



Refocus on Technology-Enabled Auto Risk Management

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Roads in our country have become increasingly dangerous. Distracted and fatigued driving plague drivers. Even in 2020 when total traffic in the U.S. is down by 16%, fatalities from auto accidents are up 12%.¹ Additionally, from 2015 to 2019, the median cost of a single fatality doubled from \$2.5 million to \$5 million.² The increase is due at least in part to social inflation. While there is not any single definition, this term generally denotes increased insurance-related costs driven by trends and views toward both litigation and what should be covered under insurance policies.

While social inflation has broad implications across all lines of insur-

ance, it disproportionately affects excess casualty insurance carriers that provide coverage for auto liability. Insurers have experienced deteriorating profitability and reduced capacity, increased attachment points and raised rates to account for the frequency of severe auto claims.

Contractors with medium to large fleets have been seeing this on their insurance renewals over the past 18 months. They can counteract this trend by focusing on auto risk management. Engage with your insurance business partners—both brokers and carriers—to stay up-to-date on the latest auto-related trends. They can advise on technologies that can be used to mitigate your fleet risk profile.

Platforms such as MVR monitoring, telematics and collision avoidance systems can help provide better and safer outcomes for your fleet. Your broker and carrier partners can also provide insights on internal risk management protocols within your organization. Careful attention to this topic cannot only keep your employees and the public as safe as possible when on the road, but it can also produce the best possible outcomes with auto and excess liability insurance renewals. ♦

¹"This Pandemic Is Driving Us Crazy." *Driver's Alert Inc.* 2020.

²"Social Inflation by the Numbers." *Advisen Data Spotlight.* 2020.