

The Case for Dashcam- based Commercial Auto Insurance



Commercial auto insurers face mounting pressures from rising accident rates, increasing legal disputes, and costly fraudulent claims. At the same time, advances in dashcam technology offer a practical solution to reduce risk, speed up claims resolution, and improve driver safety. This whitepaper examines why widespread adoption of dashcams in commercial fleets is not just a technological opportunity—it's a strategic imperative for insurers, policyholders, and the transportation industry as a whole.

Introduction

Commercial auto insurance faces unprecedented risk and dashcams are the answer.

Commercial auto insurance is one of the riskiest sectors of the insurance industry. The rise of e-commerce, gig-economy driving, and freight transportation has intensified exposure, while insurers face growing pressure to control losses and maintain profitability.

Factors such as “nuclear verdicts” (extremely high jury awards), complex liability disputes, and limited visibility into fleet operations make traditional risk management increasingly difficult. Dashcams –already widely adopted by progressive fleets—are emerging as a practical, scalable solution to address these challenges.



Industry Landscape and Challenges

1 Escalating Claim Severity and Frequency

Bodily injury and litigation costs are rising at a faster rate than property damage claims, driving up overall loss ratios.

2 Fraud and Staged Accidents

Commercial vehicles are frequent targets for fraud schemes due to perceived deep pockets and policy limits.


3 Driver Shortages and Turnover







High turnover leads to inconsistent training and increased safety risks.

4 Lagging Claims Resolution

Investigations are often delayed by subjective testimony, incomplete evidence, and lengthy legal processes.

Dashcams, especially those with inward- and outward-facing views, serve as a multi-purpose solution.

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| <p>Fraud Prevention</p> <p>Video evidence deters staged accidents and disproves false injury claims.</p> | <p>Training and Compliance</p> <p>Real-world footage supports driver onboarding, ongoing training, and compliance with DOT and FMCSA standards.</p> |  |
| <p>Accident Documentation</p> <p>Timestamped video evidence simplifies liability determination and accelerates claims handling.</p> | <p>Behavioral Insights</p> <p>Dashcams flag risky behaviors like harsh braking, distracted driving, and speeding for proactive coaching.</p> | |

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|  | <p>Advanced Driver Assistance System (ADAS)</p> <ul style="list-style-type: none"> • Real-time alerts for risky driving behaviors (e.g. rolling stops). • Proactive intervention to reduce accidents. • Enhanced Driver Safety Program |  | <p>Impact Event Detection</p> <p>Can help exonerate drivers in 60% or more of disputed claims, preventing wrongful liability.</p> |
|  | <p>Driver Monitoring System (DMS)</p> <ul style="list-style-type: none"> • AI-driven detection of driver distractions, such as phone usage. • Essential for refocusing driver attention and enhancing safety. |  | <p>Claims</p> <ul style="list-style-type: none"> • Accurate evidence of events • Faster Claims Resolution • Reduced Fraud and False Claims |
|  | <p>Impact & Critical Event Detection</p> <ul style="list-style-type: none"> • Built-in accelerometer detects high g-force events (e.g., harsh braking). • Footage aids in driver coaching and provides critical accident evidence. |  | <p>Sign Board Warnings & Events</p> <p>Non-compliance with traffic signs contributes to 22% of fleet-related crashes.</p> |

1. **Reduction of Collisions**
Dashcams deter “crash-for-cash” scams (staged accidents), as well as reduction of collisions due to real time voice alerts utilizing AI Insights. Video based safety programs are overperforming standard telematics based programs by over 20%.
2. **Improved Loss Ratios**
Fewer fraudulent payouts and stronger defense against exaggerated claims lead to better underwriting results.
3. **Data-Driven Underwriting**
Video and telematics data can refine risk models, allowing insurers to tailor premiums based on actual driving behavior.
4. **Lower Legal Costs**
With objective evidence, insurers can avoid lengthy litigation, achieve earlier settlements, or dismiss weak claims entirely.

What is negligent entrustment?

“Negligent entrustment” is a legal term defined as “the entrusting of a dangerous article (such as a motor vehicle) to one who is reckless or too inexperienced or incompetent to use it safely.”¹

When is a company liable for negligent entrustment?

A company may be held liable if:

- The company has policies that state that MVR’s (motor vehicle records) will be reviewed against set criteria, drivers failing to meet the criteria will be disqualified, AND drivers continue to drive for the company even though they fail to meet the criteria.
- The driver was negligent due to the use of a suspended license and the company knows or should have known that the license was suspended.
- The company has been receiving telematics that shows negligent activity on the part of its drivers and has not acted on it.

Legal and Liability Protection



Video evidence reduces legal ambiguity. Protects companies and drivers from:

- Fraudulent claims
- ‘He said, she said’ disputes
- Nuclear verdicts

Example: A trucking company avoiding a \$2 million lawsuit by presenting dashcam footage proving fault of the other driver.

¹ <https://www.thehortongroup.com/resources/negligent-entrustment-what-is-it-and-why-businesses-should-be-concerned/>

While not yet mandated at the federal level, dashcams align with FMCSA and CSA safety goals. Courts increasingly view dashcam footage as decisive evidence in claims disputes, further reinforcing their value in the legal landscape.

