First Notification of Risk:

Lytx raises the bar on fleet standards for the insurance industry

Introduction

No one knows more about the cost of risk than insurance companies. Across Europe, many insurance companies are impacted as claims and operating expenses approach or exceed premiums. With distracted driving causing up to 80%[1] of preventable accidents per year, and average repair costs up as much as 40% over the last eight years[3], insurance companies are advocating for the use of fleet safety technology to lower risk.

Commercial insurers are losing more than £510 million / €600 million[4] each year, and the impact of accidents has increased due to rising medical costs, more frequent litigation, and the rising cost of parts, according to UK-based insurer IMS.

Distracted driving is a significant concern to driver and passenger safety. Mobile phone use in particular is a growing source of distraction. According to a U.K. study cited in a World Health Organization report, 45% of drivers reported text messaging while driving[5]. The same report highlights that mobile phone use increases a driver's crash risk by a factor of four[5].

80%

of preventable accidents are caused by

distracted driving[1]

€210B

the yearly cost of road crashes in the EU— equivalent to approximately

2% of GDP[2]

Yesterday's technology is no longer good enough. Insurance companies are moving beyond outdated reactive telematics technology that provides a First Notification of Loss (FNOL) after an incident. They are helping to drive the adoption of proactive technologies that identify risk before something happens, enriching telematics data with video that helps show the big picture.

This forward-thinking approach to fleet safety relies on First Notification of Risk (FNOR) data to help identify and mitigate potential issues. Preventing incidents saves time, money, and lives. To increase the adoption of this technology across the fleets they insure, and to reward the commitment to a safer driving environment, insurers can offer risk management funds or rebates as incentives.

Keep reading to learn how FNOR is transforming how insurers and fleets are proactively managing risk to improve road safety.

What is First Notification of Risk?

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A First Notification of Risk (FNOR) is a real-time* alert of risky driving behaviour sent to the driver via smart video dashcams powered by machine vision and artifical intelligence (MV+AI) technology.

This empowers them to self-correct in real-time, refocusing their attention back on the road and preventing an incident. Progressive, in-cab coaching allows drivers to self-manage and take ownership of developing better and safer habits.

Driver empowerment

If a driver is engaging in risky behaviour, they'll receive an alert:

- **Not wearing a seatbelt**
- **Using a mobile phone**
- **Smoking**
- **Eating & drinking**
- **Inattentiveness**

Driver support and training

If a driver persists with the risky behaviour and chooses not to self-correct, an alert is sent for review to the fleet manager, who is notified of the risk. Fleet managers can use this data to:

- **Identify drivers who need additional coaching and support**
- **Pinpoint persistent, problematic driving behaviours throughout their fleet**
- **Create special training programmes or solutions specifically to reduce risky habits**

The impact of proactive real-time alerts can benefit businesses and insurers in numerous ways, such as reducing the cost of insurance premiums, claims costs, and downtime of vehicles for repair.

With the global driver shortage[6] and supply chain shortage[7] for new vehicles, replacements aren't readily available should a driver be injured or a vehicle taken off the road for extensive repair. It's more important than ever that preventive measures are taken to keep drivers and vehicles safe and working efficiently. FNOR can help.

Businesses that share their FNOR data and reports with their insurance company provide unprecedented visibility into real fleet risk and the ability for insurers to proactively manage their client's risk, premiums, and costs.

57%

of people are more likely to stop distracted driving if a friend or passenger pressures them to stop[8].

Smart video dashcams with real-time risky behaviour alerts can have the same impact.*

How it works: **The technology behind FNOR**

The key to FNOR

Smart dashcams powered by Lytx® MV+AI are the key to receiving accurate, actionable FNOR.

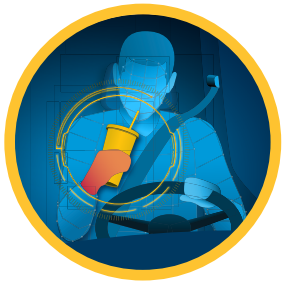
Machine vision enables the dashcam to see and recognise objects and behaviour by analysing images and video data. Artificial intelligence learns from the data to interpret what the MV sees. Together, MV+AI observes data, analyses it, and anticipates what might happen next—learning and becoming smarter as more data is collected and assumptions are verified.

MV is the eyes

AI is the brain

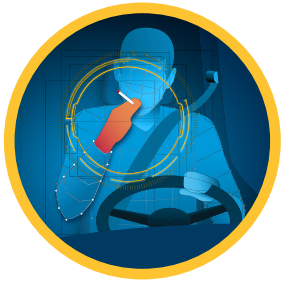
Video with MV+AI can recognise distracted driving behaviours such as:

Mobile phone use



Eating & drinking

Unbelted driving



Smoking

Eyes off the road

When a risky behaviour is identified, a real-time* alert is sent so the driver can correct their behaviour. If they don't change their risky behaviour within several seconds, a video event is recorded, and their manager receives a notification.

MV+AI progressive coaching makes it easy for drivers to self-manage, and for fleet managers to get objective data to identify drivers who need additional coaching. Together, drivers and fleet managers can take proactive measures to create safer driving habits and safer fleets.

