

Motor Fleet Risk Management



Motor Fleet Risk Management



Statistics show that **65%** of all Company owned vehicles are involved in an 'accident' of some description each year, with a worrying **41%** of these being deemed as avoidable and as a direct result of poor driving.

Add this to the **28%** of incidents which are attributed to vehicle crime and very soon a picture appears of the enormous burden placed on businesses and insurers, which through improved risk management could be eased considerably.

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Introduction

The financial costs of vehicle repairs are only the very tip of an economic iceberg which impact considerably on the fleet operator's business following an accident. 'Invisible' costs such as those listed below very often exceed the costs of physical damage to the vehicle and their impact can extend far beyond the timescales for repairs.

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Introduction

- Injury to or even the death of drivers or passengers and the potential for loss of production, expertise, business opportunities, etc.
- Damage to property being transported and its potential for loss of existing and future business, or at the very least its impact on levels of service.
- Administrative resources required to 'manage' the loss, with insurers and authorities' forms to be completed, repairs and temporary replacement vehicles to be arranged, rescheduling of deliveries, etc.
- The rising costs of insurance, directly linked to the quality of the Company's driving record.
- Legal costs and the time involved in defending an action against the Company.
- Financial penalties for breach of legislation.

These costs affect thousands of businesses each year and present a powerful argument for a proactive approach to Motor Fleet Risk Management.

But what is Risk Management and why should we consider it - after all, insurers pay the losses?

Quite simply, as the statistics and comments on the previous page explain, insurers do not pay all your losses, they never can. Firstly, not all losses are insurable, and secondly, the perception of some risks may be that they are either not worth insuring or it would be uneconomic to do so. There is nothing wrong with that perception, and as an insurer we would be first to point out that in certain instances there are more appropriate ways of reducing risk to the business.

Risk management is one, a common sense approach to managing the resources of your Company. It involves identifying the risks that affect your business, and in this particular case your Motor Fleet. Assessing the potential each risk presents for interrupting the business, establishing a list of actions which will minimise those risks, and implementing a specific programme to bring those risks under control.

Without wishing to over simplify matters the plan need not be complicated, and in many cases will not require any specialist knowledge or large investment. However, if it is to be successful, like any plan it needs to be specific, the results must be measurable, it must not be over ambitious, it must be relevant to the subject and have clear timescales for its operation.

This guide has been produced to assist you as a fleet operator in the process of identifying the risks that affect your business, and ultimately in establishing a cost effective risk management programme. It provides advice on a range of topics, and includes a series of pre-printed forms. Some of the information may not be relevant to your particular business but we hope most of it will prove to be at the least thought provoking.



General Procedures

To be effective, any risk management programme must be structured, with clearly defined responsibilities for all those involved in implementing the required procedures.

Good communication and a full understanding of procedures laid down, as well as the penalties for breaching them, will be the key to success.

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General Procedures

Objectives

Before starting, thought needs to be given to what you are trying to achieve by implementing a risk management programme.

Is the aim simply to reduce insurance costs?

If so, you will need to discuss with your insurance adviser precisely what options are available to you. Restricting drivers, accepting responsibility for all claims under a certain total threshold, or for contributing a fixed amount to each claim etc, etc.

Do you wish to tackle the wider problems outlined in the introduction to this guide?

If so, improving claims frequency may be the priority, in that multiple small claims impact considerably on the resources required to manage a fleet. The large claim always tends to dominate a claims experience, but in fact is invariably as easy to deal with as a small incident.

Identifying your target areas

You must identify specifically where losses/costs occur.

Are they driver related?

If so, is it employees or other drivers, such as members of their families who are having the accidents? Is it worth insisting vehicles are left at the business premises overnight, or simply withdrawing private use from all but employees?

Are a high percentage of losses related to the area in which you operate - high frequency of theft or malicious damage claims from the business premises or from a regularly used municipal car park?