A Scalable Model for Reducing Collisions

Subsidize Camera Programs

Start with fleets that have loss ratios above a set threshold.



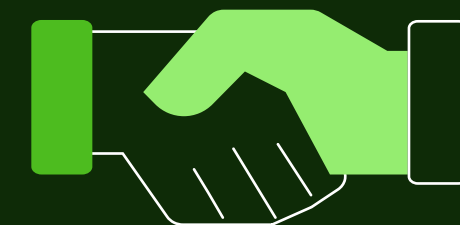
Offer Premium Incentives

Reward voluntary adoption with discounts or enhanced coverage.



Build Vendor Partnerships

Collaborate with telematics and dashcam providers for seamless integration.



Standardize Data Use

Establish clear protocols for footage storage, privacy, and claims processes.



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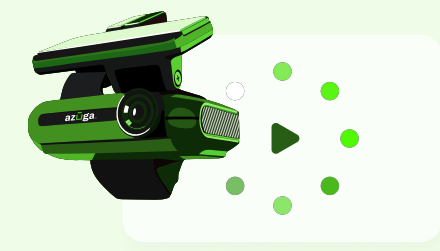
Dashcam-based connected insurance ... delivers a social good—expanding the availability and affordability of commercial auto coverage without compromising sustainable profitability.

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Matteo Carbone, Founder IoT Insurance Observatory

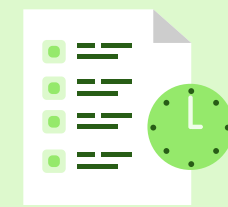
Risk Reduction and Loss Prevention

- **Accident Evidence:** Real-time video reduces fraud and ensures fair liability assignment.
- **Behavior Monitoring:** Recording incentivizes safer driving behaviors.
- **Proactive Risk Management:** Dashcam data identifies high-risk drivers and fleets for targeted coaching.



Claims Efficiency and Cost Reduction

- **Faster Settlements:** Evidence accelerates processing and reduces adjuster workload.
- **Reduced Litigation Costs:** Eliminates "he said, she said" disputes.
- **Fraud Deterrence:** Minimizes exposure to staged or inflated claims.



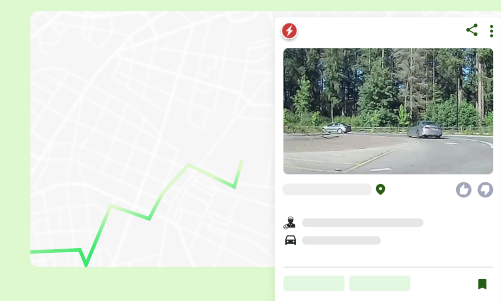
Premium Accuracy and Incentives

- Tiered premiums reward safe driving behavior and adoption of safety technology.
- Underwriting precision improves through rich, objective data insights.



Safety and Compliance

- Video evidence prevents false or staged claims ("nuclear verdicts" can exceed \$1M).
- Dashcams often make the difference between liability and exoneration in court.
- Legal teams use footage to settle early or avoid litigation altogether.

