reduce their risk and verify it over time. "We empower insurance partners to create powerful customer opportunities and harness the broad reach and depth of our driver education platforms to build a behavior-based insurance offering which is focused not only on scoring the driver behavior, but improving driver safety and reducing total cost of ownership for their clients," says Dubens.

### Creating a Crash Free Culture®

Established as the global risk management partner of choice for many of the world's largest and safest sales, service and distribution fleets, eDriving serves over one million drivers in 96 countries. The company's programs have been recognized by over 70 client and partner awards around the world.

While having a robust solution in the arsenal, a major focus for eDriving over the years is on driver risk reduction through leadership commitment and support. "For driver training to be effective, it needs to take place within the context of a wider culture of fleet safety that guides employees to safer attitudes and behaviors behind the wheel, and reminds them regularly—both formally and informally—that their safety is important to the organization," states Dubens. He shares a recent story from one of eDriving's clients. Upon receiving a call from a driver, the customer success rep of the client politely replied, "I'm sorry, it is against our company policy to talk to callers who are driving. Please call back when you're not driving." What makes this story interesting is that the rep was in a non-driving role, and he was not a part of the client's road safety program or subject to their cell phone risk management policies. "As a benchmark of the client's progress toward a "crash-free" culture, this is a great real-world example of safety culture becoming a part of the organizational DNA. Even after the customer's complaint, the rep received full backing from their leadership, and his stand was recognized in internal communications—solidifying the response as a company policy going forward," mentions Dubens.

The case stands as a testament to the value proposition that eDriving can deliver through its comprehensive solutions and partnerships with insurance companies like Zurich, Munich Re, and AIG in formulating Risk Management Programs for their customers worldwide. eDriving is busy right now expanding access to their exciting smart phone-based risk management suite, Mentor, across over 50 countries in 14 languages to support our customers vision and focus to protect their employees who drive for work purposes across the globe AND adding a FNOL (First Notice of Loss) Collision Reporting option that enables clients to report their collisions to their insurers within 30 days of a crash vastly reducing their total claims cost. **IO**