



October (Spring) 2011, 1 page

## COLLISIONS

The Fortune 500 Magazine states that in the last financial year the 37<sup>th</sup> largest company in the United States is State Farm Insurance. This ranking is based on revenue. It has revenues of US\$63b, has 66,000 employees and a profit of nearly \$2b. To put this in perspective, Wal-Mart Stores is the highest ranked company with revenues of \$421b and profits of \$16b. The second ranking is Exxon Mobil with revenues of \$354b and profits of \$30b. State Farm Insurance is similar in revenue to Apple (35th), Boeing (36th) and Microsoft (38<sup>th</sup>). In the world wide rankings in 2011, Australia's largest company, BHP Billiton, was ranked 159<sup>th</sup> (profit of \$12.7b). State Farm is ranked the 116<sup>th</sup> largest company in the world. The point is that State Farm has a fairly good idea of what is happening in the world of insurance in America.

Articles in the American press recently have been citing figures published by State Farm Insurance which outlined accidents involving deer and motor vehicles. They estimate that, between July 1st, 2010 and June 30th, 2011, 1.09 million vehicles hit deer throughout America. Fortunately for State Farm these figures show a decline in accidents over the last three years of roughly 9%. The average property damage cost of these accidents is about \$3,200 per accident, up 2.2 percent from the year before. All this leads to a damage bill of approximately US\$3.5b.

According to State Farm records, West Virginia is the worst state for accidents and claims data and state driver counts show that one out of 53 West Virginia drivers will hit a deer in the next 12 months. In fact more than 18 percent of all such mishaps take place during the 30 days of November. This is the peak of the mating and migration season of the Whitetail deer. It is frightening to think that an incident involving a deer and a vehicle will occur once every five seconds in the United States in November. Most of the crashes happen between the hours of 5pm. and 7am.

This sounds like an opportunity!! And yes- car manufacturer Volvo is developing a system that can detect animals on the road and brake automatically to avoid a collision. Volvo already has crash avoidance technology such as City Safety and Adaptive Cruise Control which use lasers and sensors that are fine-tuned to detect pedestrian-shaped objects in the path of the vehicle. The new animal detection system will be more precise and will be able to detect wildlife of different shapes and sizes as they wander into the vehicle's path. It will be interesting to see how this technology reacts to kangaroos!!

As you would expect, there are those who find these figures all a bit too much. One fellow from Minneapolis wrote into a paper saying that he has never hit a deer and he doesn't know anyone who has hit a deer in the last year. He thinks that State Farm may be trying to drum up a bit of business and will offer a special deer-collision insurance rate to motorists.

American joke: Q: Why did the deer cross the road? A: It didn't...never made it.