

Date Published: May 2014

Project: Published in [Auto & Trucking Atlantic](#) magazine

INSURING YOUR WAY WITH TELEMATICS!

MONITORING YOUR CAR'S SECURITY AND PERFORMANCE IS ON THE VERGE OF BREAKING NEW GROUND WITH THE EMERGING AND GROUND BREAKING TECHNOLOGY THAT IS TELEMATICS!

EACH AND EVERY DAY PEOPLE ACROSS CANADA GET BEHIND THE WHEEL OF THEIR VEHICLES AND DRIVE AWAY.

During the course of their journeys they may: change the volume on their stereos by pushing a button on the steering wheel, communicate on a hands-free phone via their car's electronic system; dodge an accident thanks to a collision avoidance technology alert, and arrive at their destination with the assistance of an on-board GPS system.

Owners of newer model vehicles may find these features almost commonplace, however even James Bond would be amazed at what vehicles can do! Sure the Bond cars had passenger ejector seat, rear bulletproof shield, hubcap lasers, retractable tire spikes (especially useful in Atlantic Canada) but they didn't have a vehicle that could communicate automatically if they were in an accident.

Telematics is a way of electronically monitoring vehicles utilizing real time data and recorded information. The vehicles on-board electronics systems can be used to communicate its location, technical status and even - when connected to an on-board camera - provide video views. Through telematics it is now possible to not only monitor but to actually interact with the vehicle's driver.



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Information from the vehicle's telematics system can be used for identifying any potential electronic or mechanical problems; info that can be automatically downloaded to both the owners and their companies' vehicles repair services. Driver patterns, road conditions and traffic information are just some of the other vital information that can be gathered via telematics.

As drivers are becoming savvier about using, if not benefiting from, hands-free and speech recognition technologies (i.e. telling the car radio to play a particular song) it only seems logical that vehicle telematics and its many advantages would be embraced by drivers. Benefits, including remote vehicle diagnostics with software upgrades, on-board concierge, emergency call or mayday services, remote vehicle theft tracking, and the ability to put voice-to-text utilizing electronic means, are just a few examples that come to mind.

Having the capability to not only track but to also possibly locate a stolen vehicle is an attractive feature for many new vehicle owners. In December 2013 the Insurance Bureau of Canada (IBC) research showed that four-wheel drive or all-wheel drive vehicles, including Ford's F350 and 250 series trucks along with Cadillac Escalades, remained a high choice target for thieves. The vehicles are being re-identified (reVINed) and sold throughout Canada to unsuspecting consumers.



"This should come as no surprise," says Rick Dubin, vice-president, Investigative Services, IBC. "Many of these higher-end vehicles are stolen in Atlantic Canada and Quebec and they end up being reVINed and sold in other parts of the country. It's a lucrative market for big, rugged vehicles."

Vehicle tracking is just one of the major benefits of telematics. Other advantages include: traffic information – where real-time traffic, routing and road info is communicated to drivers; fleet management - monitoring and keeping track of company's fleet of vehicles for driver, health and safety and fuel management concerns; cold store freight logistics - monitors and reports on any variances in temperatures inside cargo containers to ensure that temperatures remain within the correct parameters.

Currently, usage-based insurance (UBI) or as it is sometimes known, pay-as-you-drive (PAYD) systems are available from only a few insurers in Canada. In the United States over half of the insurance companies offer some form of UBI program. Through the installation of onboard meters, insurance companies are able to monitor and assess an individual driver's driving data. The collected information is then used to conceivably provide lower rated insurance premiums. Good driving habits can - in some cases - account for up to a 25 percent discount in car insurance.

Meters are installed in the vehicle's diagnostic port and will typically record such information as the location and time the vehicle is driven, total number of kilometers travelled, how the driver corners in the vehicle, the extent or frequency of hard braking and how measured and rapidly the driver accelerates.

Drivers can view and track their driving behaviour on a daily basis through an online website which also includes a graphic of potential savings. This will allow drivers to personally analyze their driving habits and to make any necessary operating adjustments in order to take advantage of any possible premium savings. The insurance companies are quick to advise that all collected data is only accessible to the individual drivers and is used solely for calculating potential premium discounts.

Drivers may also potentially benefit from how insurance companies handle accident claims. Telematics - through its recording of a vehicle's position and speed at the time of an accident - will aid insurance companies by permitting them to conduct swifter and more proficient handling of accident and collision claims. The technology will also prove useful in the spotting of fraudulent claims and thereby optimistically, drive down the cost of car insurance.

In May 2013, Quebec-based Desjardins Insurance launched its Ajusto and Intelauto (for customers of The Personal - its group insurance segment) in Ontario and Quebec. To date almost 50,000 new customers have enrolled in their UBI programs. Desjardins spokesman Joe Daly states that, "We are very pleased with that result, as close to 30 percent of new customers are signing up for the programs."

He reports that Desjardins is getting the sign up rate for the programs that they hoped for, and that the average monthly calculated customer discount (about 11-12 percent) is pretty close to what Desjardins expected. "But we are surprised by some of the privacy "big brother" concerns that have been raised, particularly in the media. We make it very clear that we protect customer information; only use it to determine the customer's discount, and adhere to all privacy regulations. In fact, the program has been endorsed by Ontario's privacy commissioner."

Additionally, both of Desjardins UBI programs had to receive the approval the Financial Services Commission of Ontario (FSCO) before they were offered in Ontario. Desjardins is currently working on launching UBI programs in Alberta and then the Atlantic provinces. They have no firm roll-out timeline, since each province's regulators have different requirements and processes.

The telematics device used in the Ajusto and Intelauto programs is a made-in-Canada solution that was developed by iMetrik, a Montreal-based technology company, and both programs run on Bell's high-speed mobile network.

In Canada, the UDI system is voluntary and it is totally up to individual drivers if they want to try it. According to Desjardins, potential savings on insurance premiums are available to drivers on annual renewal of their policies. Premiums won't increase for customers as a result of the program, and drivers can opt out at any time without penalty.

If UDI programs prove beneficial to drivers and profitable to insurance companies it is likely that program usage will spread across Canada in the future. Advancements in technology and increased driver awareness campaigns should prove to make these programs more popular and successful, which will in turn induce more drivers and insurance companies to go this route. In the

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future the insurance industry more than likely will adopt a more interactive and personalized approach to auto insurance.

For additional info on crime statistics and more, visit ibc.ca/en/Insurance_Crime/Auto_Theft/.

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