If so, is it worth considering the opposite to the above, insisting vehicles are parked in an employee's garage, on a private driveway or directly outside their house overnight, or banning the use of the particular car park altogether.

Detailing procedures

Having identified the areas where you consider a cost effective solution is available, you need to physically create your list of procedures.

1. Decide at what level operational supervision of the programme should be set. But remember, any such programme should have full backing and commitment at every level.
2. Ensure the person responsible for supervising the programme fully understands the background, reasoning and procedures involved.
3. Insist his/her duties are clearly defined in a written Role Description.
4. An explanation of the companies concerns and the background to decisions made, for all staff, will be important to ensure that the procedures are adopted successfully.
5. A full explanation of the procedures must be communicated in writing to all employees likely to drive a Company vehicle.

Drivers

It is a requirement of the Road Traffic Act 1988 that you (the Company) are responsible for ensuring that the drivers of any vehicles you own and insure are properly licensed.

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Drivers

You should ensure;

1. Specific procedures are in force for the examination of driving licences of all those who may drive your Company's vehicles e.g. the employees family.
2. Licences should be checked at least every 12 months and a copy of the employee's licence and the licences of his family or friends, who may drive regularly, should be kept on the employee's file.
3. An employee should be required to disclose immediately any motoring conviction received regardless of whether they were driving a Company vehicle at the time. Your insurer requires the disclosure of all material facts, and it is your responsibility to ensure you present the full information.
4. Do not accept a photocopy of a licence for examination, as these can easily be 'doctored' to remove any Endorsements. Always examine the actual licence.

5. Employees should be required to disclose immediately any medical condition which they believe may affect their ability to drive safely. This may be a sensitive area, but in the case of heart attacks, epilepsy or diabetes etc, recommendations may be made by a doctor as to when an individual may or may not drive and restrictions may be imposed by the DVLC.

Disability Discrimination Act 1995

You should be aware of the terms of the above Act and if in any doubt, contact your Legal Adviser.

There are certain medical conditions which must still be notified to us. You should contact your Insurance Adviser as soon as you are aware of any medical condition which may affect your or any of your driver's ability to drive a motor vehicle.

6. All new employees who are likely to drive Company vehicles should be required to complete an appropriate form (a copy of a suggested form is attached) detailing his previous driving experience.
7. All new employees should be required to produce their licence and a copy of this should be taken and placed on the employee's file. In the case of vehicles where the driver's friends or family are permitted to drive, a copy of the licences of all the regular drivers should be taken.
8. In the case of new employees engaged to drive large commercial vehicles or items of plant, they should be taken on a test-run with an appropriate qualified member of your existing staff, to demonstrate they are capable of driving the vehicle satisfactorily.

Vehicles



Vehicles

1. You should strictly adhere to the manufacturers' servicing regulations.
2. Where possible, you should allocate Commercial Vehicle drivers their 'own' vehicle. They should be responsible for notifying faults and for the cleanliness of the vehicle inside and out.
3. You should appoint someone at each depot who should be notified if there are any mechanical problems with the vehicle, at the end of each Commercial Vehicle journey. There should be clear guidelines laid down regarding the action to be taken when faults are reported.
4. Each of your Commercial Vehicles should be inspected at least once a month by an appointed representative of the Company. They should be required to complete an appropriate form (a suggested version of the form is enclosed), giving details of the condition of the vehicle and its components. Any problems should be immediately advised to the driver responsible and a timescale for repair/improvement agreed.
5. You should instruct all employees to clean vehicles (including Private Cars) inside and out at least once a week.
6. You should establish disciplinary procedures in the event of the above instructions not being carried out.
7. You should notify Private Car drivers that when their vehicles are traded-in they may be called upon to make a contribution if the trade-in price is reduced because the vehicle has been neglected.