CLICK TO SEE MV+AI IN ACTION

"At QBE we constantly are looking at ways to support customers to prevent incidents, save lives, and reduce claims costs which will in turn helps them to manage their insurance spend... the Lytx solution identifies distracted driving in real time. This is very much a proactive technology vs reactive."

Matthew Porter
Head of Technical and Business Performance
QBE Insurance

QBE

Why insurers need FNOR

Why insurers need FNOR

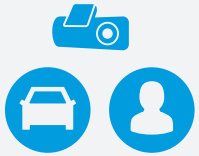
Imagine receiving detailed reports about driver behaviour patterns and using the data to determine how it impacts the safety of a fleet. Fleet owners can submit plans for how they will use the risk data to proactively train and provide incentives to drivers, which helps insurers recommend potential safety improvements in the fleet.

Here are some of the benefits of FNOR:

Smart dashcams with MV+AI identify risk and can result in saved lives, fewer incidents, fewer claims, and fewer injuries

Allows insurers to identify risky behaviour to get accurate risk profiles of the fleets they insure

Real-time* alerts empower drivers to correct risky driving behaviour and develop safer long-term driving habits



Access video proof of why an incident happened with in-cab and road-facing video

Use video to exonerate drivers in false claims

Video footage quickly resolves liability disputes, saving time and costs

FNOR:

Raising the industry bar

FNOR: Raising the industry bar

While incidents on the road still occur, FNOL is here to stay. But the era of being powerless to do anything except react to a loss is over.

Fleet managers and insurers no longer have to settle for this antiquated approach. They can now embrace advanced technology to proactively identify and mitigate risks early.

This forward-thinking approach can help reduce costs and improve overall fleet safety long-term, and change the way insurers work with their customers.

In 2019, Lytx technology helped clients achieve an estimated

$1.3B

in savings on insurance claims including workers' compensation and insurance claims.

What the industry is saying about the impact of FNOR

> The opportunity for drivers of vehicles to be notified of the times when their driving behaviour falls below what is required is a great step. It gives the driver time to change that behaviour in the first instance. If they choose not to, then the employer will become aware of this and they will then be able to intervene."

Doug Jenkins | Motor Technical Risk Manager
AXA Insurance

> Driver distraction is a key issue for us when supporting our fleet customers... this is why we support the proactive technological solution from Lytx which identifies the distracted driving event and gives 'behavioural nudges' to the driver so they have an opportunity to change their driving. This proactive approach should help to reduce crash risk, improve driving standards and safety."

James Billings | Risk Solutions Practice Leader Motor
QBE Insurance

The best accident is the one that is prevented from happening in the first place. First Notification of Risk delivers this, identifying risk and prompting the driver to correct this behaviour in real time. Identifying risk through these technologies is going some way into reducing premiums and delivering a better return on the client's Insurance investment."

Dron Kyle | Motor Risk Engineer
HDI Global SE | UK & Ireland

Technology and data are becoming increasingly more important when identifying and assessing risk. Lytx is able to provide key risk data that highlights potential factors likely to lead to the increased probability of a vehicle accident. Having this information available allows preventive risk management measures to be put in place prior to accidents occurring, therefore reducing risk, claims and ultimately injury and costs."

David Gerrish | Head of Motor
AXA XL | Lloyds and UK

80%

reduction in clients' insurance claims costs aided by Lytx innovations in 2019-2020.**

Surfsight dashcam: **Producing accurate FNOR**

Producing accurate FNOR

When choosing the right dashcam for your business, it's important to implement one that can provide the largest volume of accurate, data-rich insights.

The Surfsight™ dashcam is powered by Lytx, a leader in advanced video telematics for over 20 years.

Lytx's MV+AI technology uses an unmatched volume of high-quality data along with highly accurate, AI-based risk monitoring. Lytx MV+AI learns from a database of over 150 billion miles of driving data, which undergoes human review to confirm accuracy. With hundreds of thousands of vehicles providing new data every day, the technology is constantly learning, refining, and improving its precision.

The unrivalled accuracy of Lytx data is important to gain driver trust and provide managers with accurate, actionable risk assessments.

The Surfsight dashcam is a smart and simple choice for the fleets you insure, no matter their size—from 1 vehicle to 100,000.

- Easy to install and set up–it can be up and running in less than 10 minutes
- Video captures in-cab and road-facing footage for a complete picture of the road and the driver
- Configurable to enable compliance across different regions and country regulations to meet the specific privacy needs of your fleet
- Priced to be accessible for even the smallest fleets

To learn more about how FNOR can help the fleets you insure, contact:

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LEARN MORE

Sources:

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2. https://ec.europa.eu/transport/themes/sustainable/studies/sustainable_en
3. https://www.trendtracker.co.uk/order-the-future-of-the-uk-car-body-repair-market-2019-2024-report-3-users/
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5. https://www.who.int/violence_injury_prevention/publications/road_traffic/distracted_driving_en.pdf
6. https://www.iru.org/who-we-are/where-we-work/europe/driver-shortage
7. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/coping-with-the-autosemiconductor-shortage-strategies-for-success
8. According to a survey by Kantar Added Value. https://about.att.com/csr/itcanwait

*Surfsight dashcam is a driver aid only. Drivers should never wait for the Surfsight technology to provide a warning before taking measures to avoid an accident. See https://surfsight.com/driver-information

**Based upon a select sampling of Lytx client data