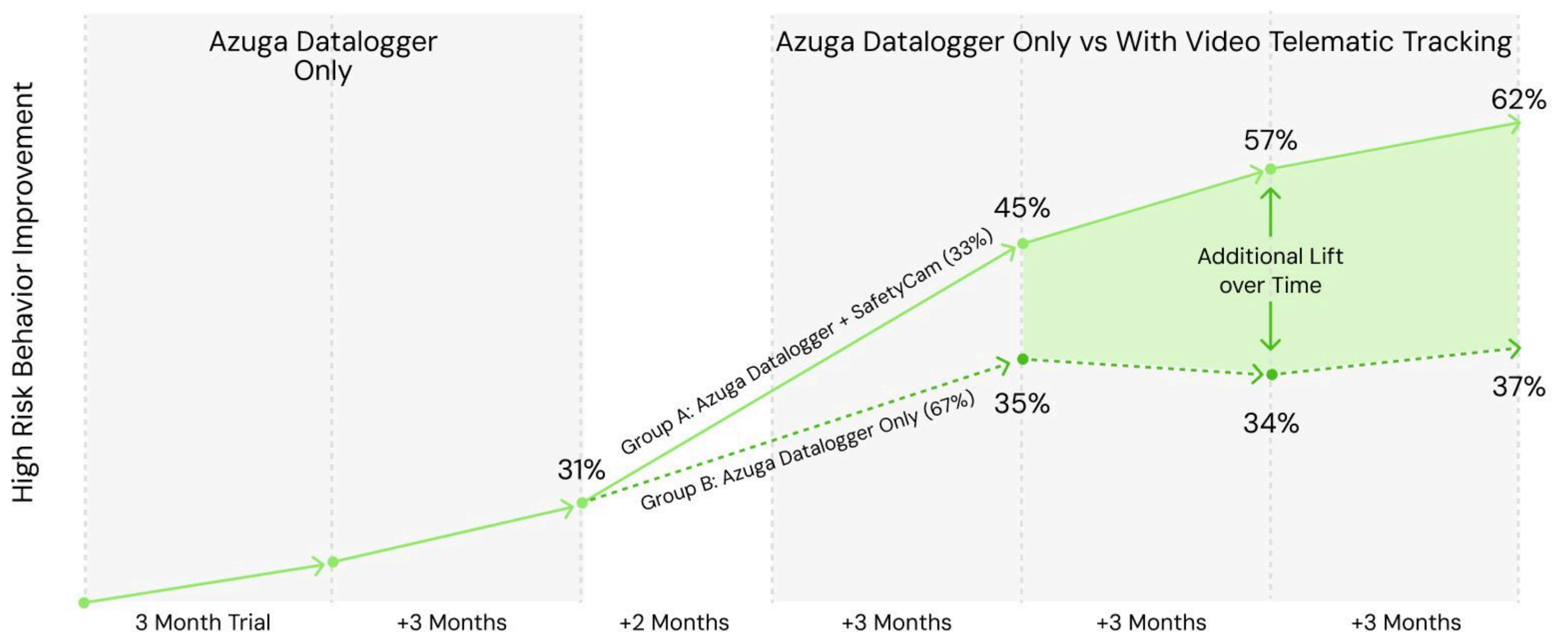


Proven Precedent

Similar to smoke detectors in homeowner policies, dashcams represent a proactive, preventive measure in a high-risk category.



Azuga services help reduce the High-Risk Driving Behaviors, and ultimately lead to reduction in Collision Exposure





Privacy Concerns

Address with clear policies, external-facing cameras, and restricted data access.



Driver Resistance

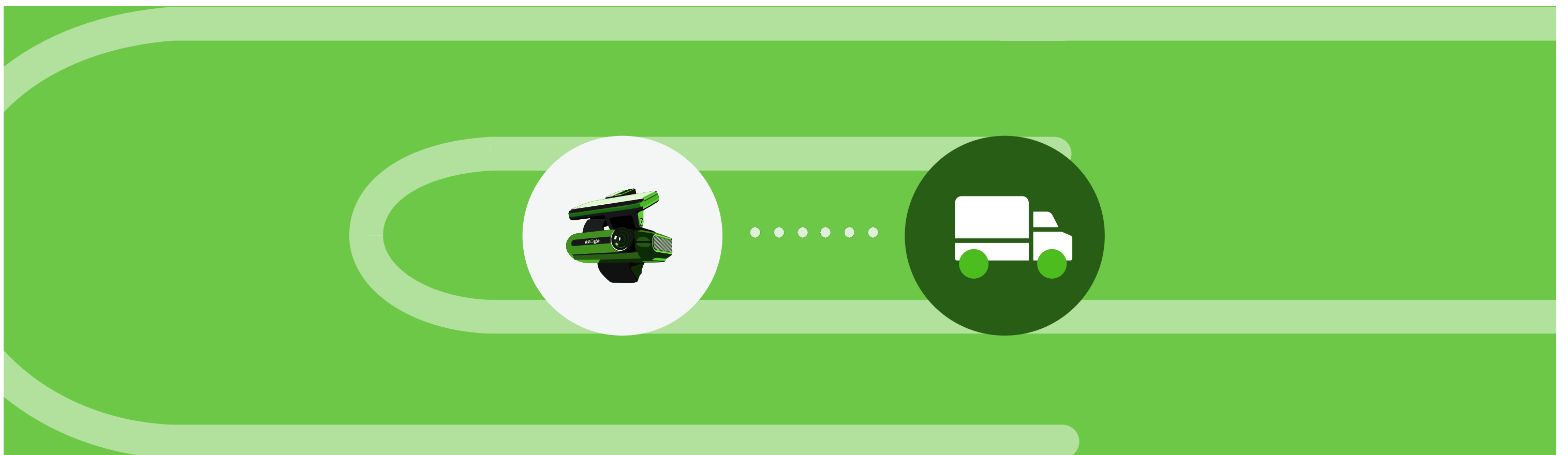
Position dashcams as protection against false claims, not surveillance.



Cost Barriers for Small Fleets

Offer financing or premium incentives; long-term savings offset initial expense.

Conclusion



Leveraging dashcams in commercial auto fleets isn't just about minimizing claims; it's about aligning incentives, fostering safer driving, and building a resilient insurance ecosystem. In a market where claims severity is rising and litigation is escalating, dashcams provide carriers with a powerful competitive edge.

Early adoption will allow insurers to:



Improve profitability and loss ratios



Deliver better outcomes for clients



Lead the industry's digital transformation in risk management



There is a significant consensus in the insurance sector about the positive and robust ROI of fully subsidized dashcam-based safety programs for heavy vehicles. Note: the IoT Insurance Observatory research has shown that an insurer's safety program can achieve a positive ROI across any commercial auto insurance portfolio if the carrier adequately leverages insights from these connected cameras in its processes.



Matteo Carbone, Founder IoT Insurance Observatory