Commercial Vehicle use

1. You should plan routes, particularly in the vicinity of your depots, with a view to avoiding known accident blackspots, where possible.
2. You should control the persons permitted to drive for non-business use and insist you see the driving licences of any non-employees who may be required to drive.

Always remember the vehicle belongs to you, so you are entitled to control the persons who may drive it.

Particular care should be taken before you give permission for drivers under the age of 25 to drive your vehicles. You should take into account the type of car concerned. It is in nobody's interest, least of all the youngster and his or her parents, to allow them to drive a high-powered/high-valued vehicle that is clearly beyond their capabilities.

3. You should not allow Company vehicles to be used for driver tuition other than for employees who are required to drive on business.
4. If there is limited parking, loading or unloading space at your premises, allocate a specific employee (or employees to cover in the event of sickness, holidays or break periods) to assist in guiding the vehicles into the available space.
5. Employees should be instructed on the carriage of passengers. We suggest the following would be appropriate.
 - a) Only Company employees should be carried as passengers.
 - b) All authorised passengers must only occupy a factory fitted seat, passengers are not to be carried in the back of cargo vans/trucks.
 - c) Under no circumstances must hitch-hikers be picked up.
 - d) All passengers must use the seatbelts where fitted.
 - e) Under no circumstances should children be carried in the cabs of commercial vehicles, plant items or any other mechanical equipment.

Accidents



Vehicles

Accidents

1. When an accident occurs, the driver should be interviewed by his Manager to ascertain exactly what happened.
2. If, in the opinion of the Manager, the driver has not taken proper care, he should be reminded of his duty to take care of Company property and, if considered appropriate, disciplined.
3. If the driver has a second accident in any period of 12 months, he should be interviewed by someone more senior than his immediate Manager.
4. Consider making your drivers responsible for a contribution towards the cost of repairing or replacing your vehicle, in respect of accidents that occur when the vehicle is not being used for business purposes. By agreeing to a voluntary excess, for which the driver is responsible, direct savings can be made on insurance premiums, and this will act as a useful incentive to drivers to exercise the required level of caution whilst driving.
5. This amount should be increased if the vehicle is being driven by persons under the age of 25. We suggest the following amounts in addition to the amount you decide upon for the more mature drivers:-

Under 21	£250
21 to 24 inclusive	£150

Of course, if you are successful in recovering your costs from the Third Party involved, your driver should be reimbursed.

6. It should be a condition of employment that all such amounts are deductible from salary, although it may be fairer to do this at the claims settlement stage.

NB If you decide to adopt this suggestion, it is important that you also carry out regular inspections of your vehicles as the driver may be tempted not to report an accident.

You should also ensure that the precise details of any planned changes to employment terms are checked legally, and with relevant Unions.

7. Consider disciplinary action if your driver has more than three accidents in two years.

Vehicle Protection

You must consider whether any additional protection is required for your vehicles.

Most new vehicles nowadays have alarms or immobilisers fitted as standard when purchased but if you are still suffering from a high claims cost as a result of theft, you should consider fitting improved protection.

1. Alarms alone do not serve as protection against an experienced thief so the need to fit immobilisers is paramount. If the thief is unable to drive your vehicle away the cost and almost as important, the inconvenience, caused by attempted but unsuccessful theft, is preferable to the complete loss of the vehicle, even if the loss is only temporary.

If the theft is successful and the vehicle has to be replaced, it will have a far greater impact on your claims record than the damage caused by attempted theft or the cost of a stolen stereo or other personal effects. In addition, there will be an inevitable delay in claims settlement if the vehicle itself is stolen, to allow time to establish whether it will eventually be recovered.

Of course, to be properly effective, the immobiliser must be of an appropriate standard and experiments have been carried out at the Research Centre at Thatcham to examine the efficiency of many of the immobilisers available. Immobilisers that fall into Categories 1 or 2 in the Thatcham assessment are satisfactory.

