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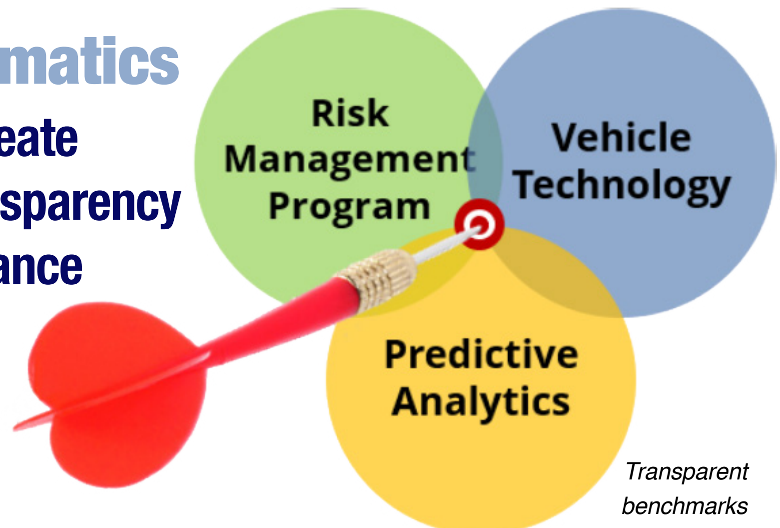
In This Edition

Using Telematics Data to Create Pricing Transparency in the Insurance Market



Transparent benchmarks answer where to spend the next dollar

Chris Carver, VP of Insurance Services, SpeedGauge Insurance Services
Jim White, Marketing SpeedGauge

After a memorable 2018, a year of record-setting tonnage transported and driver pay, the US and Canadian trucking continues to cool off, while insurance rates continue an unabated climb, according to MarketScout, most recently recording a 6% quarter. Companies wishing to challenge a premium increase now offer to share ELD and telematics data with the underwriters, with limited success. Unfortunately, without significant loss experience to offer, or some another transparent metric with the data, the underwriter controls every price conversation. Transparent use of telematics, camera and ELD data can bring balance to the conversation.

Market Conditions will require transparency:

While there's little argument that trucking insurance premiums are rising, there's a considerable difference of opinion around the trend towards usage-based insurance products. The introduction of telematics data benchmarking offers a means of ameliorating rates with variable-based rates (risk per mile or per hour) at the expense of complexity for your fleet risk management strategy. Usage-based pricing only works in a fleet's favor if the business chooses to avoid, reduce or mitigate risk associated with each shipment. A well-executed driven risk management strategy however works well when there's transparency for the underwriter in these decisions.

Although conceptually possible, practically speaking, can telematics data create insurance pricing transparency? Yes, because we have passed the tipping point, with 81% of fleet vehicles capable of sharing real-time driven road conditions more accurately than traditional rating proxies. Adding urgency, the Commercial Auto Insurance sector hasn't had a combined ratio under 100 since 2010. Rate

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Maximizing the Value of Your Healthcare Spend

Tom Wittick, Senior Vice President of Growth, Imagine Health and ELAP Services

The US healthcare system is in a state of chaos, with costs climbing each year and the challenge of finding quality care getting more and more complicated. Employers are feeling the impact particularly hard. At companies with 200 or more workers, the average annual premium for a family is more than $19,000, and employers shoulder nearly three-quarters of that cost, equating to almost $14,000 for each employee.*

Everyone is paying more, but getting less, and the trucking industry is no exception. Based on the latest results from American Transportation Research Institute's (ATRI) analysis, the cost of driver benefits increased 33% between 2013 and 2017, to an average of $0.17 per mile in 2017. This cost includes healthcare, and represents approximately 10%—a significant portion—of the reported average $1.70 total carrier cost per mile.

The numbers tell the story, and as healthcare costs continue to rise for both trucking companies and their employees, new solutions are desperately needed.

Take Control of your Healthcare Spend

There is a better way to buy and manage healthcare that's not the status quo. When presenting at the NAFC Annual Conference recently, I introduced Imagine Health. Imagine Health is different because it gives control back to the people who are paying for healthcare: employers and their employees.

With Imagine Health, employers can dramatically lower their healthcare spend in the first year and experience long-term savings going forward because it features built-in price protection. Plus, employees have the freedom to choose any doctor, including high-quality partner providers. It's a solution that employers can feel good about because it's backed by an experienced advocacy team that ensures

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Healthcare

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employees receive quality care at a fair and reasonable price.

Let's examine some of the key drivers that impact the trucking industry, and how an innovative health plan can address the challenges.

1. Containing Costs

The reality for trucking companies is that daily decisions need to be made to contain costs. The strategic management of fluctuating expenses like fuel, tolls and maintenance can significantly impact a company's bottom line, and healthcare can be added to that list. A recent study by Rand Health revealed that on average, private employer-sponsored health plans are paying hospitals 241% of Medicare—and nationwide, healthcare charges are both variable and inflated.

Some approaches to containing health plan costs run the risk of shifting expenses to employees. High deductible health plans, higher out-of-pocket amounts and minimal coverage plan models are creating economic hardships for lower salaried employees and their families across the country.

Imagine Health addresses the sky-rocketing costs of healthcare related to hospitals and physicians. The solution combines direct access to high-quality healthcare partners and a reference-based pricing model for all other providers. Reference-based pricing is a bottom-up approach to containing healthcare costs that offers price protection against variable and inflated charges. Imagine Health saves companies 15-30% on their healthcare spend in the first year and maximizes the value of each healthcare dollar spent.

2. Attracting Talent and Retaining Quality Employees

For many trucking companies, attracting and keeping qualified drivers and other employees is an ongoing problem with a high price tag. While many truckers may choose their employer based on where they can get the most mileage, an enriched benefit package can be a powerful alternate draw. When family healthcare coverage is weighed in the balance, it can give an employer a competitive edge in a tight labor market. Imagine Health gives employers the option to choose a solution that offers quality care to employees while lowering costs. Flexible access to high-quality healthcare partners makes quality care a default choice, and a reference-based pricing wrap gives employees the added freedom to choose any doctor. For example, in the trucking industry, where musculoskeletal injuries can be more common, employees have the flexibility to visit the facility or specialist they need, even on a transient basis.

3. Doing Right by Employees

Amidst the challenging operational expenses in the industry, employers are frequently faced with difficult decisions, making it an ongoing struggle to do right by their employees and choose the path that's in their best interest.

Imagine Health helps employers take care of their employees. Along with the broad access to quality care, Imagine Health provides built-in price protection, so employees always pay a fair, reasonable price for the care they receive, no matter where they go. They also have access to an experienced member advocacy team that provides service and support through care navigation services and bill resolution.

These personal member care services play an important role in employee satisfaction. It's also critical that employees understand their health plan and are trained on how to maximize their benefit. With Imagine Health, a client relationship manager provides a full suite of onboarding services and training to support HR, as well as data analytics insights into plan utilization.

Choose on Cost and Quality

The challenge of managing the high costs of healthcare while offering a quality plan for employees is nothing new and it's only getting harder. Imagine Health provides a better way to buy and manage healthcare, maximize the value of each healthcare dollar spent, and deliver health plan savings for the long-haul.

For more information on health plan cost containment strategies, contact me a t610-805-5142 or twittick@elapservices.com.

**Source: Kaiser Foundation, 2018*
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