

# [Driverless Commercial Trucks Wait at the Intersection of Insurance](#)



Driverless commercial trucks are evolving much like their private-passenger counterparts. There are basically two paths. Vehicle manufacturers are either moving to near-autonomous vehicles practically whole cloth or are evolving trucks and cars piece by piece. Both approaches make sense for different markets.

The innovators expect the insurance industry to get on board. Insurers, however, are not exactly excited about covering unknown risks. My Leader's Edge article, [Coming to a Highway Near You](#), explores the intersection of commercial automated vehicles and the business of insuring them.

As the article explains, brokering insurance depends on which path the driverless vehicle is developing. Conventional trucks with some automation — whether fresh off the assembly line or installed aftermarket add ons — are covered by traditional commercial auto policies. The more advanced the technology, the fewer insurance company options are available.

Manufacturers and owners of more advanced autonomous trucks, some of which are practically driverless, are obtaining coverage through technology brokers. This represents a significant shift, where trucks are viewed through the lens of software more than grease and gears.

Another huge challenge is finding insurance companies willing to cover uncharted technology with their eyes half shut.

When I wrote my first driverless vehicle article [six years ago](#), the insurance industry identified concerns yet to be resolved. First, the safety of driverless cars was initially overhyped. The promise that driverless cars would eliminate about 90% of accidents was based on a study that had nothing to do with driverless vehicles. The actuarial community also showed the risks that driverless vehicles introduce, a reality that receives little attention. Manufacturers heretofore have been unwilling to share their data. This does not exactly build trust between the manufacturers and insurers expected to absorb mostly unquantifiable risk.

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Some insurance industry professionals raise concerns that if the insurance industry does not start covering semi or more fully commercial autonomous trucks, manufacturers will, in effect, [self-insure](#). It is already happening. And it is not just Tesla offering coverage to their California drivers.

Commercial trucking manufacturers are doing so as well. Then there is also the question of what insurance will look like as automation puts the burden of liability more on the manufacturer than the driver.

On a personal note, I believe automated commercial trucks and vehicles will continue appearing on American roads at a faster clip than private passenger vehicles. Unless there is a tax break or other financial incentive — or the United States economy rebounds rapidly — most Americans will find semi-autonomous vehicles difficult unaffordable in the near term. I discuss this in my well-received piece, [ADAS Go For a Ride](#).

My article explores these issues in more detail. Hopefully, it will inspire more dialogue between manufacturers and the insurance industry.

P.S. For more information, check out my award-winning piece, [Driverless Utopia](#).

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## [Climate Change Pressures Higher Property Insurance Premiums](#)

Climate change is already pressuring premiums for homeowners, commercial and other types of insurance coverage. California homeowners in wildfire-prone areas are being turned down for coverage. The National Flood Insurance Program



(NFIP) will be increasing premiums this spring.

My article in the January issue of Leader's Edge, [Climate Appetite](#), explains why businesses should consider the change in climate seriously to mitigate future risk. The piece also covers the important role insurance agents and brokers will play to support their clients.

There is also an overview of catastrophic losses and their impact on insurers.

Whether you believe global warming will cause serious changes to the earth's environment — or not — the story should be a wake-up call. Businesses need to take a harder look at their properties. Being sustainable could mean relocating, reinforcing buildings or taking maintenance and repair more seriously.

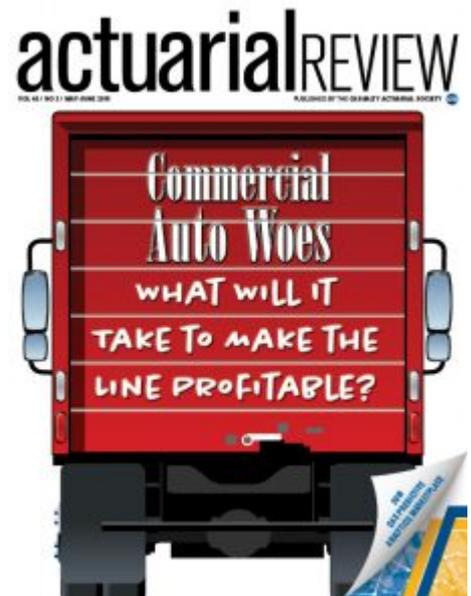
Making these investments now is a good idea. Besides protecting business personnel and property, it could keep insurance premiums in check.

After reading my latest [Leader's Edge](#) article, please check out my [Actuarial Review](#) articles relating to weather and insurance.

- [Risky Business](#) explains why climate change has become the top risk of concern for actuaries and risk managers.
- [2017: The Year of the CATs](#), discusses how extreme weather made 2017 the highest loss year for losses, bypassing 2005 of Hurricane Katrina fame.
- [The SLR Factor](#) covers why sea levels are on the rise. It also explains why actuaries should consider the impact of rising sea levels when developing rates for pricing property insurance.