2. Certain types of expensive/quality vehicles are attractive to thieves, who may already have a 'buyer' for them and you should consider fitting Vehicle Tracking systems to vehicles that fall into this category.
3. It is now common for Transit vans with diesel engines to be stolen, as their engines can be fitted to Private Cars suitable for use as taxis. Therefore, you should pay special attention to this type of van, particularly if you have already been unfortunate enough to have had one stolen and not recovered, as this will probably indicate that there is a 'market' for these engines in your area.
4. As many as possible of your commercial vehicles should be kept in a locked garage or compound overnight.
5. Spare keys should be kept in a locked secure place. If a vehicle is allocated to a particular driver and he is permitted to take the vehicle home, the spare keys should be given to the driver. Obviously it is not practical to give him the spare keys if the vehicle is left on your premises, as the spare keys will be needed at the premises if the driver is absent through sickness.
6. Personal belongings should not be left in a vehicle other than out of sight in a locked boot. You can even make this a condition of allowing a claim to be made under your Policy.

Driver Incentives

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Vehicle Protection

Driver Incentives

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Driver Incentives

1. Consider safe driving bonuses for drivers who complete twelve months accident free driving. You should be sure to examine your vehicles regularly to be sure that minor damage is reported.
2. Consider a 'Best Driver Award'. For example a weekend for two in a first class hotel.

In addition to a safe driving record, care of the vehicle could be taken into consideration for this award.

Driver Training

1. Why not consider allocating overalls, bearing the Company logo, to your Commercial Vehicle drivers. This may serve to give them pride in the job, or at least make them aware that they are representing the Company image whilst at work.
2. Consider sending your drivers on a 'Driver Training' or 'Defensive Driver' course.

These courses are particularly valuable if your fleet has a poor accident record. However, we realise that in addition to the cost of the course, you must consider the cost to the Company for allowing your drivers time off to attend the course. These costs should be considered in relation to the hidden costs of accidents.

Some of the courses allow the practical part of the course to be given in your own vehicle whilst the driver is making his usual deliveries.

The following organisations are experienced in the field of Driver Training:

IAM Fleet Training

359 Chiswick High Road, London, W4 4HF
Tel: 0181 994 6783

IAM Fleet Training

Centrex Training and Conference Centre, Hardie Road,
Livingston, West Lothian, EH54 8AR
Tel: 01506 462 624

BSM Fleet Training

81-87 Hartfield Road, Wimbledon, London, SW19 3TJ
Tel: 0181 545 1350

Paul Ripley Driving Courses

The Tyrrell Suite, Dale House, Fink Hill, Horsforth,
Leeds, LS18 4DH
Tel: 0113 258 2150

Certain of the above companies will provide additional risk management services and you should contact your Insurance Adviser to obtain details.



Motor Fleet Vehicle Users Handbook

It is essential that you read and understand the information contained in this handbook before you use the Company vehicle allocated to you.

If you are in any doubt about any point mentioned, you should contact the person who issued the handbook to you.

This handbook has been prepared to give you essential information regarding the care and use of the Company vehicle allocated to you.

Reports of loss or your involvement in an accident, together with any other queries regarding insurance should be addressed to:

A vehicle is a valuable asset and it should be treated as such at all times, whether you are driving on Company business or not.

Remember that you are responsible for the cleanliness of the vehicle allocated to you and that it represents the Company image as well as your own.

Drivers

Permission to Drive

Providing they hold a licence to drive and prior permission has been given by the Company, the following persons may drive:

