

AN INTEREST IN BLACK MAGIC - MOTOR TECHNOLOGY.

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The latest developments in motor technology might seem like science fiction, but many of them will become the norm, says Tim Collison.

The Duke of Wellington once said of steam locomotives: "I see no reason to suppose that these machines will ever force themselves into general use."

Unfortunately, the insurance industry has at times been guilty of displaying a similar lack of foresight when it comes to matters of technology. But, shaking off this image, commercial motor underwriters are starting to sing the praises of some ingeniously applied technology.

Black box data recorders, better known for their use in aircraft, are starting to be fitted in fleet vehicles, and could have a significant impact on claims experience. Motor insurers are also learning of the benefits of satellite navigation systems.

The black box is a computerised unit installed near the dashboard of a vehicle. Drivers are issued with a personalised data cartridge, which is inserted at the beginning of a shift. The vehicle is immobilised until the cartridge is loaded.

The unit records information such as driving speed, time and distance travelled and fuel consumption. At the end of each shift, data from the cartridge is downloaded on to a personal computer.

The fleet manager can then use the information to assess operating efficiency and to analyse the performance of drivers in terms of exceeding maximum speeds, engine idling time and harsh deceleration.

"The box can be used to build up a psychological picture of the driver, as it can indicate anxiety and stress according to driving habits," says Michael Rose, chief executive of JFD Insurance, which is involved in marketing the ICS Black Box.

"Drivers who use the black box have far less accidents. Research conducted by Safety Assessment Monitoring with On-Vehicle Automatic Recording has found that boxes reduce accident rates by 38%."

While this could have a dramatic impact on claims experience, it is still early days, and Landmark Insurance is the only company currently offering an upfront premium discount for fleets fitting the unit.

Most insurers agree that the device is an invaluable aid to risk management, but stress that it is only one aspect of the overall strategy. Peter Dower, Zurich's motor underwriting manager, commercial division, warns that the black box could meet with resistance from drivers. "Drivers might see it as Big Brother, which could cause employment problems for risk managers."

The area of satellite technology is far more of an unknown quantity for the world of insurance. Global Positioning Systems (GPS), widely used in shipping for precise navigation, are now being developed for cars.

The system uses a constellation of satellites, developed by the US Department of Defense which, with the right receivers, can pinpoint a position anywhere on the globe to within a few metres.

Ford is developing a GPS system that will combine an emergency location facility with a stolen vehicle tracking system. Both these functions use the vehicle's GPS receiver to locate its position, and this information is relayed

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to a central base using cellular telephony. The emergency services are then notified of the vehicle's whereabouts or, if the car is stolen, it can be tracked using a continuous satellite update.

Ford hopes the device will cost as little as \$200-\$300. It could have the same potential for reducing motor claims that Tracker promises.

But electronics experts at the PA Consulting Group think GPS technology has wider implications for the insurance industry, as it can produce all the data a black box can and record the vehicle's location. "The information could be used to accurately rate premiums according to styles of driving and locality of use," says PA's James Schoenenberger.

Many insurers regard this as science fiction. Only time will tell.

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