

RISK MANAGEMENT FOR LOAN AND COURTESY VEHICLES

Your Practical Guide



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Introduction

A significant proportion of insurance claims from motor traders are attributed to road accidents involving vehicles that are on loan to customers. It is becoming increasingly important to introduce formal procedures that will help to reduce the numbers of these accidents.

This guide and register are designed to raise awareness of the issues involved, and to propose a simple and quick means of formally recording courtesy vehicles provided to customers while their own vehicles are with you for service or repair.

Keeping a Record of Each Loan

For each courtesy vehicle that is provided to a customer, you should record as a minimum:

- the details of the customer (see below)
- the make, model and registration number of the loaned vehicle
- the date on which the vehicle was provided
- confirmation that the vehicle was checked for roadworthiness before the customer took it
- the date on which it was returned
- confirmation that it was then checked for continued roadworthiness.

In the event of any accident or damage while the vehicle is on loan, the customer should be interviewed and the circumstances recorded elsewhere.

All loaned vehicles should be serviced at the intervals recommended by the manufacturer.

Customer Details

The customer's name and age should be recorded, together with confirmation that their driving licence has been inspected. You should take a copy of the licence for your records. The licence must be fully valid for the class of vehicle loaned and the customer should not, ideally, have any motoring convictions within the last 5 years. In the case of photocard licences, any endorsements would only be shown on the paper counterpart.

Secondary ID, showing the customer's name and address, should also be inspected.

You should consider carefully the age and suitability of a customer if the courtesy car is a high performance or luxury vehicle.

It is essential to retain copies of any documents inspected.

Customer's Own Insurance

In some instances, you may require the customer to extend their own motor insurance to cover the loaned vehicle. If so, the insurance certificate or cover note should be inspected, and a copy taken for your records. Note that customers with comprehensive cover on their own vehicles may only have limited cover for a loaned vehicle unless their own insurers are told about the loaned vehicle and agree to include it in the comprehensive cover.

Accident History

Customers should be asked to declare any previous accidents before any courtesy vehicle is provided. They should not, ideally, have had any accidents within the last 5 years, regardless of blame.

Medical Conditions

You should ask customers whether they suffer from any medical condition or eyesight restriction which must be notified to the Driver & Vehicle Licensing Agency, as listed in driving licence application literature. Such conditions include epilepsy, diabetes, angina, Parkinson's disease, and the use of a pacemaker.

Inspector's Signature

The company principal or an authorised employee should certify that they have accurately registered the relevant findings.

Summary

It is hoped that this guide helps to raise awareness of risk management for loan and courtesy vehicles and you find the register simple and quick to complete.

If any of your findings cause you concern about a customer's suitability to drive a loaned vehicle, further guidance is available from your usual insurance adviser or AXA Insurance.

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