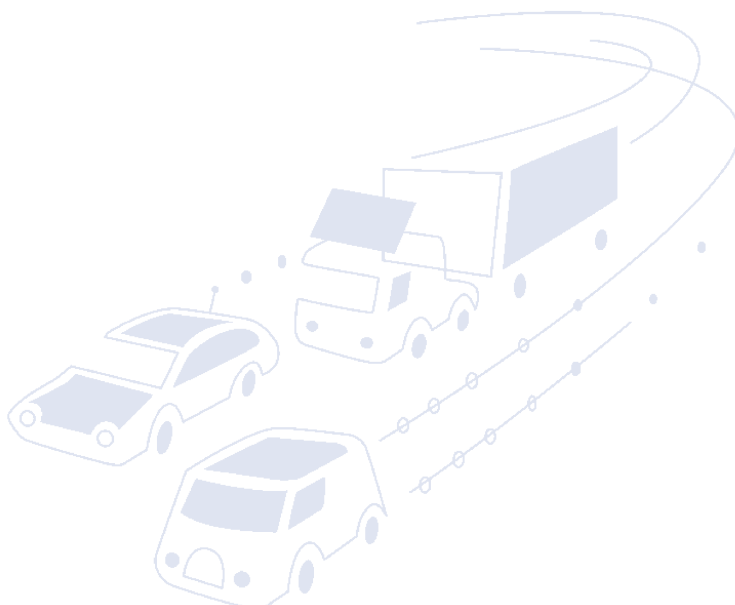
- You
- Your Spouse/Partner
- Your close relatives domiciled with you

Permitted Use

The vehicle, whether owned or hired by the Company, may be used for social, domestic and pleasure purposes and on Company business.

Use is not permitted for

- Racing, Pacemaking, Speed testing, Competitions (other than local treasure hunts), rallies etc.
- Any business other than the Company's. This includes part time businesses in which you or your spouse or other members of your family may be involved, including commission selling.



This handbook is only an example of information which can be included in a motor fleet user's manual.

We have tried to include the general requirements of most businesses.

The aim of providing these guidelines is to help you manage your fleet, reduce accidents and therefore save costs, either directly by reducing your insurance premiums or indirectly by saving on administration.

Instructions to Drivers

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General

- It is your responsibility to ensure the outside of the vehicle is washed and the inside is cleaned every week.
- You must make certain the vehicle is serviced in accordance with recommendations contained in the Manufacturer's Handbook supplied with the car.
- In addition you should check:-
 1. Daily - engine oil and lubricants
 2. Weekly - (or daily when long journeys are undertaken)
battery electrolyte level, brake fluid and clutch
and windscreen washer reservoir levels.
- The vehicle must be kept in good condition and repair at all times. All damage and defects must be reported to the Company immediately. The Company may require you to pay for any damage to the vehicle caused by your neglect.
- The vehicle must be locked and all keys removed and the immobiliser and/or alarm must be activated, all windows closed whilst unattended.

Permissions

You must obtain written permission from the Company for any of the following:

- Use of the vehicle outside the United Kingdom and, if permission is granted, you will be provided with a Travel Pack, detailing the documents you should take with you and the action you should take in the event of an accident.

NB You should familiarise yourself with the road traffic laws of the country you are visiting prior to undertaking your journey.

- Driving tuition (permission will only be granted for tuition of a Company employee and only if the tuition will be to the benefit of the Company).
- Any modification, addition or alteration to the vehicle.

NB The vehicle belongs to the Company and we reserve the right to refuse permission to drive by non-employees of the Company.

Servicing

- It is your responsibility to arrange and keep servicing appointments.
- The first and subsequent services must be carried out in accordance with the manufacturer's handbook provided with your vehicle.
- Any defect in the vehicle which affects its safety in any way must be rectified immediately and the vehicle should not be used until the defect has been repaired.
- It is your responsibility to carry out the daily and weekly checks detailed in this handbook and to be sure the vehicle is only used when it is in a safe operating condition.
- You should be sure that in the last service prior to the winter months that the correct level of antifreeze is in the vehicle.
- You must arrange for an M.O.T. test to be carried out prior to the vehicle becoming three years old.

Insurance and Road Fund Licence

Insurance

The Company's fleet is Insured with:

Policy No:

Queries should be addressed to:

Helpline Telephone No:

Certificate

If you are required to produce a Certificate of Insurance to the police, you should apply for a copy to:

You will be allowed five days to produce the Certificate at a Police Station of your choice.