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## [Commercial Auto Unprofitability Not All That It Seems](#)



*Why the commercial auto line is a mess*

Commercial auto insurance is an unprofitable mess. It's putting some companies out of business. Among the other commercial lines, commercial auto sticks out like a sore thumb. Unprofitable for eight years, the line is making life difficult for insurance agents, brokers and their clients.

My article, "[Commerical Auto Woes](#)", takes an in-depth and rare look into what is *really* going on

with commercial auto insurance. I went beyond the standard explanation that premiums are higher due to rising costs. Actually, that is a small piece of the story.

Why is the line in crisis? The article gets into much greater detail, but here are two hints: market changes and technological innovation. And of course, an unprofitable line does not mean that all insurers are suffering. Some are doing quite well, thank you very much.

### **Improving Commercial Auto**

Upon completing the article, it became clear to me that there are several areas to improve. Insurers and the companies they cover need to get religion on workplace safety. That happened 25 years ago in workers' compensation and it put the line on a more solid foundation.

Further, there is a lot more to study about work-related transportation. Traffic, personal auto insurance and workers' compensation studies offer limited application commercial auto insurance. There are other factors involved in commercial auto that range from vehicle size to the impact of federal regulations and employee training.

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*I went beyond the standard explanation that premiums are higher due to rising costs.*

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Meaningful granular data is tough to come by, which makes it especially challenging to evaluate the health of an insurance line. For insurers that cover a variety of risks, including trucks, it can be tough to go granular. To better compete, carriers need to know more.

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## **Leader's Edge Feature Offers Digital Marketing Insight and Advice**



Question: When there is so much Internet noise, how do you make sure your company stands out? Answer: Digital marketing.

As I explain in my recently released *Leader's Edge* article, ["From Buzz to Bucks,"](#) digital marketing encompasses everything from social media marketing to links, search engine optimization (SEO), video, advertising and other channels.

In general, the insurance industry is behind other sectors when it comes to mastering digital marketing. Digital marketing is not a replacement for all traditional marketing techniques, but it a crucial part of a marketing plan.

The article includes interviews with digital marketing experts and agents and brokers reaping positive results from digital marketing. Their advice can help nearly any company. There is also a sidebar devoted to determining [return on investment](#) (ROI) and another covers [social media](#).

## Some Digital Marketing Tips

Getting started in digital marketing is just like any other form of marketing or public relations strategy.

- Define your customer, their interests and pain points to develop appropriate messaging. I don't believe you can know enough about potential or current customers.
- Surveys, focus groups and asking readers for follow-up are important tools for better knowing customers. A lot of companies skip this step to their peril. Don't make that mistake. Hiring an outside firm is a good idea to assure objectivity. At the very least, make sure sales staff keeps track of lead origination. They should be asking - and keeping records — about how customers heard of the company, what prompted them to contact the company and content of interest.
- Also, take a close look at your website. Since about half of viewers use their mobile devices to look up information, at the very least, the website needs to be responsive so it's easy to read and navigate.

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*[I believe that any new marketing strategy should be approached humbly...](#)*

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- Make sure call-to-action buttons are well placed to transform readers to leads.
- Re-evaluate your social media strategy. Are you on LinkedIn, Facebook, GooglePlus and Twitter? If so, post on a regular basis to keep your company top of mind. If not, get signed up!
- The secret to great SEO has much more to do with content than fancy programming techniques. Make sure the information is written for readers as search engine algorithms try to mimic what people want to read. Speaking of search engine algorithms, Jayson DeMers, one of the experts quoted in my article, published a piece on [Entrepreneur](#) this week explaining how Google's future algorithm change on April 21<sup>st</sup> will "revolutionize the way mobile friendliness is determined." It's worth checking out. Regardless of algorithm changes, [quality content](#) continues to be more important than ever. (Please see the "quality content" tag on this blog to learn how to produce it.)
- Make sure your material meets your customers' needs.
- Re-evaluate your website and other content for SEO. Do not stuff content with searchable words. Search engines hate the practice and give sites that do it lower rankings.
- Blogging is another way to provide quality content. It requires a time commitment, but regularly introducing quality content - at least once per week — through blogging is very effective for boosting SEO and keeping your company top of mind. Post it on social media sites including LinkedIn.
- Take the best sentences and points and feed them into Twitter. To ensure originality and be rewarded by search engines, avoid companies that sell pre-packaged content. Yes, it's cheaper, but it might not fare as well with search engines. Quality content can be developed by company subject matter experts, guest bloggers and freelance writers.
- Graphics play a critical role in presenting content. The right picture can be worth a 1,000 words. Since many people prefer to get information by watching rather than reading, video also plays a role in digital marketing as well. I believe that any new marketing strategy should be approached humbly because the arena continues to evolve. Each company should track every tactic they pursue to see what is most effective. For example, an agent or broker who sells both personal and commercial lines might find that Facebook postings are more effective for selling personal lines and LinkedIn works better for commercial lines.

*[Which digital marketing tactics are working at your company?](#)*

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## [\*\*Brokers Need to Take Advantage of Data for Future Success\*\*](#)



To attract and retain customers, insurance brokers need to take advantage of data already buried in their electronic and paper files.

My [Leader's Edge](#) article, [In the Zone: Keep Your Head in the Game Retaining Clients By Using the Competitive Data Hurling Right at You](#), explains why 20<sup>th</sup> century business practices and assumptions no longer work in a world of Internet purchasing and big data.

Business insurance buyers are already shopping around online for coverage that once depended solely on business relationships. Insurance companies are already using their data to target and sell products to specific customer profiles.

And since insurers also add to their data with outside data to develop models, brokers must follow suit to retain clients and expand on the insurance coverage they are already selling.

I hope you enjoy the article explaining why brokers need to take advantage of data. Feel free to comment below as you wish.

P.S. If you want to learn more about data and analytics, you can see past blogs on the topic under the [predictive modeling](#) tag.

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## **[Predictive Modeling 's Impact on Agents and Brokers—and Their Clients](#)**



*Predictive modeling pieces together data in new ways. (Thanks to [steve.kargs.net](#) for the pic.)*

*Leader's Edge* magazine just published my article on how predictive modeling will affect agents and brokers who sell commercial insurance – and their customers. The article, [Modeling the Future](#), explains how agents and brokers who invest in their own predictive models can see significant returns on their bottom line.

Many agents and brokers are already being affected by the predictive models of the insurance companies they represent. To a greater extent, predictive modeling reveals the true risk of employers. Some agents' customers will see price improvements while others will experience the opposite. Insurers also need to do a better job informing their agents of how they are using the models so agents can respond appropriately.

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***Those who adapt quickly will do well, those who do not will be left behind.***

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Agents and brokers with the interest and resources to invest in their own predictive models will be able to offer better products and services. My article features one company that is increasing revenue by improving the value proposition of workers' compensation products and services with predictive modeling.

Some agents bristle at the technology, but predictive modeling is here to stay. Those who adapt quickly will do well, those who do not will be left behind.

I hope you enjoy this last article under my current byline. Since I am getting married this Saturday, my future byline will be Annmarie Geddes Baribeau.

If you want to read more about predictive modeling, please check out the "predictive modeling" section under "topics."

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## **[70 Percent of Insurers Communicate with Independent Agents via Social Media - Insurance Networking News](#)**

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## **[Why Karen Farris Is Among My Heroines](#)**

Karen Farris, one of the first female executives in the male-dominated insurance industry, is featured in this month's issue of *Leader's Edge* magazine

(<http://www.leadersedgemagazine.com/archive/June-2012/pro-file.htm>.) I am privileged to be [the story's](#) author.

Karen personifies that being successful should be not be about gender. She certainly did not make her's an issue. She graduated from college in 1972, when the Equal Employment Opportunity law also was enacted, and shattered the glass ceiling by being herself. Her inspiration, however, did not come from the feminist movement, which was taking place during her college years. It came from her parents, who convinced her she could be anything she wanted to be. Comfortable in her feminine skin, she never bought the idea that to be equal to men, it was necessary to act like them in a man's world.

By not making her gender an issue and focusing on professionalism, her male counterparts respected her and helped her get to the top. Karen is the chairman of [Roach Howard Smith & Barton](#), a large Dallas-based insurance brokerage firm.

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***By being free of a larger social agenda, she moved to the top by being herself and loving her work.***

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It's not to say that feminism did not open doors for her. The resulting EEO Act did encourage more career opportunities for women and minorities. My mother, who also worked in the insurance industry then, told me that before EEO Act, women pretty much just did clerical work. My mother started to see women given managerial positions at Cleveland's Progressive Insurance though they starting by supervising four to five women. Remember, these were the times of Archie Bunker, when men were generally not comfortable with female bosses.

And yes, Karen was the first woman to join the Rotary Club in Dallas after a U.S. Supreme Court decision gave women entry to previously male-only organizations. She joined to participate, not to prove anything.

I did not know Karen before I was assigned to write about her. It so happened that she grew up in Euclid, Ohio, as I did, graduating from Euclid Senior High School the year I was born. She is a breath of fresh air for me. Being in the first post-baby boomer generation, my feminist professors stressed pursuing a career for the sake of the sisterhood. They talked as if all women before feminism lived in a miserable domestic prison. Certainly, there were women who felt that way but I wonder if there are just as many now who wish they could be home with their children. My grandmothers were not miserable. My great-grandmother was a landowner and rented out property. My great aunt had a career in marketing.

In its purest form, feminism is supposed to be about women having more life choices. From my experience, too many of my feminist friends bristled at my choice to be a stay-at-home mother with a part-time career. Women are still learning to support each other's choices. We have to quit judging each other.

By being free of a larger social agenda, she moved to the top by being herself and loving her work. That's a great example for women and men.