Your Contribution

You will be required to contribute towards loss of or damage to the vehicle, in accordance with the Schedule at the rear of this Handbook.

Road Fund Licence

All new vehicles should be taxed prior to delivery to or collection by you. You should be sure a current licence disc is displayed in the bottom nearside corner of the windscreen.

You should be sure you receive a new disc 7 days prior to expiry of the existing disc.



Accident Procedures

General

No admission of liability should be made either verbally or in writing.

You should obtain the fullest possible information after an accident to ensure that:

- a) Your interests are protected should a claim be made against you.
- b) The Company can recover the cost of repair or replacement of the vehicle when the accident is not your fault.
- c) If practical you should take photographs of the scene of the accident.
- d) You must notify us without delay, for instructions on repair procedure and the completion of the claim form.
- e) If you are unable to contact us immediately and the car is unsafe to drive, you should contact our Insurers, as detailed under Section 3 in this Handbook, who have a 24 hour Helpline. They will arrange for the vehicle to be transferred to their nearest approved repairer.
- f) You must send all correspondence, received in connection with the claim, immediately to your manager, without acknowledgement.

Fatal Accidents

Advise us immediately. You must contact

_____ without delay.

Accidents Abroad

You should refer to the instructions contained in the Travel Pack provided by our Insurers prior to commencing your trip.

For reference purposes when contacting AXA Provincial

Your Policy No: _____

Other drivers involved

You should take the name and address of any other driver involved and/or the name and address of the owner of the vehicle.

Name (Mr/Mrs/Miss/Ms) _____

Address _____

_____ Postcode _____

Telephone No. _____

N.B. You are required by law to stop and give your own and your Company's name and address to the other driver. If such details are not given you must report the accident to the police within 24 hours.

Other vehicles involved

Make _____ Model _____

Colour _____ Reg. No. _____

Damage caused _____

Details of any injuries

Name (Mr/Mrs/Miss/Ms) _____

Injury sustained _____

Witnesses

Name (Mr/Mrs/Miss/Ms) _____

Address _____

Postcode _____

Name (Mr/Mrs/Miss/Ms) _____

Address _____

Postcode _____

Police officers attending

Name _____ Number _____

Station _____

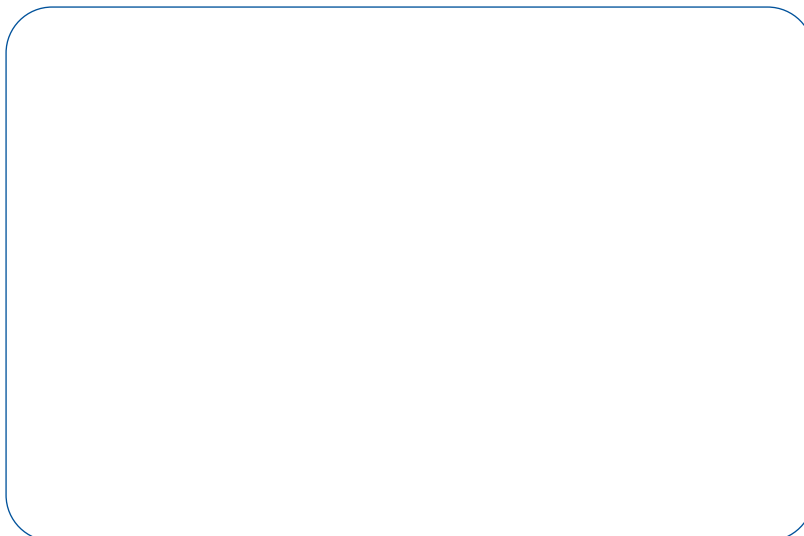
Name _____ Number _____

Station _____

Rough diagram showing positions of vehicles involved, road signs, markings, width, skid marks, obstruction, where exactly it happened and road names. Also note weather conditions, visibility and condition of roads etc.

Date of accident: _____ Time: _____

Sketch the scene in the space below



Please take photographs at the scene of the accident if possible.

Road Traffic Acts

It is an offence to drive a vehicle on the road without a valid driving licence.

You must advise the Company of any fines, suspensions, or convictions in respect of you or anyone else who has permission to drive the Company vehicle.

You must advise the Company if you or anyone else who has permission to drive the Company vehicle is disqualified from driving.

The above information must be given even if the offence occurs whilst using a vehicle that does not belong to the Company.

The Company reserves the right to have sight of your licence, or the licence of anyone else who has permission to drive the Company vehicle on request and in any event at least once every 12 months.

The Company accepts no liability for fines incurred for offences including parking involving use of the Company vehicle and the responsibility for such offences rests firmly on the person to whom the vehicle has been allocated.

Seatbelts

Seatbelts are fitted to the vehicle and it is mandatory under UK law and the law of the majority of overseas countries for occupants of front seats to wear them. In general the risk of injury increases if seatbelts are not worn.

In the event of personal injury, the courts have decided that the injured party can be called upon for contributory negligence, in certain instances if seatbelts are not worn. This means that any settlement resulting from a claim for personal injury could be reduced.

It is your duty to:

- a) Indicate the availability of the seatbelts to your passengers.
- b) Show your passengers how to use the seatbelts, if they are experiencing difficulty.
- c) Encourage your passengers to wear them, even for short journeys.
- d) Advise front seat passengers that they are committing an offence if they fail to wear the seatbelt and refuse to carry them if they do not agree to wear them.

You should be aware of the Highway Code guidance regarding the carrying of children.

As employers, we wish to ensure your safety. You must ensure the safety of your passengers by carrying out the above duties.

Personal Property

You must obtain prior permission to fit, at your own expense, any audio, visual or communication equipment.

It is your responsibility to make sure the equipment is professionally returned to the manufacturer's standard equipment prior to trade-in.

Medication

Unless a course of treatment has been prescribed by a medical practitioner, drugs should not be taken by any driver of a Company vehicle.

In the event of a drug being prescribed, you should check with the doctor whether it is in order to drive. This applies even if the car is not being used on business and applies to other approved drivers as well as yourself.

Alcohol

You should acquaint yourself with the 'Drink and Drive' laws of the United Kingdom and any other country that you visit, and ensure you comply with these.

If you receive a disqualification, you will be unable to complete the terms of your employment and this could result in dismissal.

Health

You must notify your manager if you are in any doubt about the physical fitness to drive of either yourself or any other person who has been given permission to drive.

In any event you must notify your manager if a medical practitioner has advised any of the permitted drivers not to drive.

You must also advise your manager if the DVLA has issued a time limited licence to any of the permitted drivers, other than the usual limit that the licence expires on the licence holder's 70th birthday.

Schedule

You are responsible for the under mentioned contribution towards the cost of loss or damage to the vehicle caused by accidental or malicious damage, fire, lightning, explosion, theft or attempted theft:

Driver under 21: £ _____

Driver aged between 21 and 24 inclusive: £ _____

Driver who holds a provisional licence or who has held a full UK licence for less than 12 months: £ _____

Other drivers: £ _____



GISC is an independent organisation which regulates the sales, advisory and service standards of its members

Complaints AXA cannot settle may be referred to the Financial Ombudsman Service



AXA Insurance is the registered trading name of both
AXA Insurance UK plc. Registered Office 107 Cheapside London EC2V 6DU. Registered in England No. 78950
AXA General Insurance Ltd. Registered Office 107 Cheapside London EC2V 6DU. Registered in England No. 141885
Members of the AXA Group of Companies. AXA Insurance is a member of the General Insurance Standards Council
As part of our commitment to quality service, telephone calls may be or recorded